

Corporate Governance Statement 2021

The Directors of Highfield Resources Limited (the Company) and its controlled entities (the Group) are committed to achieving and demonstrating robust corporate governance practices which are appropriate to our size and stage of development and which facilitate the long term performance and sustainability of the Company as well as protect and enhance the interests of our shareholders. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board, with the assistance of its Committees regularly reviews its governance practices to ensure they remain consistent with the needs of the Group. In addition, the Group monitors developments in governance market practice, expectations and regulations.

The Group complies with the majority of recommendations that are set out in the Australian Securities Exchange (“ASX”) Corporate Governance Council’s Corporate Governance Principles and Recommendations 4th Edition (the “ASX Principles”).

This statement incorporates the disclosures required by the ASX Principles under the headings of the eight central principles. All of these practices, unless otherwise stated were in place for the entire financial year ended 31 December 2020 and remain in place.

The Group publishes its corporate governance policies, code of conduct and its Board and committee charters on its website at highfieldresources.com.au/corporate-governance (Company Website). Additional information that is relevant to this corporate governance statement can also be found in the Group’s annual report for the financial year ended 31 December 2020.

Principle 1: Lay solid foundations for management and oversight

A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

Recommendation 1.1 – Recommendation followed

A listed entity should have and disclose a board charter setting out:

- (a) the respective roles and responsibilities of its board and management; and*
- (b) those matters expressly reserved to the board and those delegated to management*

The relationship between the Board and senior management is critical to the Group’s long-term success. The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

The responsibilities of the Board include

- demonstrating leadership;
- providing strategic guidance to the Group including defining its purpose and strategic objectives and approving the corporate strategy;
- approving the Group’s statement of values and code of conduct to underpin the desired culture within the entity;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring the organisational performance and the achievement of the Group’s strategic goals and objectives;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company’s auditors;
- appointing the chair
- appointing and replacing the CEO
- approving the appointment and replacement of other senior executives and the company secretary;

- contributing to the performance assessment for the members of the senior management team, including the Company Secretary;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation;
- ensuring that the Group has an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the board expects management to operate.
- overseeing the Group's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the entity's securities;
- satisfying itself that the entity's remuneration policies are aligned with the Group's purpose, values, strategic objectives and risk appetite;
- ensuring appropriate resources are available to senior management; and
- monitoring the effectiveness of the entity's governance practices

The roles and responsibilities of the Board are set out within the Board Charter.

The Board has established the following standing Committees to assist the Board in exercising its authority and in meeting its responsibilities:

- Audit, Business Risk and Compliance Committee; and
- Remuneration and Nomination Committee

Copies of the Committee charters are located on the Company's website.

The Board Charter also sets out those matters that are expressly reserved to the board and those delegated to management. The Charter is reviewed periodically.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the CEO. This delegation is set out in the Delegation of Authority document and is reviewed on an annual basis or as material changes occur which warrant review.

The Board Charter is available online on the Company's website.

Recommendation 1.2 – Recommendation followed

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 director or senior executive or putting some forward for election as a director, and*
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Board has established a Remuneration and Nomination Committee to carry out the responsibilities delegated by the Board relating to the Company's director nominations process and procedures (see Recommendation 2.1 below). The Remuneration and Nomination Committee is responsible for conducting the appropriate checks prior to the appointment of a person as a director or senior executive of the Company or prior to putting forward to security holders a new candidate for election as a director. These processes are governed by the Group's Remuneration and Nomination Committee Charter. Checks undertaken may include checks as to the person's character, experience, education, criminal record and bankruptcy history.

Material information relevant to a decision on whether to elect or re-elect a director is provided to security holders in all Notices of Meeting which contain director election or re-election resolutions.

Recommendation 1.3 – Recommendation followed

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

A written agreement is executed with each director upon appointment setting out the terms of their appointment, including the basis upon which they will be indemnified. The letter of appointment clearly defines the role of directors, including the expectations in terms of independence, participation, and time commitment. The letter of appointment also makes it clear that directors are required to disclose circumstances that may affect, or be perceived to affect, their ability to exercise independent judgement so that the Board can assess independence on a regular basis.

A written agreement is executed with each senior executive detailing the terms of their appointment, including roles and responsibilities, key performance indicators and remuneration.

Recommendation 1.4 – Recommendation followed

The company secretary of a listed entity should be directly accountable to the board through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for maintaining the information systems and processes that are appropriate for the Board to fulfil its role and to achieve the objective of the Company. The Company Secretary is also responsible for ensuring that the Board procedures are complied with and advising the Board on governance matters. All Directors and Committees of the Company have access to the Company Secretary for advice and services. Independent advisory services are retained by the Company Secretary at the request of the Board or Committees.

