

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

HAWTHORN RESOURCES LIMITED

ABN / ARBN:

44 009 157 439

Financial year ended:

30 June 2019

Our corporate governance statement² for the above period above can be found at:³

- These pages of our annual report:
- This URL on our website: <http://www.hawthornresources.com/media/2692/2016-hr-cgs.pdf>

The Corporate Governance Statement is accurate and up to date as at 31 October 2019 and has been approved by the board.

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

Date: 31 October 2019

Name of Secretary authorising lodgement: Mourice Garbutt

Signature



¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

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 rule 4.10.3.

²“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.

³Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity’s corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

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.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 1 – LAY SOLID FOUNDATIONS 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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at: http://www.hawthornresources.com/media/2692/2016-hr-cgs.pdf ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at[insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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 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 elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at[insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at[insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <input type="checkbox"/> 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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at[insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.5 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>(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); or</p> <p>(2) 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>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.6 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>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.7 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>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...	
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>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</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>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore 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>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
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, 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 (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at[insert location] ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at[insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at[insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at[insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <input type="checkbox"/> 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.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at[insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <input type="checkbox"/> 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 provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at[insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at[insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...	
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>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so 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.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</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>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
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>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... 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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>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.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at[insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at[insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at[insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at[insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input type="checkbox"/> at[insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at[insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES		NOT APPLICABLE	
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at[insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at[insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Hawthorn Resources Limited
2019 Corporate Governance Statement

Corporate Governance Practices and Conduct

The Board of Directors of Hawthorn Resources Limited is committed to and is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The Board guides and monitors the business and affairs of Hawthorn Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The information in this statement is current as at 31 October 2018 and has been approved by the Board. The statement includes cross references to the Company's charters, codes and policies; a copy or summary of which can be viewed on the Company's website in its Corporate Governance section.

This statement should be read in conjunction with the Directors' Report, the Remuneration Report and the Financial Report for the financial year ended 30 June 2018 as contained in the 2019 Annual Report:

- (a) Directors' Report at page 2
- (b) Remuneration Report at page 9 to 13
- (c) Financial Statements and Notes at pages 15 to 40

Hawthorn Resources Limited's corporate governance practices were in place throughout the year ended 30 June 2019.

Principle 1 LAY SOLID FOUNDATION FOR MANAGEMENT AND OVERSIGHT
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Board Role and Functions

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. The responsibility for the operation and administration of the Group is delegated by the Board to the Managing Director and the executive management team.

The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the executive management team. Whilst at all times the Board retains full responsibility for guiding and monitoring the Group, 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 this end the Board has established an Audit, Compliance and Corporate Governance Committee ("Audit Committee"). Given that the Board has and at the date of this report comprises five directors of which two directors are normally resident in Australia, the functions and considerations of the Committees are dealt with within the Board Meetings and chaired by the chairman of such committees. The Chairman of the Board of Directors does not chair any meetings or considerations of the Committees.

The directors in office at the date of this statement, their skills, experience, expertise and period of directorship are detailed in the Directors' Report which can be found as noted above at page 3 of the 2017 Annual Report. In respect of the attendance at Board and Committee Meetings, shareholders are referred to the table of Meeting Attendance contained on page 7.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the directors' report. Directors of Hawthorn Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement

In the context of director independence, "materiality" is considered from both the Group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the

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appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Group's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Hawthorn Resources Limited are considered to have the following status:

Name	Position and status	Term in Office
Non-Executive Directors		
David S Tyrwhitt	Non-Executive Director & Chair Audit, Compliance & Corporate Governance Committee	22.6 years
Christopher D Corrigan	Non-Executive Director	1.75 years
Liao, Yongzhon	Non-Executive Director	6.6 years
Li, Yijie	Non-Executive Director	6.6 years
Liu, Zhensheng	Non-Executive Director	3.6 years
Executive Directors		
Mark G Kerr	Managing Director/ CEO	11.6 years

During the year there were no changes to the membership of the Board of Directors.

The Board acknowledges the Corporate Governance Council's recommendation that the Chairman should be an independent director.

Composition of the Board

The Company's Constitution provides for the appointment of a minimum of three directors and up to a maximum of twelve. At the date of this report, the Company has six directors comprising one Executive and five Non-Executive directors.

