

HILLGROVE RESOURCES LIMITED

CODE OF BUSINESS CONDUCT

1. Overview

Hillgrove Resources is committed to maintaining ethical standards in the conduct of its business activities. Hillgrove's reputation as an ethical business organisation is important to our ongoing success and it expects all its officers and employees to be familiar and have a personal commitment to meeting these standards. These standards go beyond mere compliance with laws and regulations. They also embrace the values which are essential to continued success.

2. Purpose of this Code

This Code of Conduct has been adopted by the Board to define basic principles of business conduct.

The Code of Conduct requires officers and employees to adhere to the law and various policies of the company referred to in this Code. The standards set out in this Code cannot – and do not try to – anticipate every situation which may pose a legal, ethical or moral issue. Therefore, the Code is not a prescriptive set of rules for business behaviour, but rather a practical set of principles giving direction and reflecting Hillgrove Resources approach to business conduct. Officers and employees will need to exercise sound judgment when evaluating an issue of business conduct. If they are in any doubt, officers and employees should seek advice before taking any action which may compromise themselves or the Company.

Directors and management will monitor compliance and will act on any actions which are inconsistent with this Code. All employees also have an obligation to advise the Company of any illegal or unethical practices of which they become aware.

3. Hillgrove Resources Business Ethics

3.1 Openness, Honesty, Fairness and Integrity

Hillgrove's officers and employees will conduct themselves with openness, honesty, fairness and integrity in all business transactions and in all dealings with others including shareholders, employees, joint venture partners, suppliers, creditors, financiers, the financial markets and the general public.

3.2 Mutual Respect

Hillgrove's employees are expected to treat other employees, joint venture partners, customers, shareholders and anyone else with whom they interact in their work with courtesy and respect.

3.3 Ethical Conduct

Hillgrove's officers and employees will act ethically in their approach to business decisions.

3.4 Compliance with Laws

Hillgrove's officers and employees will adhere to the standards of conduct that the Company has set in this Code. Also, Hillgrove's employees are expected to comply with all laws and regulations that govern Hillgrove's business and policies that the Company adopts from time to time.

4. Business Conduct

This Code outlines the behaviour expected of Hillgrove's officers and employees when conducting company business and interacting with others.

4.1 Introduction

Directors, officers and employees will also comply with all laws and regulations relating to their business conduct. This includes understanding the laws relevant to their work and complying with the legal requirements of the country in which they are working.

The laws that govern our business activities may be complex. Employees should seek advice from one of Hillgrove's legal advisors if they are unclear about laws or regulations relating to their work.

(a) trading in shares

Any trading of Hillgrove shares must be done in accordance with the Share Trading Policy. If you have any doubt, you should contact the Company Secretary. Hillgrove's **Share Trading Policy** is available on our website – www.hillgroveresources.com.au.

(b) privacy and intellectual property

Officers and some employees may have access to records which contain information that may be of a personal nature, or that the Company has obtained to assist in the management of the business. This information is private and confidential and may not be disclosed to any unauthorised third party.

All intellectual property that an employee or contractor generates in relation to Hillgrove is the property of Hillgrove. Each officer and employee is responsible for protecting Hillgrove's intellectual property rights.

4.2 Personal and Professional Conduct

(a) financial integrity

The use of Company funds or assets of Hillgrove will be maintained or established for any purpose. No false entries will be made in the books or records of the Company for any reason. No payment on behalf of the Company may be made or approved on the understanding that it will or might be used for something other than the stated purpose.

The Company has stringent financial accounting procedures that are overseen by management, the board and the external auditor. Officers and employees must ensure:

- that Hillgrove's financial books, records, reports and statements properly document all assets and liabilities, revenue; and
- that expenses accurately reflect all transactions of the corporation and are retained in accordance with Hillgrove's policies and all applicable laws and regulations.

(b) giving gifts

Hillgrove does not countenance the making of payments or payments in kind (gifts, favours, etc) to induce individuals to award business opportunities to Hillgrove or to make a decision in Hillgrove's favour. This activity is prohibited by the *Criminal Code Act 1995*.

The Company recognizes that it is accepted business practice that entertainment and small tokens, such as cards and small gifts, may be extended to customers and other third parties with whom the Company has a relationship at certain times. However, any such gifts must be for a proper purpose.

Hillgrove's officers and employees may provide meals, refreshments or entertainment appropriate to the circumstances in connection with business relationships. Providing meals, refreshments or entertainment should not violate the standards of conduct of the recipient's organisation or of any contractual agreement.

In appropriate circumstances that the relevant manager has approved gifts may be given. Beyond this, officers and employees may not offer or give gifts, commissions, gratuities, or other payments, whether openly or secretly, to prospective or existing trading members and customers or government officials.

Officers and employees who incur, and employees who approve, expenditure for gifts, meals, refreshments and entertainment must use discretion and care to ensure that the expenditure is in the ordinary and proper course of business and could not reasonably be construed as a bribe or improper inducement.

(c) accepting gifts

The Company expects Hillgrove's employees to strive to obtain the best service and purchases for the Company at the most competitive price. Officers and employees should not accept personal gifts or extraordinary hospitality, accommodation or travel which may influence, or appear to influence a business decision. It is Company policy that all Christmas gifts received by management will be shared with all staff within the operating group.