Recommendation 1.5 – Recommendation partially followed

A listed entity should:

*(a) have and disclose a diversity policy (**followed**);*

*(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally (**not followed**); and*

(c) disclose in relation to each reporting period:

*(1) the measurable objectives set for that period to achieve gender diversity (**not followed**);*

*(2) the entity's progress towards achieving those objectives (**not followed**); and*

(3) either:

*(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes) (**followed**); or*

*(B) If the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators," as defined in and published under that Act. (**not applicable**)*

*If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period. (**not applicable**)*

The Company has a strong belief in the advantages of an inclusive work environment. People with a variety of backgrounds and perspectives are welcomed, encouraged, and given the opportunity to contribute to their full potential. The Company takes a broad and all-encompassing view of diversity. Diversity is about accepting, respecting, and understanding that each person is unique.

The Group has a diversity policy, which documents the principles and commitment in relation to maintaining a diverse group of employees within the Group.

The total proportion of men and women on the board, in senior positions (being Key Management Personal and decision makers of the Group) and across the whole organisation as at 1 March 2021 is listed below:

| Category | Male | Women | % Women |
|--------------------|------|-------|---------|
| Board | 4 | 1 | 20% |
| Senior Management | 6 | 1 | 14% |
| Whole Organisation | 23 | 12 | 34% |

Note 1: A senior manager is defined as being all Key Management Personnel and all non KMP Group managers reporting directly to the CEO.

The Board accepts overall responsibility for the establishment and annual review of measurable diversity targets. At this project development stage of the Company's growth the overall group gender diversity is considered to be in good balance. However, the Board recognises that as the Company moves into the construction phase in the development of the Muga Mine, which is a transitory period requiring very specific technical expertise and a large contractor workforce, then it will not be feasible to maintain the current gender diversity ratios for the whole organisation. The Directors therefore believe that it is not practical to set measurable objectives in relation to gender diversity at this time. It is expected that the Company will be in a position to advance this and commence work on the preparation of longer term diversity targets when the Company is closer to production.

The overwhelming majority of the Group's workforce is based in Spain and the Company is not classified as a "relevant employer" under the Australian Workplace Gender Equality Act.

The Company was not in the ASX S&P 300 Index at the commencement of the reporting period

The Diversity Policy is disclosed on the Company's website.

Recommendation 1.6: Recommendation followed

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and*
- (b) disclose, for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.*

The Board aims to periodically evaluate its performance and the performance of its Committees and individual directors to determine whether or not it is functioning effectively by reference to the Board Charter and current best practices. The composition of the Board and the performance of individual Directors is evaluated annually and was reviewed during the reporting period.

Recommendation 1.7: Recommendation followed

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and*
- (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Group has developed and uses a formal performance appraisal process for all employees. The performance of all senior executives is reviewed using this process at least annually in a formal and structured manner. The performance of senior executives and the CEO is measured against both corporate and personal objectives and performance indicators set annually by the Remuneration and Nomination Committee and approved by the Board.

A performance evaluation of senior executives took place for the current reporting period in accordance with the process. The performance of senior executives was reviewed by assessing individual and Group performance against agreed and Board approved measures, examining the effectiveness and results of their contribution and identifying areas of potential improvements.

Principle 2: Structure the board to be effective and add value

The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and industry in which it operates, to enable it to discharge its duties effectively and to add value.

Recommendation 2.1: Recommendation followed

The board of a listed entity should:

(a) have a nomination committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Remuneration and Nomination Committee of the Board oversees selected nomination activities so that Boards within the Highfield Group comprise individuals who are best able to discharge the responsibilities of Directors having regard to the law and excellence in governance standards.

The Board has adopted a Remuneration and Nomination Committee charter which sets out the roles and responsibilities of the Remuneration and Nomination Committee, a copy of which can be viewed on the Company's website.

Pursuant to the Remuneration and Nomination Committee Charter, the Remuneration and Nomination Committee:

- Comprises only non-executive Directors;
- Comprises at least three members and all of whom are independent non-executive members;
- Has between its members sufficient contemporary expertise and understanding of remuneration and related matters to be able to discharge the Committee's responsibilities; and
- Is chaired by a non-executive independent Director who is not Chairman of the Board.

The table below shows the current members as at March 2021:

| | | |
|------------------------------------|------------------------------------|----------------------|
| Ms Pauline Carr | Independent Non-executive Director | (Committee Chairman) |
| Mr Richard Crookes | Independent Non-executive Chairman | (Committee Member) |
| Mr Roger Davey ¹ | Independent Non-executive Director | (Committee Member) |

Note 1: Independent Non-executive Director, Mr Jim Dietz, was a member of the Committee for the entire reporting period until his retirement from the Board on 18 February 2021 whereupon he was replaced by Mr Roger Davey.

The Remuneration and Nomination Committee met five (5) times throughout the period and all members of the Committee were in attendance.

Recommendation 2.2: Recommendation Followed

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.