Mr Kerr, following his appointment as Managing Director in June 2016 is no longer considered to be a Non-Executive Director.

The Chairman of the Company's Audit, Compliance and Corporate Governance Committee, Dr Tyrwhitt, continues to be considered to be an Independent Director.

Messrs Liao, Yongzhong, Li, Yijie and Liu, Zhensheng are Directors nominated by Feng Hua Mining Investment Holding (HK) Limited pursuant to its rights under the August 2012 Share Subscription Agreement. As such, whilst they are Non-Executive directors they are not regarded as Independent Directors.

Mr Corrigan, who joined the Board of Directors on 5 October 2017, whilst a Non-Executive Director is not regarded as an Independent Director through his declared interest in the shares held by an associate – substantial shareholder Belfort Investment Advisors Limited.

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To ensure that it has the right mix of management skills and technical expertise to meet the challenges of its business, the Board regularly reviews its composition. The Board believes that at the current stage of the Company's development, the composition is adequate. However, it continues to assess the need to enhance the membership of the Board and is cognisant of the ASX Corporate Governance Council definitions and recommendations.

Board Responsibilities

The responsibility for the operation and administration of the Company is delegated by the Board to the specifically identified outsourced service providers. The Board ensures that this team of service providers is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess their performance.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. In addition to the establishment of specific committees referred to in this statement, these mechanisms include the following:

- implementation of operating plans and budgets by management and Board monitoring of progress against budget – this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes
- procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the company's expense
- the review and approval of acquisitions and disposals of businesses and assets, and the approval of contracts and financing arrangements within defined limits; and
- the appointment of an outsourced service provider, which is responsible for managing the Company's public image and communication with shareholders.

In conjunction with an ongoing review of the Board Charter, the Board will consider its responsibilities and delegated authorities to ensure they comply with best practice corporate governance.

BOARD COMMITTEES

The Board of Directors is responsible for the overall governance of the Company inclusive of its strategic development and the direction and the control of operations of the Company. Whilst the Board retains overall responsibility, it has established an Audit, Compliance and Corporate Governance Committee.

Matters normally delegated to Remuneration and Nomination Committees are addressed at Board of Directors meetings.

ROLE OF MANAGEMENT

The day to day management of the Company's activities and implementation of the corporate strategy and initiatives is delegated by the Board and vested in the Managing Director/CEO.

Day to day management of the Company's activities and the implementation of Board strategy, policy and decisions is delegated to the Chief Executive Officer. This includes the following:

- to develop and recommend internal control and accountability systems for the Company and if approved, ensure compliance with such systems

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- to prepare mission systems, corporate strategy and performance objectives for approval by the Board of Directors
- to prepare systems of risk management and internal compliance and controls, codes of conduct, legal compliance and any other regulatory compliance and if approved, ensure compliance with such systems
- to monitor employee and service provider performance, recommend appropriate resources and review and approve remuneration
- to prepare all required financial reports, tax returns, budgets and any other appropriate financial reports, meet all statutory deadlines, monitor performance against budgets
- prepare recommendations on acquisitions and divestments of assets
- to implement decisions of the Board of Directors on key standards of the Company covering such areas as ethical standards, reputation and culture of the Company and influence and provide guidance for employees on these areas
- to protect the assets of the Company.

DIRECTOR SELECTION AND APPOINTMENT

When considering a candidate for appointment as a director of the Company or recommends the appointment to shareholders the Company undertakes information checks which include the person's character, business, professional and educational qualifications, the existence of any criminal proceedings and probity. Such information, where considered material, is incorporated into shareholder meeting documentation for their consideration when voting on the election of directors.

As noted above, Messrs Liao, Li and Liu are directors as nominated by Feng Hua Mining Investment Holding (HK) Limited pursuant to its rights under the August 2012 Share Subscription Agreement. Dr Tyrwhitt has been a director of the Company since November 1996; Mr Kerr a director since November 2007 and Mr Corrigan a director since October 2017.

COMPANY SECRETARY

The position of Company Secretary is accountable directly to the Board through the Chairman, on matters relevant to the proper functioning of the Board. The Directors have direct access to the Company Secretary through electronic communications or in-person meetings.

DIVERSITY

The Hawthorn Board of Directors adopted a policy on Diversity in July 2011.