Hillgrove officers and employees may accept meals, refreshments and entertainment as appropriate to the circumstances in connection with business discussions. Any Hillgrove third party funded business trips must be undertaken in accordance with the Company's Employment Policy.

(d) business agreements and contracts

Hillgrove expects to compete fairly and ethically for all business opportunities. Officers and employees involved in the negotiation of agreements and contracts must ensure that they act in accordance with the law. All statements, communications and representations made to customers, suppliers, partners, competitors and others with whom they undertake business transactions, should be accurate and truthful and must not be misleading.

All appropriate approvals must be obtained before contracts are executed.

Hillgrove is committed to meeting all of its contractual obligations. Hillgrove's officers and employees are expected to know, understand and honour the terms of the Company's contractual obligations that are relevant to their role.

(e) confidentiality

Officers and employees may not at any time, directly or indirectly, profit from confidential information obtained during the course of duties they perform on behalf of the Company.

Confidential information includes business strategy, competitive analyses, business and financial plans and forecasts, information relating to projects, including joint venture information, employee information, computer systems and other inventions developed or licensed by, or for, Hillgrove.

Each employee must safeguard confidential information of the Company by not transferring, publishing, using or disclosing it other than when necessary in the ordinary course of business or as specifically directed or authorised by Hillgrove. Unless specified otherwise, all confidential or proprietary information that has been entrusted to Hillgrove by a third party must be treated as though it is Hillgrove's confidential information.

(f) smoking and the use of drugs and alcohol

Hillgrove recognises that circumstances may vary among different cities and countries regarding use of alcohol, drugs and tobacco. Despite these differences every employee is responsible for ensuring a safe and healthy work environment. This obligation includes responsible behaviour with respect to use of alcohol, drugs and tobacco when conducting Company business and at Company sponsored activities.

Smoking is not allowed in any Hillgrove premises. The use of recreational or non-prescription drugs while on any Hillgrove premises or on Company business is also not permitted.

(g) gathering information on Hillgrove's competitors

While Hillgrove acknowledges that an understanding of the market, and therefore its competitors, is essential in undertaking business, gathering this information should be done legally and ethically.

Information should not be gained through unlawful or deceitful means.

(h) conflict of interest

A conflict of interest describes any circumstances which could cast doubt on an officer's or employee's ability to act with total objectivity with regard to Hillgrove's interests. All officers and employees have an obligation to avoid financial, business or other relationships which might be opposed to the interests of Hillgrove or which may conflict with the performance of their duties.

If you have any doubt about conflicts of interest, you should contact your manager or the Company Secretary.

(i) use of company resources

No property of the Company may be sold, loaned, given away, or otherwise disposed of, without proper authorisation.

Employees must use all Hillgrove assets for proper purposes during their employment with the Company. Improper use includes unauthorised personal use of Hillgrove's

assets, data or resources, including computer equipment, software, photocopiers, facsimile machines, telephones, vehicles, facilities, materials and supplies.

Hillgrove has an electronic communication system to help communication with staff, and other third parties concerning the business and activities of the Company. These facilities may not be used for personal gain but may be used for incidental personal purposes. All data and communications using the system remain the property of Hillgrove.

(j) *private employment and honorary voluntary positions*

Employees who may be considering outside employment should consult their manager to ensure that potential conflicts can be avoided.

As part of Hillgrove's commitment to the community, employees are encouraged to take honorary voluntary positions. Before doing so, the employee should consult with their manager.

4.3 Relationships with Others

(a) *financial integrity*

Hillgrove actively supports the principle of equal employment opportunity regardless of race, religion, national origin, sex, age, physical disability, marital status, personal appearance or sexual orientation and expects its officers and employees to practise and support this principle.

Hillgrove's policy is to avoid discriminatory practices of any kind and to make employment and career decisions strictly on the basis of individual ability, performance, experience and Company requirements.

Hillgrove believes that every individual has the right to dignity and respect in the workplace. Therefore, Hillgrove regards any personal, physical or sexual harassment as totally unacceptable. That sort of behaviour is unacceptable regardless of whom the perpetrator is, and may lead to the termination of their employment. These policies apply to all officers and employees of the Company regardless of their position.

Hillgrove is committed to protecting the health and safety of its employees, visitors and the public. The Company expects and requires all its officers and employees to comply with Occupation Health and Safety laws and Company policies.

(b) *Hillgrove and partners, customers and suppliers*

Our relationship with partners, joint venture parties, customers and suppliers is an important aspect of our ability to serve our business and the services of the Company.

Hillgrove maintains open and frank business dealings with partners, joint venture parties, customers and suppliers and strives to develop mutually advantageous relationships. Partners, joint venture parties, customers and suppliers will be treated fairly and with respect.

5. Whistleblowing: If You Suspect Fraudulent or Unethical Behaviour

We realise that it is difficult to always ensure compliance with this Code and therefore we ask for your help.

If you suspect that any fraudulent or unethical behaviour has occurred, you should contact any member of the Board, the Managing Director, your manager or the Company Secretary.

Confidential messages can be sent to the Company Secretary.

6. More Information

If you wish to obtain more information regarding any aspect of the Hillgrove Resources Limited Corporate Code of Conduct please ask your manager or consult the Company Secretary.

— : —

Adopted by the Board on 31 January 2005