

HAWKLEY OIL AND GAS LIMITED
Corporate Governance Statement
FOR THE YEAR ENDED 30 JUNE 2019
Current As At 21 January 2020

Introduction

The ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3rd Edition" (referred to as the "Recommendations") provide a framework of eight core corporate governance principals with associated commentary and recommendations. As part of its annual reporting obligations under ASX Listing Rule 4.10.3 – Hawkley Oil & Gas Limited ("Hawkley" or the "Company"), is required to prepare a corporate governance statement disclosing the extent to which the Company has followed the Recommendations during the reporting period.

This corporate governance statement is current as at 21 January 2020 and has been approved by Hawkley's board of directors ("Board"). The Board is committed to achieving and demonstrating the highest standards of corporate governance and continues to review the framework and practices to ensure they meet the interests of shareholders and other stakeholders. The Board is currently reviewing and implementing the 4th Edition of the Corporate Governance Principles and Recommendations that was adopted on 31 December 2019 however this statement has been prepared based on the 3rd Edition, which was in place for the 2018-19 financial year.

The Board has considered the Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these Recommendations. A description of the Company's main corporate governance practices disclosing the extent to which the Recommendations have been followed by the Company, are set out below. All these practices have been in place throughout the financial year ended 30 June 2019 unless stated otherwise.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

Recommendation	Conform	Hawkley Oil and Gas Limited Current Practice
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..	Yes	The functions reserved for the Board and delegated to senior executives have been established. The Board Charter is available at www.hawkleyoilandgas.com/display/index/profile-corporate in the Corporate Governance Plan document.
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.	Yes	The Board will ensure that prior to appointing a director or recommending a new candidate for election as a director that appropriate checks are undertaken as to the person's character, experience, education, criminal record and bankruptcy history. Shareholders will be provided with all relevant information in the Board's possession, relevant to a decision on whether or not to elect or re-elect a Director.

1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	No	The Company has decided to wait until the appointment of a third director before finalising written agreements with each Director, setting out the terms of their appointment.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
1.5	A listed entity should: <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them, and 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). 	No	While embracing the concept of diversity, the Board is of the view that at this time, it is inappropriate to establish measurable diversity objectives or targets and to link diversity objectives to the Key Performance Indicators for the directors and senior executives. The Diversity Policy is available at www.hawkleyoilandgas.com/display/index/profile-corporate in the Corporate Governance Plan document. Currently the Company has 2 directors and a company secretary, who are all male. There are no other employees.
1.6	A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Yes	The Board Performance Evaluation Practices are available at www.hawkleyoilandgas.com/display/index/profile-corporate in the Corporate Governance Plan document. No formal appraisal was undertaken during the reporting period. Evaluation of the Board is currently carried out on a continuing and informal basis. A formal process will be put in place when the Board considers it is justified by the level of the Company's operations.

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 Performance Evaluation Practices for senior executives is available at www.hawkleyoilandgas.com/display/index/profile-corporate in the Corporate Governance Plan document.</p> <p>During the year no formal appraisal of management was undertaken with evaluation of management carried out on a continuing basis by the Chairman.</p>
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 has at least three members, a majority of whom are independent directors; be chaired by an independent director, and disclose the charter of the committee; the members of the committee; and 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>	No	<p>The Company considers that due to the size of the company the function of this committee is best undertaken by the full board. The Board reviews its composition annually, along with succession planning, in the context of changes in the development of the Company and the appropriate skill set to discharge its duties and responsibilities efficiently and effectively.</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 Board is in the process of preparing a skills matrix for consideration in conjunction with its next review process.</p>