The Company's Diversity Statement can be viewed on the website at www.hawthornresources.com/governance.aspx

Whilst Hawthorn Resources Limited, as a small-cap exploration/mining entity, seeks to restrict the size of its staffing by the outsourcing of such functions as accounts preparation; secretarial and exploration services; mining tenement management and share registry services to experienced professionals it recognises the value contributed to an organization by employing or engaging people with varying skills, cultural backgrounds, ethnicity and experience. Hawthorn Resources believes that the quality of the workforce is the key to its continued growth, improved productivity and performance. As at the date of this report apart from the members of the Board of Directors the Company has one direct employee. The Company is not a 'relevant employer' under the Workplace Gender Equality Act.

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The Company actively values and embraces the diversity of our employees/out-sourced consultants and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated. While Hawthorn Resources is committed to fostering diversity at all levels, the professional industry experience and quality of performance has been and continues to be a priority for the Company in engaging services to carry out the Company's works programme.

To this end, the Company supports and complies with the recommendations contained in the *ASX Corporate Governance Principles and Recommendations*. The Company has established a diversity policy outlining the Board's measurable objectives for achieving diversity. This is assessed annually to measure the progress towards achieving those objectives. The diversity policy is available in the corporate governance section on the Company's website.

Broadly, the Company's measurable objectives are as follows:

- Hawthorn Resources state and re-state where necessary that there are no forms of discrimination/bias in considering anyone for a position with the Company either as an employee or service provider, i.e. on grounds of gender, age, physical appearance, origins, race, religion, marital status, sexual preference, pregnancy or likely pregnancy, political leanings, disabilities
- All new appointments or promotion/career enhancement and remuneration be on the basis of merit and ability to carry out the work responsibilities
- Within the broad ambit of ensuring that the Company's activities are best developed and to ensure harmony of working within the Company that there be flexibility in working hours to enable domestic/private lives to allow for a balance between career and family obligations
- Consideration be given to job sharing in such circumstances that would permit sharing.

The table below outlines the diversity within Hawthorn Resources Limited:

Level	Male		Female		Total
	Number	%	Number	%	
Board	6	100%	0	0%	6
Key Management personnel	0	0%	0	0%	0
Other staff	0	0%	1	100%	1
Total	6	100%	1	100%	7

As noted, the Hawthorn Resources Limited Board of Directors adopted the policy on diversity in July 2011.

The Board of Directors is responsible for the reviewing and reporting on diversity.

BOARD PERFORMANCE

A performance evaluation process has been finalised through the Chairman together with informal performance monitoring sessions undertaken during the 2019 financial year at the in-person Board meetings.

Arising from the informal monitoring, it is considered that the Board and the Board members are functioning in an appropriate manner in managing the affairs of the Company.

SENIOR EXECUTIVE PERFORMANCE

The process of assessing the performance of the Managing Director/Chief Executive Officer and the outsourced service providers within their delegated duties/services is reviewed by the Board of Directors when considering the Company's each half-year and annual budget forecasts; as was the case for the 2019 financial year.

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Principle 2 STRUCTURE THE BOARD TO ADD VALUE

NOMINATION AND REMUNERATION COMMITTEE

Director Nomination and Membership

Nomination Committee

The Company does not have a Nomination Committee. The Board believes that with five directors of which only two directors on the Board are normally resident in Australia, the Board itself is the appropriate forum to deal with this function. Subject to the provisions of the Company's Constitution, Board composition and selection criteria for directors are addressed by the full Board.

The Constitution provides for events whereby directors may be removed from the Board. Similarly, the Corporations Act provides shareholders with the ability to nominate, appoint and remove directors. The Constitution also provides for the regular rotation of directors, which ensures that directors seek re-election by shareholders at least once every three years.

Remuneration Committee

The Company does not have a Remuneration Committee. The Board is responsible for determining and reviewing compensation arrangements for the directors themselves, the chief executive officer and executive team. A Remuneration Committee has not been separately established. Rather, the function is performed within the Board Meetings given that the Company at this time has a Board comprising six members of which only two members are normally resident in Australia

BOARD SKILL MATRIX

The Company has developed a matrix of skills and experiences necessary for the growth and development of the Company as an active explorer and mine developer in the Australian mining industries. The matrix is designed an ongoing review tool aids in noting the existing skills and experiences within the Company and those skills necessary to grow the Company as it expands in to mining activities such as, but not limited to:

- (a) industry experience in exploration activities in relation to identification of areas of geological interest
- (b) industry experience in Federal and State mining legislation
- (c) industry experience in developing and managing mining operations
- (d) experience in negotiating joint venture agreements
- (e) experience in capital raising and capital management
- (f) strategy planning to ensure the best usage of capital funds and over time, the ultimate delivery of returns to investors; and
- (g) Corporate governance – experience in holding office in listed entities

INDEPENDENT DIRECTORS

As noted in Principle 1 – the Company has a Board of six directors of which five are classified as Non-Executive directors. Of the Non-Executive directors only Dr Tyrwhitt has been considered to be Independent for the reasons stated.