The Group's desired mix of skills and competence is listed below. The Board considers its current composition adequately meets these competencies.

| Area | Competency |
|--|--|
| <i>Leadership</i> | Business leadership, public listed company experience |
| <i>Business and Finance</i> | Accounting, audit, business strategy, competitive business analysis, project financing, financial literacy, mergers and acquisitions, risk management, tax (international) |
| <i>Sustainability and Stakeholder Management</i> | Community relations, environment, corporate governance, health & safety, people and culture, remuneration, investor relations |
| <i>Technical</i> | Exploration and geology, mining/engineering, project development, mine construction, contractor management. |
| <i>Commodity expertise (for the operational phase)</i> | Potash industry and marketing experience |

The Board considers this to be a strong composition encompassing not only project development, mining, technical, finance and governance expertise but also the other competencies relevant at this time as detailed in Section 2.2 above. In addition, the Board has Spanish in country business expertise.

The Board periodically assesses its composition to ensure its membership maintains a combination of skills and experience that ensure the Board has the expertise to meet both its responsibilities to stakeholders and its strategic objectives. The names of directors including details of their qualifications and experience are set out in the Directors' Report of the Annual Report and available on the Company's website.

Recommendation 2.3: Recommendation followed

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;*
- (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and*
- (c) The length of service of each director.*

Details of the current Directors as at 25 March 2021 are provided in the table below:

| Director Name | Independent Director? | Commencement Date | Length of Service as at March 2021 | Interests, Positions, Associations or Relationship which may cause doubts as to independence? |
|--|-----------------------|-------------------|------------------------------------|---|
| Mr Richard Crookes <i>Board Chairman</i> | Yes | 16 May 2013 | 7 years and 10 months | <i>Mr Crookes was a former representative of a major shareholder until October 2017. As more than three years has elapsed the Board is of the view that a sufficient period of time has passed (and given that there are no other matters which exist which may call into question his independence) and that Mr Crookes is now considered to be an independent Director.</i> |
| Ms Pauline Carr | Yes | 30 October 2015 | 5 years and 5 months | None |

| Director Name | Independent Director? | Commencement Date | Length of Service as at March 2021 | Interests, Positions, Associations or Relationship which may cause doubts as to independence? |
|-------------------|-----------------------|-------------------|------------------------------------|--|
| Mr Roger Davey | Yes | 24 May 2018 | 2 years and 10 months | None |
| Mr Brian Jamieson | No | 24 May 2018 | 2 years and 10 months | <i>As a current representative of the major shareholder Mr Jamieson is not considered to be independent.</i> |
| Mr Isaac Querub | Yes | 5 April 2018 | 2 years and 11 months | None |

Recommendation 2.4: Recommendation followed

A majority of the board of a listed entity should be independent directors.

The Board meets this requirement with four of the five Directors being considered to be independent.

The Board acknowledges the importance of independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Directors of the Company 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.

The Board has accepted the following definition of an independent Director:

"An independent director is a director who is not a member of management, is a Non-Executive Director and who:

- is not, or has not been, employed in an executive capacity by the Group and there has been a period of at least three years between ceasing such employment and serving on the Board;
- is not, or has not within the last three years been, a partner, director or senior employee of a provider of material professional services to the Group;
- is not, or has not within the last three years been, in a material business relationship (eg as a supplier or customer) with the Group, or an officer or, or otherwise associated with, someone with such a relationship;
- does not represent, or has been within the last three years an officer, or an employee of, or professional advisor to, a substantial security holder of the entity;
- does not have close personal ties with any person who falls within any of the categories described above;
- does not have a material contractual relationship with the Group other than as a director; or
- has not been a director of the entity for such a period that his or her independence may have been compromised.

In accordance with the definition above, Richard Crookes, Pauline Carr, Roger Davey, Jim Dietz and Isaac Querub are considered to be independent. Whilst on the Board Jim Dietz was also considered to be independent. The Board Charter requires that where practical the majority of the Board will be independent. The Board presently has a majority of independent Directors.

Recommendation 2.5: Recommendation followed

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 Board Charter provides that where practical, the Chairman of the Board will be a non-executive, independent Director. The Company's Chairman, Richard Crookes has extensive experience in the sector and is now considered to be an independent director. Following the departure of the former CEO on 31 January 2020, Mr Crookes assumed the role as acting CEO on a temporary basis until 20 July 2020 while the global search was conducted, and the new CEO commenced. He was paid a flat monthly fee during this period and did not participate in any employee incentive plans.

Recommendation 2.6: Recommendation followed

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 Company maintains a program for inducting new directors, for which the Company Secretary is responsible for. The Company also ensures that appropriate professional development opportunities are provided to directors to ensure they develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

Recommendation 3.1: Recommendation followed

A listed entity should articulate and disclose its values.

The Group has embraced four core values: Commitment, Respect, Excellence and Attitude which are explained as follows.