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 (independence guidelines) 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 relevant disclosures recommended at 2.3 are made both in the Directors' Report in the Annual Report and in the Corporate Governance Statement.</p> <p>The Company currently has the following Board members:</p> <ol style="list-style-type: none"> 1. Mr Thomas Fontaine Managing Director Appointed 21 June 2019. 2. Mr Murray Wylie Non-executive Director Appointed 29 November 2018. <p>The Board has assessed the independence status of the directors with regard to the ASX Corporate Governance Council's discussion of independent status and has determined that neither Mr Fontaine nor Mr Wylie are considered to be independent directors due to their management roles within the Company.</p>
2.4	<p>A majority of the board of a listed entity should be independent directors</p>	No	<p>At 30 June 2019 the Board comprised 2 directors, neither of whom is considered independent.</p>
2.5	<p>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.</p>	No	<p>The Company is currently seeking to appoint a non-executive Chairman. The structure of the Board will be reviewed once a third director has been appointed.</p>
2.6	<p>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.</p>	Yes	<p>A new director is inducted into the Company's policies and processes upon engagement. The Company does not have a formal program for professional development of directors. Directors are expected to maintain and develop their skills and knowledge required to effectively perform their duties. The Board has determined that individual directors have the right in connection with their duties and responsibilities to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be unreasonably withheld.</p>
3 Act ethically and responsibly.			
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Yes	<p>The Code of Conduct is available at www.hawkleyoilandgas.com/display/index/profile-corporate in the Corporate Governance Plan document.</p>
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>	No	<p>Due to the size of the Board, there is currently no audit committee and the role of the audit committee has been assumed by the full Board.</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>(1) the charter of the committee;</p> <p>(2) the relevant qualifications and experience of the members of the committee; and</p> <p>(3) 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>The Audit Committee Charter previously adopted is available at www.hawkleyoilandgas.com/display/index/profile-corporate in the Corporate Governance Plan document.</p> <p>The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate independence from the Company throughout the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstance. The performance of the external auditor is reviewed on an annual basis by the Board.</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</p>	Yes	<p>Before approving the full year and half-year financial statements the Board requires and receives an appropriate declaration from the CEO and the CFO (or those people fulfilling those roles).</p>

	and internal control which is operating effectively.		
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	The Company's external auditor is invited to and attends the AGM. The auditor's presence is made known to the shareholders during the meeting and shareholders are provided with an opportunity to address questions to the auditor.
5	Make timely and balanced disclosures.		
5.1	A listed entity should: <ul style="list-style-type: none"> (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. 	Yes	The Company has adopted a Continuous Disclosure policy in order to ensure that it meets its obligations with respect to continuous disclosure. The policy is available at www.hawkleyoilandgas.com/display/index/profile-corporate in the Corporate Governance Plan document.
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	Shareholders communication strategy is available at www.hawkleyoilandgas.com/display/index/profile-corporate in the Corporate Governance Plan document.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	In addition to attending general meetings, electronic communication with the Company by investors is encouraged via email to information@hawkleyoilandgas.com .
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	Shareholder Communication policy including encouraging attendance at shareholder meetings is available at www.hawkleyoilandgas.com/display/index/profile-corporate in the Corporate Governance Plan document.
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	The Company encourages the use of electronic means of communications with itself and with its share registry. Refer to the Company's website www.hawkleyoilandgas.com .
7	Recognise and manage risk		
7.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the 	No	The Company considers that due to the size of the company the function of this committee is best undertaken by the full board. The Company has established policies for the oversight and management of material business risks. Risk management policy is available at www.hawkleyoilandgas.com/display/index/profile-corporate in the Corporate Governance Plan document.

	number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		
	(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Yes	
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes	The identification and review of operational and strategic risks are reviewed on an informal and ongoing basis during regular Board and management meetings.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No Yes	The Company does not have an internal audit function. The Board oversees risk management and reviews the risk strategy as part of the audit process. The Company has a sound system of internal controls appropriate for an organisation of its size.
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	The identification and effective management of risk, including calculated risk-taking, is considered an essential part of the Company's approach to creating long-term shareholder value. These include but are not limited to: <ul style="list-style-type: none"> • fluctuations in exchange rates; • ability to source suitable new projects; • sovereign risk in the countries and regions of operations; • taxation, government regulations and the legal systems in jurisdictions of operations; • ability to obtain ongoing financing, and • fluctuations in commodity prices and investment markets.

These risks areas are provided to assist investors to understand better the nature of the risks faced by our Company and the industry in which it invests and operates. They are not necessarily an exhaustive list.

8 Remunerate fairly and responsibly

8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	No	Due to the size of the Board, there is currently no remuneration committee and the role of the remuneration committee has been assumed by the full Board. The Remuneration Committee Charter previously adopted is available at www.hawkleyoilandgas.com/display/index/profile-corporate in the Corporate Governance Plan document. Relevant disclosures are included in the Directors' Report in the Annual Report.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	The Company separately discloses its policies and practices on remuneration in the Remuneration section of its Directors' Report in the Annual Report and at www.hawkleyoilandgas.com/display/index/profile-corporate in the Corporate Governance Plan document.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of	Yes	The Company's employee Incentive Options Plan and Performance Rights Plan do not specifically preclude entering into transactions which limit the economic risk of participation. However, the Directors, at their discretion imposed such a restriction. Consequently plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests. This restriction is disclosed in the Remuneration Report section of the Directors' Report in the Annual Report.

-
- participating in the scheme; and
 - (b) disclose that policy or a summary of it.
-

Further information about the Company's corporate governance practices is set out on the Company's website at www.hawkleyoilandgas.com.