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In making this regular assessment the criteria applied included the factors set out in ASXCGPR to assess if a director is free of any interest, position, association or relationships that might influence or be perceived to influence in a material manner, the director's capacity to hold an independent view on matters before the Board.

CHAIR

The Chairman is responsible for the efficient organization and conduct of the Board and the proper briefing of Board members on the activities of the Company and any specific responsibilities or duties assigned to Board members. The Chairman is also the bridge between the Board and the Company's executive officers and advisers.

The Chairman of the Board of Directors is Mr M G Kerr who has been the Chairman of the Board since 2008 and, since June 2016, the Company's Managing Directors/CEO.

Mr Kerr acknowledges that as the Chairman and Managing Director of a junior exploration company there is a significant time commitment and has confirmed that the other positions that he holds do not and will not hinder his effectiveness in the role of the Company's Executive Chairman he is reviewing this dual role.

TERM OF OFFICE

The Company's Constitution requires that all directors other than the Managing Director submit themselves for re-election every three years and may not hold office beyond the third Annual General Meeting following the Director's election/re-election. In addition, at every Annual General Meeting not less than one third of the previously elected directors must retire by rotation. Directors appointed during the period since the last Annual General Meeting of the Company must submit themselves for election at the next Annual General Meeting.

The term of office of each director is as incorporated into Principle 1 above and as noted on pages 3, 4 and 10 of the 2019 Annual Report.

BOARD INDUCTION AND PROFESSIONAL DEVELOPMENT

All new directors participate in an informal induction to the Company's activities, procedures, key strategies and staffing. The Board encourages all directors to participate in industry conferences and presentations that are particularly appropriate the Company's exploration and mining activities.

INDEPENDENT PROFESSIONAL ADVICE

Directors, in carrying out their duties as directors or as members of Board Committees, may, after prior consultation with the Chairman, seek independent professional advice at the expense of the Company. If appropriate, such advice will be available to all directors.

<p>Principle 3 ACT ETHICALLY AND RESPONSIBLY</p>
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CODE OF CONDUCT

The Company operates under an informal code of conduct that sets out the ethical standards under which the Company operates when dealing with internal and external parties. This code requires parties to act with integrity, fairness and honesty in all dealings and to treat other parties with dignity at all times. The code covers:

- discrimination against any staff member or potential employee
- carrying out of duties in respect to the law at all times
- use and protection of the Company's assets responsibly
- respect for the confidentiality of the Company's business dealings

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- responsibility for their own actions and for the consequences surrounding their own actions
- trading in securities
- a commitment to shareholder's interests
- conflicts of interest; and
- reporting of violations of the code

The Company has a Code of Conduct.

Principle 4 SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

AUDIT AND RISK COMMITTEE (“Audit Committee”)

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, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Committee. However, as the Board of Directors comprises six only directors of which two are normally resident in Australia, the functions of the committee are carried out within the structure and conduct of Board Meetings but under the Chairmanship of Dr Tyrwhitt. The Audit and Risk charter has been reviewed, updated and is subject to final review and approval by the Board.

The committee, as at the date of this statement, comprises:

Chairman	Dr D S Tyrwhitt
Member	Mr M G Kerr
Member	Mr C D Corrigan

Each of the Committee members is financially literate and having served in senior positions within mining and financial industry entities – their personal qualifications are set out in detail in the Directors' Report contained in the 2019 Annual Report at pages 3 and 4 together with the details of Committee meetings attended during the 2019 financial year are shown on page 7.

The Company's Auditors are invited to attend meetings and to participate in committee discussions. The Company Secretary and the Group Financial Officer attend committee meetings.