- **Commitment:** The Group is committed to best practices in health and safety, the environment, and the communities in which it operates.
- **Respect:** To act and communicate collaboratively with transparency, sincerity and an understanding of cultural diversity.
- **Excellence:** To seek to continuously improve through a cycle of goal-setting, accountability, evaluation and innovation, resulting in enhanced value creation.
- **Attitude:** To uphold the highest standards in regards to ethical performance, honesty, integrity, fairness and equality with all stakeholders.

These core values have been endorsed and approved by the Board and apply to all Directors and employees. A copy of the Core Values can be found on the Company's website.

Recommendation 3.2: Recommendation followed

A listed entity should:

- (a) have and disclose a code of conduct for its directors, senior executives and employees; and*
- (b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and*
- (c) any other material breaches of that code that call into question the culture of the organisation.*

The Group has developed a Code of Business Ethics and Conduct (the Code) which has been fully endorsed

by the Board and applies to all Directors and employees. The Code is reviewed annually and updated as necessary to ensure it reflects the appropriate standards of behaviour and professionalism as well as the practices necessary to maintain confidence in the Group's integrity. It also takes into account legal obligations and reasonable expectations of the Group's stakeholders.

In summary, the Code requires that at all times all Group personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Group policies. A copy of the Code of Conduct and Ethics can be found on the Company's website.

Recommendation 3.3: Recommendation followed

A listed entity should:

- (a) have and disclose a whistleblower policy; and*
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.*

The Group has Whistleblower Policy which has been approved by the Board. The policy applies to all Directors, employees and consultants of the Group. The aim of the policy is to encourage staff to report any wrong-doing in good faith and in an environment free from victimisation so that the Board and Senior Management can effectively manage risk and cultural issues within the Group.

The Group has in place mechanisms to facilitate the reporting of any wrongdoings and any investigation that may be undertaken. It is requirement of this policy that the Board be advised of any material incidents reported. A copy of the Whistleblower Policy can be found within the Code of Conduct and Ethics on the Company's website.

Recommendation 3.4: Recommendation followed

A listed entity should:

- (a) have and disclose an anti-bribery and corruption policy; and*
- (b) ensure that the board or committee of the board is informed of any material breaches of that policy.*

The Group has established a policy that sets the global standards regarding anti-bribery and the prevention of corruption by all personnel of the Group. The Group strives to conduct business with integrity and endeavours to meet the highest anti-bribery and corruption standards.

The policy applies to all employees, contractors, consultants and advisors of the Group in terms of all dealings and transactions in all countries where the Group operates. The policy extends to the Group's partners and suppliers and they are expected to conduct themselves with the highest ethical standards and to abide by all anti-bribery and corruption laws.

The Group has mechanisms in place to ensure that the Board is informed of any material breaches of the policy.

A copy of the Anti-bribery & Corruption Policy can be found within the Code of Conduct and Ethics on the Company's website.

Principle 4: Safeguard the integrity of corporate reports

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

Recommendation 4.1: Recommendation followed

The board of a listed entity should:

(a) Have an audit committee which:

(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

(2) is chaired by an independent director, who is not the chair of the board, and disclose:

(3) the charter of the committee;

(4) the relevant qualifications and experience of the members of the committee; and

(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board has an established Audit, Business Risk and Compliance Committee, to assist in overseeing the Group's accounting and financial reporting processes as well as the preparation and auditing of the Group's financial statements. The Audit, Business Risk and Compliance Committee is responsible for monitoring and reviewing the integrity of the Group's financial reporting and reviewing the internal financial control system as well as the risk management framework and systems.

The Board has adopted the Audit, Business Risk and Compliance Committee charter that sets out the roles and responsibilities of the Committee, a copy of which can be viewed on the Company's website.

Highfields's Audit, Business Risk and Compliance Committee:

- Comprises only non-executive Directors;
- Comprises at least three members and has a majority of independent non-executive members;
- Has between its members, sufficient accounting and financial expertise and understanding of the mining industry, to be able to discharge the Committee's responsibilities; and
- Is chaired by a independent non-executive Director who is not Chairman of the Board.

The table below shows the current members:

| | | |
|--------------------------|------------------------------------|----------------------|
| Ms Pauline Carr | Independent Non-executive Director | (Committee Chairman) |
| Mr Roger Davey | Independent Non-executive Director | (Committee Member) |
| Mr Brian Jamieson | Non-executive Director | (Committee Member) |

The Chairman of the Audit, Business Risk and Compliance Committee, Pauline Carr, is considered independent and is not the Chairman of the Board. The majority of the Committee members are independent Directors.

The relevant qualifications and experience of each of the members of the Committee can be found in the Director profiles contained within the Group's Annual Report and on the Company's website. Each member of the Committee has adequate education and experience that is relevant to their performance as an Committee member and, in particular, the requisite education and experience that have provided the member with the ability to read and understand a set of financial statements as well as the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Group's financial statements.

During the financial year ended 31 December 2020 the Committee met five times and all members of the Committee were in attendance.

The Audit, Business Risk and Compliance Committee operates in accordance with a charter which is available on the Company's website. The Audit, Business Risk and Compliance Committee has the authority, within the scope of its responsibilities, to reasonably seek information it requires from employees and external parties.