The main duties of the Committee have been established as and include:

- the review of the Audit Programme and all matters relevant to the financial affairs of the Company's activities together with the production of Statutory Financial Reports inclusive of the Reports and Declarations by Directors
- to review and advise on procedures in place to record the Company's activities and to ensure the safety of the Company's records and assets
- to review Internal Control Procedures; the External Auditor Engagement letter and the Auditor's Management Representation letter
- to review the half-yearly and yearly reports to the ASX Limited together with a review of the scope and quality of the annual statutory audit and the half-year audit review
- to monitor Compliance with the provisions of the Corporations Act 2001, Australian Securities and Investment Commission guidelines and practice notes, ASX Listing Rules, taxation requirements and all regulatory bodies

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- carry out the functions of the Remuneration Committee
- carry out the functions of Group Risk management
- to review the performance of the external auditor and the level of fees charged for audit services.

CEO AND CFO DECLARATION

As required, the Managing Director/CEO and Chief Financial Officer provided assurance to the Board prior to the release of the 31 December 2018 and the 30 June 2019 financial statements that, in their opinion:

- (a) the financial records of the company/disclosing entity have been properly maintained in accordance with section 286 of the Corporations Act 2001
- (b) the financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the company and the consolidated entity.
- (c) any other matters prescribed by the Regulations for the purposes of section 295A have been satisfied in relation to the financial statements and notes for the financial year, and
- (d) the financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. The company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the Managing Director/CEO and Chief Financial Officer can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures. In response to this, internal control questions are required to be completed by the key management personnel of all significant business units, including finance managers, in support of these written statements.

EXTERNAL AUDITOR

As noted, the duties of the Committee include reviewing the performance of the external auditor and the level of fees charged for audit services to ensure the quality and independence of the External Auditor.

The Company's External Auditor is BDO – East Coast Partnership which has audited the Company's financial affairs since 2012 when it merged its activities with those of PKF (Pannell Kerr Foster) which had been the Company's Auditors since incorporation.

In line with legislation the BDO- East Coast Partnership rotate the audit engagement partner on listed entities at least every five years. The current audit engagement partner was appointed on and as from the financial year ended 30 June 2018.

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The amount of the fees paid to the External Auditor is reported in the Annual Report on page 38; there were no fees paid for non-audit services. As required and as included in the Annual Report, the Auditor provides an annual declaration of independence – see page 14 of the Annual Report.

The External Auditor attends the Company’s Annual General Meetings and is available to answer shareholders questions relative to the conduct of the audit and the preparation and content of the Auditor’s Independent Report – see pages 42 to 46 of the 2019 Annual Report.

Principle 5 MAKE TIMELY AND BALANCED DISCLOSURES

CONTINUOUS DISCLOSURE

While the Company’s policy on continuous disclosure for complying with the disclosure obligations recommended by the ASXCGPR (Recommendation 5.1) has been adopted which is to ensure that the Company identifies and discloses any matter that a reasonable person would expect to have a material effect on the price of the Company’s shares.

All such disclosure matters as released to the ASX are posted onto the Company’s website.

The Company’s continuous disclosure compliance procedure enables it to meet its obligations and to ensure that all matters, which may require announcement to the Australian Securities Exchange, are brought to the attention of directors immediately. Corporate Governance and Compliance is a ‘standing’ Agenda item for Board of Directors meetings.

Principle 6 RESPECT THE RIGHTS OF SECURITY HOLDERS

COMPANY WEBSITE

The Company maintains a website at www.hawthornresources.com providing shareholders with up to date information on the Company’s activities inclusive of management, news, projects, governance and market/investor information.

Shareholders may also communicate with the Company through its e-mail address info@hawthornresources.com

INVESTOR RELATIONS

Shareholder Communication Policy/Shareholder Meetings/Electronic Communications

Hawthorn’s objective is to promote effective communication with its shareholders at all times. Hawthorn Resources Limited is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about Hawthorn’s activities in a balanced and understandable way
- complying with continuous disclosure obligations contained in applicable ASX listing rules and the Corporations Act in Australia, and
- communicating effectively with its shareholders and making it easier for shareholders to communicate with Hawthorn Resources Limited.

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To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- through the release of information to the market via the ASX
- through the distribution of the annual report and Notices of Annual General Meeting
- through shareholder meetings and investor relations presentations
- through letters and other forms of communications directly to shareholders
- by posting relevant information on the Hawthorn website www.hawthornresources.com.