The Board reviews the membership and charter of the Committee at least every two years.

Recommendation 4.2: Recommendation followed

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.

The CEO and Chief Financial Officer have certified to the Board that the financial statements are founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects. This declaration is provided to the Board before it approves the Group's financial statements for a financial period, and declares that in their opinion, the financial records of the Group 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.

Recommendation 4.3: Recommendation followed

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

The Group is committed to providing securityholders and other external stakeholders with timely, consistent and transparent corporate reporting. The process which is followed to verify the integrity of the Group's periodic corporate reports is tailored based on the nature of the relevant report, its subject matter and where it will be published. However, the Group seeks to adhere to the following general principles with respect to the preparation and verification of its corporate reporting:

- periodic corporate reports should be prepared by, or under the oversight of, the relevant subject matter expert for the area being reported on;
- the relevant report should comply with any applicable legislation or regulations;
- the relevant report should be reviewed (including any underlying data), with regard to ensuring it is not inaccurate, false, misleading or deceptive; and
- where required by law or by the Group's policy, relevant reports should be authorised for release by the appropriate approver required under that law or policy.

Consistent with these principles, the non-audited sections of the Annual Report, the Sustainability Report and Corporate Governance Statement for the reporting period were prepared by the relevant subject matter experts and reviewed and verified by relevant executives and senior managers prior to Board approval.

Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation 5.1: Recommendation followed

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1

The Group has a Continuous Disclosure Policy which focuses on the continuous disclosure of any information

concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities. A copy of the Continuous Disclosure Policy can be found within the Code of Conduct and Ethics on the Company's website.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility in assisting the Board to ensure compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX and released to the market by the ASX. The Company's website also enables users to provide feedback on Company matters and includes a "Corporate Governance" landing page that discloses all relevant corporate governance information, including policies and procedures.

Recommendation 5.2: Recommendation followed

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

Once the release of an ASX announcement has been confirmed a copy of the release is made immediately available on the Company's website. The Company Secretary is responsible for ensuring that a copy of all material market announcements are immediately sent to each member of the Board.

Recommendation 5.3: Recommendation followed

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

The Company does not disclose market sensitive information to any analyst or investor unless it has first provided that information to the market and received an acknowledgement that the information has been release.

Any new and substantive analyst or investor presentations are released on the ASX Market Announcements Platform prior to the presentation.

Principle 6: Respect the rights of security holders

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively

Recommendation 6.1: Recommendation followed

A listed entity should provide information about itself and its governance to investors via its website.

The Board strives to ensure that security holders are provided with sufficient information to assess the performance of the Group and its Directors and to made well-informed investment decisions. The Group provides information about itself and its corporate governance via the Company's website.

Recommendation 6.2: Recommendation followed

A listed entity should have an investor relations program to that facilitates effective two-way communication with investors.

The CEO is responsible for the formulation of the annual investor relations plan. The plan considers market conditions as well as the Company's strategies and priorities and is reviewed and endorsed by the Board prior to its implementation. The plan includes conference presentations as well as visits to brokers and current and potential investors in multiple countries. The Company has dedicated internal investor relations resources based in Spain and also secures additional external support on the ground in Australia and the UK.

The Group has a Shareholder Communication Policy which outlines the various ways through which the Group communicates with security holders. A copy of this policy can be viewed on the Company's website.

The Company's Shareholder Communication Policy also outlines policies and requirements for communications with analysts and investors to ensure that the communications are effective and comply with the Company's continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

The Company has a monitored enquiry facility on its website and a presence on various social media platforms for shareholders and other stakeholders. The Company also provides shareholders and stakeholders with the opportunity to subscribe and receive its ASX releases.

Recommendation 6.3: Recommendation followed

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

Shareholders are encouraged to participate at all Annual General Meetings and other General Meetings of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary sends out material with the notice of meeting encouraging all Shareholders to participate at the meeting. The meetings are conducted to allow questions and feedback to the Board and management of the Group.

During the reporting period the Company conducted its 2020 AGM virtually. All shareholders irrespective of their location could attend the meeting, see the presentations and hear the proceedings as well as ask questions and vote electronically in real time.

Recommendation 6.4: Recommendation followed

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Group aims to promote effective communication to and from shareholders. Members are encouraged to register with the Company's share registry to receive formal notices and material electronically and to communicate electronically. Members are also encouraged to contact the Group via its website or directly to the registered office should they have any specific queries concerning the Company's performance or its operations.

Recommendation 6.5: Recommendation followed

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

During the reporting period there was one shareholder meeting, the 2020 Annual General Meeting. All resolutions at this meeting were decided by a poll.

Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1: Recommendation followed

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

(1) has at least three members, all of whom are non-executive directors, and a majority of whom are independent directors; and

(2) is chaired by an independent director, and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the

processes it employs for overseeing the entity's risk management framework.

The Board has established an Audit, Business Risk and Compliance Committee, to monitor the Group's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the Committee:

- reviews the framework and methodology for risk identification, the degree of risk the Group is willing to accept, the management of risk and the processes for auditing and evaluating the Group's risk management system;
- reviews Group-wide objectives in the context of the abovementioned categories of corporate risk;
- reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the Group's exposure to risk;
- reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis, and
- reviews compliance with agreed policies.

The Committee recommends any actions it deems appropriate to the Board for its consideration.

The Board has adopted the Audit, Business Risk and Compliance Committee charter. It sets out the roles and responsibilities of the Audit, Business Risk and Compliance and a copy can be viewed on the Company's website. Pursuant to the Committee's charter, the Committee currently:

- Comprises only non-executive Directors;
- Comprises at least three members and has majority of independent non-executive members;
- Has between its members, sufficient accounting and financial expertise and understanding of the mining industry, to be able to discharge the Committee's responsibilities; and
- Is chaired by a non-executive independent Director who is not Chairman of the Board.

The table below shows the current members:

| | | |
|--------------------------|------------------------------------|----------------------|
| Ms Pauline Carr | Independent Non-executive Director | (Committee Chairman) |
| Mr Roger Davey | Independent Non-executive Director | (Committee Member) |
| Mr Brian Jamieson | Non-executive Director | (Committee Member) |

The Chairman of the Audit, Business Risk and Compliance Committee, Pauline Carr, is considered independent and is not the Chairman of the Board. The majority of the Committee members are independent Directors. The Committee met five times throughout the period and all members of the Committee were in attendance.

Recommendation 7.2: Recommendation followed

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 and that the entity is operating with due regard to the risk appetite set by the board.*

Management is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system and is required to report to the Audit, Business Risk and Compliance Committee on the effectiveness of:

- the risk management and internal control system during the year
- the Group's management of its material business risks; and
- maintenance of the risk registers

The Group's Risk Management Policy can be viewed on the Company Website. Management is required to report on material risks at each Board meeting. Risk framework reviews occur as necessitated by changes in the Group and its operating environment. A risk framework review was undertaken during 2020.

Recommendation 7.3: Recommendation followed

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 and internal control processes.

Due to its small size, lack of complexity and given that it is in a project development phase of its lifecycle, the Group does not currently have an in-house internal audit function. Instead reports and reviews into the effectiveness of internal controls are commissioned as required using internal and external specialist resources. It is expected that the requirement for an internal audit function will be considered by the Audit, Business Risk and Compliance Committee later in 2020. During the reporting period an assessment on the effectiveness of internal controls was provided by the Company's external auditor as part of the year-end audit.

Reports are provided to each regular Board meeting on known and emerging risk and compliance issues, including non-financial, operational and other business risks for consideration and discussion.

The ongoing mitigation and management of key business risks is a standing item of business on the agenda of each regular Board meeting. Management reports regularly to the Board on the Company's risk registers. The Company's managers are directly responsible for risk management in their respective areas of accountability and for ensuring that those risks are being managed appropriately.

Recommendation 7.4: Recommendation followed

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

The Group undertakes mining development and, as such, faces risks inherent to its business, including financing and economic, environmental and social risks, which may materially impact the Group's ability to create or preserve value for security holders over the short, medium or long term.

The Group believes that long-term success hinges on sustainable development that benefits the business, stakeholders and the environment. To this end, the Group has adopted a policy of responsible, proactive environmental management and will work to ensure compliance with relevant legislative obligations during its exploration and development activity. The Group is committed to delivering favourable results for shareholders while at the same time ensuring that its economic success is balanced alongside its environmental and social responsibilities.

The Group appreciates the importance of community consultation and facilitates the involvement and awareness of relevant communities and their representatives when undertaking any exploration or development activity. Through a proactive policy of self-regulation, legislative compliance and community involvement, the Group is working hard to deliver on its short and long-term business objectives while ensuring that relevant social and environmental considerations are included as part of any decision-making process.

The Company will continue its policy of sustainable development in the interests of meeting the expectations of its shareholders without compromising the health or vitality of both the natural and social environment.

A copy of the Company's Environment and Social Management Policy can be found on its website.

The Board has approved a Climate Change Risk Management Policy. The policy sets out the broad principles,

responsibilities and practices that will be used to manage the Company's climate change risk exposure from an operational, governance and risk management perspective. It is in line with the principles of the Environmental and Social Management Policy embedded in the Code of Business Conduct and Ethics. The policy also contributes positively to the achievement of a number of the United Nations Sustainable Development Goals (SDGs) mainly SDG 13 Climate Action.

The Company's core values are Commitment, Respect, Excellence and Attitude. Safety is an embedded feature in each of these core values and is specifically identified in the Commitment core value, which is described as "A commitment to the best practice in health and safety, the environment and the communities in which we operate". The Company has in place policies and procedures to help manage risks. A copy of the Company's Health and Safety Policy is located on its website.