The Company's website www.hawthornresources.com has a dedicated Investor Relations section for the purpose of publishing all important company information and relevant announcements made to the market. The Company has also established an e-mail directory for the direct distribution of announcements made to the ASX.

The External Auditors are required to attend the Annual General Meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Annual Reports are provided to all shareholders who have elected to receive the Report. In addition, the Company has established an electronic advice directory in which shareholders may register to receive by e-mail copy announcements.

At the meetings of shareholders, directors are subject to questioning by shareholders about the Directors' stewardship of the Company's affairs and it is shareholders who ultimately vote upon the financial statements and reports, the election of directors, appointment of Auditors and any matters of Special Business.

The Company does not web-cast shareholder meetings and does not believe that at this stage the cost-benefit of web casting is worthwhile to a Company of its size.

Principle 7 RECOGNIZE AND MANAGE RISK
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AUDIT AND RISK (mandated to the Audit, Compliance and Corporate Governance Committee)

Structure – refer to Principle 4 for details composition, structure and membership.

Risk

The Board has continued its proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Company's approach to creating long-term shareholder value.

In recognition of this, the Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy. The Committee reviews policies, internal compliance and internal control.

The Committee, pursuant to the mandate by the Board of Directors, oversees on an ongoing basis the assessment of the effectiveness of risk management and internal compliance and control. The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the Chief Executive Officer and Chief Financial Officer, including responsibility for the day to day design and implementation of the Company's risk management and internal control system.

Management reports to the Committee on the Company's key risks and the extent to which it believes these risks are being adequately managed. The reporting on risk by Management is a standing agenda item at Board meetings.

A review of the Risk Management Policy and Framework is currently under consideration and, if thought fit, adoption by the Board of Directors.

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Business Risk

The main areas of business risk, which are considered on an ongoing basis by the Board are:

- failure to identify and develop commercial undertakings from the exploration research and development activities
- failure to secure and ensure the integrity and good standing of the Company's interests in mining tenements
- ability to raise capital or generate free cash flow to fund future exploration and development activities
- failure to market the company's mining resources
- general economic factors including those affecting interest rates, mineral commodity prices and exchange rates
- changes in Corporations and Taxation Laws.

INTERNAL AUDIT FUNCTION

Given the size of the Company as a junior exploration entity, an internal audit function has not been established. However, through the internal practices applied by the Company and the half-year and annual external audit programs, the Board considers that there is proper conduct of the Company's affairs.

ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

The Company through management and the Board monitors its risks be they economic, environmental or social; refer to pages 36 and 38 of the 2019 Annual Report.

<p>Principle 8 REMUNERATE FAIRLY AND RESPONSIBLY</p>
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NOMINATION AND REMUNERATION COMMITTEE

As noted in Principle 2 the Company has not established such committees. Rather such matters are dealt within the meetings of the Board of Directors. In carrying out these functions the Board receives regular briefings and advices from external advisers on remuneration and related human resources matters.

NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

Refer to pages 10 to 13 in the 2019 Annual Report

EXECUTIVE DIRECTOR REMUNERATION POLICY

Refer to pages 10 to 13 in the 2019 Annual Report

SHARE TRADING POLICY

In December 2011 the Company, in accordance with the requirements of the ASX, adopted a Share Trading Policy which was released to the ASX and which can be viewed on the Company's website at www.hawthornresources.com/governance.aspx

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Under the Policy, an executive or director must not trade in any securities of the Company at any time when the Company is in a designated 'Blackout Period' being the ten business days immediately preceding the release of the half-year or the full year trading results to the ASX OR for the two consecutive business days following the release of a material announcement to the ASX OR when they are in possession of unpublished, price-sensitive information in relation to those securities.

As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company. The Company has in place with each director an agreement in the form required under Listing Rule 3.19B.

OCCUPATIONAL HEALTH AND SAFETY

The Company is committed to providing a safe and healthy working environment for all staff. It considers that safety is a collective responsibility and ensures that regular training in safe working methods is undertaken and encourages participation and involvement in the development of workplace safety programs. Individual employees and employees of contractors are required to practice safe working habits, to take all reasonable care to prevent injury to themselves and their colleagues and to report all hazards and accidents.

New staff and contractors (where appropriate) are required to undergo an induction program to familiarise themselves with policies, procedures and work practices prior to commencing work. All staff are covered against injury under the various Workers' Compensation Acts.