Further details in relation to risks are found in note 17: Financial Risk Management of the Company's 31 December 2020 Annual Report.

Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders holders and with the entity's values and risk appetite .

Recommendation 8.1: Recommendation followed

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.

The Board has established a Remuneration and Nomination Committee, to advise the Board (among other things) on remuneration and incentive policies and practices generally, and to make specific recommendations on remuneration packages and other terms of employment for executive directors, senior executives and non-executive directors. The Board has adopted a Remuneration and Nomination Committee charter, a copy of which can be viewed on the Company's website.

Pursuant to the Remuneration and Nomination Committee Charter, the Remuneration and Nomination Committee currently:

- Comprises only non-executive Directors;
- Comprises at least three members and all of whom are independent non-executive members;
- Has between its members sufficient contemporary expertise and understanding of remuneration and related matters to be able to discharge the Committee's responsibilities; and
- Is chaired by a non-executive independent Director who is not Chairman of the Board.

The table below shows the current members:

| | | |
|-----------------------------------|------------------------------------|----------------------|
| Ms Pauline Carr | Independent Non-executive Director | (Committee Chairman) |
| Mr Richard Crookes | Independent Non-executive Chairman | (Committee Member) |
| Mr Roger Davey¹ | Independent Non-executive Director | (Committee Member) |

Note 1: Independent Non-executive Director, Mr Jim Dietz, was a member of the Committee for the entire reporting period until his retirement from the Board on 18 February 2021 whereupon he was replaced by Mr Roger Davey.

The Remuneration and Nomination Committee met five (5) times throughout the period and all members of the Committee were in attendance on each occasion.

Recommendation 8.2: Recommendation followed

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.

The Group's policies and practices regarding the remuneration of executive and non-executive directors and other senior executives are disclosed in the Annual Report.

Recommendation 8.3: Recommendation followed

A listed entity which has an equity-based compensation remuneration scheme should:

- (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- (b) Disclose that policy or a summary of it.*

The Group has established a Securities Trading Policy which outlines, among other things, when Directors, senior management and other employees of the Group may not deal in the Group's securities. This policy also prohibits key management personnel from entering into certain hedging arrangements of the nature referred to in Recommendation 8.3. For further details, refer to the Securities Trading Policy, which is available on the Company's website.

Approved by the Board 25 March 2021

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

| |
|-----------------------------|
| Highfield Resources Limited |
|-----------------------------|

ABN/ARBN

| |
|----------------|
| 51 153 918 257 |
|----------------|

Financial year ended:

| |
|------|
| 2020 |
|------|

Our corporate governance statement¹ for the period above can be found at:²

- These pages of our annual report:
- This URL on our website: <https://www.highfieldresources.com.au/corporate-governance/#tab-id-3>

The Corporate Governance Statement is accurate and up to date as at 30 March 2021 and has been approved by the board.

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

Date: 30 March 2021

Name of authorised officer
authorising lodgement: Katelyn Adams

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

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

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

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

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

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

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

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

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation | | Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵ |
|---|---|---|--|
| PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT | | | |
| 1.1 | A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. | <input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: https://www.highfieldresources.com.au/corporate-governance/ | <input type="checkbox"/> set out 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 director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement OR <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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |

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

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

Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation | Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵ |
|---|---|--|
| <p>1.5 A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: <ul style="list-style-type: none"> (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: <ul style="list-style-type: none"> (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. <p>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p> | <p><input type="checkbox"/></p> <p>and we have disclosed a copy of our diversity policy at:</p> <p>..... <i>[insert location]</i></p> <p>and we have disclosed the information referred to in paragraph (c) at:</p> <p>..... <i>[insert location]</i></p> <p>and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.</p> | <p><input checked="" type="checkbox"/> set out 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> |

Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation | | Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵ |
|---|--|---|---|
| 1.6 | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p> | <p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at: https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement</p> | <p><input type="checkbox"/> set out 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> |
| 1.7 | <p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p> | <p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at: https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement</p> | <p><input type="checkbox"/> set out 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> |

Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation | Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵ | |
|--|--|--|---|
| PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE | | | |
| 2.1 | <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><input checked="" type="checkbox"/> [If the entity complies with paragraph (a):] and we have disclosed a copy of the charter of the committee at: https://www.highfieldresources.com.au/corporate-governance/ and the information referred to in paragraphs (4) and (5) at: https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement</p> <p>[If the entity complies with paragraph (b):] and we have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at:</p> <p>..... [insert location]</p> | <p><input type="checkbox"/> set out 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> |
| 2.2 | <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p> | <p><input checked="" type="checkbox"/> and we have disclosed our board skills matrix at: https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement</p> | <p><input type="checkbox"/> set out 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> |

Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation | | Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵ |
|---|---|---|---|
| 2.3 | <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, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p> | <p><input checked="" type="checkbox"/></p> <p>and we have disclosed the names of the directors considered by the board to be independent directors at: https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement</p> <p>and, where applicable, the information referred to in paragraph (b) at: https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement</p> <p>and the length of service of each director at: https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |
| 2.4 | A majority of the board of a listed entity should be independent directors. | <input checked="" type="checkbox"/> | <p><input type="checkbox"/> set out 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> |
| 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. | <input checked="" type="checkbox"/> | <p><input type="checkbox"/> set out 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> |
| 2.6 | A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively. | <input checked="" type="checkbox"/> | <p><input type="checkbox"/> set out 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> |

Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation | | Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵ |
|---|--|--|--|
| PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY | | | |
| 3.1 | A listed entity should articulate and disclose its values. | <input checked="" type="checkbox"/> and we have disclosed our values at: https://www.highfieldresources.com.au/corporate-governance/ | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 3.2 | A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code. | <input checked="" type="checkbox"/> and we have disclosed our code of conduct at: https://www.highfieldresources.com.au/corporate-governance/ | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 3.3 | A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy. | <input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: https://www.highfieldresources.com.au/corporate-governance/ | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 3.4 | A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy. | <input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: https://www.highfieldresources.com.au/corporate-governance/ | <input type="checkbox"/> set out in our Corporate Governance Statement |

Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation | Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵ | |
|---|--|--|---|
| PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS | | | |
| 4.1 | <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><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at: https://www.highfieldresources.com.au/corporate-governance/</p> <p>and the information referred to in paragraphs (4) and (5) at: The company's annual report pages X to X</p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at:</p> <p>.....</p> <p><i>[insert location]</i></p> | <p><input type="checkbox"/> set out 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><input checked="" type="checkbox"/></p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |
| 4.3 | <p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p> | <p><input checked="" type="checkbox"/></p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |

Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation | | Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵ |
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| PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE | | | |
| 5.1 | A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1. | <input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: https://www.highfieldresources.com.au/corporate-governance/ | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 5.2 | A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 5.3 | A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement |
| PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS | | | |
| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | <input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: https://www.highfieldresources.com.au/corporate-governance/ | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 6.2 | A listed entity should have an investor relations program that facilitates effective two-way communication with investors. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 6.3 | A listed entity should disclose how it facilitates and encourages participation at meetings of security holders. | <input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 6.4 | A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement |

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| 6.5 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | <input checked="" type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 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> | <input checked="" type="checkbox"/> <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: https://www.highfieldresources.com.au/corporate-governance/ and the information referred to in paragraphs (4) and (5) at: https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at: <i>[insert location]</i> | <input type="checkbox"/> set out in our Corporate Governance Statement |
| 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 that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p> | <input checked="" type="checkbox"/> and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement | <input type="checkbox"/> set out in our Corporate Governance Statement |

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| 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 governance, risk management and internal control processes.</p> | <p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed how our internal audit function is structured and what role it performs at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at:</p> <p>https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |
| 7.4 | <p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p> | <p><input checked="" type="checkbox"/></p> <p>and we have disclosed whether we have any material exposure to environmental and social risks at:</p> <p>https://www.highfieldresources.com.au/corporate-governance/</p> <p>and, if we do, how we manage or intend to manage those risks at:</p> <p>https://www.highfieldresources.com.au/corporate-governance/</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |

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| 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><input checked="" type="checkbox"/> [If the entity complies with paragraph (a):] and we have disclosed a copy of the charter of the committee at: https://www.highfieldresources.com.au/corporate-governance/</p> <p>and the information referred to in paragraphs (4) and (5) at: https://www.highfieldresources.com.au/corporate-governance/ in our Corporate Governance Statement.</p> <p>[If the entity complies with paragraph (b):] and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p>.....</p> <p>[insert location]</p> | <p><input type="checkbox"/> set out 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> |
| 8.2 | <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><input checked="" type="checkbox"/> and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at:</p> <p>The Group's policies and practices regarding the remuneration of executive and non-executive directors and other senior executives are disclosed in the Annual Report.</p> | <p><input type="checkbox"/> set out 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><input checked="" type="checkbox"/> and we have disclosed our policy on this issue or a summary of it at: https://www.highfieldresources.com.au/corporate-governance/ in our Securities Trading Policy.</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

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| ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES | | | |
| 9.1 | A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents. | <input type="checkbox"/> and we have disclosed information about the processes in place at: [insert location] | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 9.2 | A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time. | <input type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 9.3 | A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. | <input type="checkbox"/> | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable <input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable |
| ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES | | | |
| - | <i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements. | <input type="checkbox"/> and we have disclosed the information referred to in paragraphs (a) and (b) at: [insert location] | <input type="checkbox"/> set out in our Corporate Governance Statement |

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| - | <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><input type="checkbox"/></p> <p>and we have disclosed the terms governing our remuneration as manager of the entity at:</p> <p>.....</p> <p>[insert location]</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |