



REMUNERATION AND BENEFITS POLICY



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1. APPLICATION

This Policy outlines the Employee Remuneration Strategy to be applied within Hillgrove Resources, and applies to all Employees and Non-Executive Directors of the Company.

2. INTENT OF THIS POLICY

This Policy aims to:

- Align Employee Remuneration to the principles and measurement of Total Shareholder Return (TSR);
- Present progressive incentive structures to encourage outstanding performance, and hence improved TSR;
- Mitigate the business risks associated with poor performance, market movements and employee turnover.

These policy objectives will be achieved by ensuring remuneration is reflective of applicable market conditions, our statutory obligations, the level of accountability (responsibility, objectives, goals etc.) assigned and the provision of incentives to deliver outstanding performance, whilst providing organisational flexibility and operational efficiency.

3. DEFINITIONS

Allowances and Other Benefits

Allowances and other benefits may be paid to employees to support organisational objectives. Such benefits may include, but are not limited to, travel and health insurance, site allowance, personal vehicle use, higher duties allowance, payment of training costs, relocation assistance, health cover or other individually negotiated benefits or allowances.

Allowances and benefits must however be provided directly to the employee, and not to family members or associates of the employee.

Annual Review

Each Employee will participate in periodic performance reviews (usually at least semi-annually) measuring their achievement against predetermined Goals. The results of the Annual Review will form the basis of any remuneration review and eligibility for a Short Term Incentive (STI) payment, if any.

Base Salary (Base)

The basic cash component of an Employee's remuneration package, expressed in Australian (AUD) or other currency.

Goals (KPI's)

Goals (otherwise known as Key Performance Indicators) should be specific, measurable and achievable performance outcomes agreed in advance between the Employee and their immediate manager. Progress should be reviewed between the manager and Employee periodically, and assessed annually.

Incentives (STI or LTI), or Total Variable Remuneration (TVR)

Short Term Incentive (STI) - e.g. Annual Performance Bonus, designed to primarily reward overall outstanding performance against Goals (against pre-determined annual objectives) but also taking into account behavioural expectations.

Long Term Incentive (LTI) - e.g. Options and/or Performance Rights, designed to retain and incentivise key individuals over the longer term.

Review Period

The period, usually at least six (6) months, and not more than twelve (12) months over which Goals are assessed for the level of progress / achievement.

Superannuation (Super %)

Statutory superannuation contributions paid on behalf of the Employee, referred to as a percentage of Total Fixed Remuneration (TFR).

Total Fixed Remuneration (TFR)

The total financial value of the base salary, superannuation and any other fixed benefits provided to an Employee, inclusive of all taxes payable on their behalf.

Total Remuneration (TR)

The total financial value of an Employee's TFR plus any Short Term Incentive (STI), Long Term Incentive (LTI) or other benefits provided, inclusive of all taxes payable.

4. CLASSIFICATION STRUCTURE

Employees within Hillgrove Resources will be classified under this Policy for the purposes of overall remuneration management, in accordance with the following structure:

Level 1	Executive Director (e.g. CEO / MD)
Level 2A	Senior Executive
Level 2B	Executive
Level 3	Managers / Senior Direct Reports of Executive
Level 4A	Senior Technical / Professional (Degree or equivalent)
Level 4B	All Other Employees

Note: Individual sub-classifications may apply to some Employees.

5. REMUNERATION STRATEGY

Hillgrove Resources aims to align remuneration with Total Shareholder Return (TSR), and will develop internal systems and procedures to support this strategy.

In light of this, the following matrix will apply to objective setting, weighting of objectives and the maximum allocation of incentives within the organisation.

The following structure is subject to the discretion of the Remuneration Committee and Board and is reviewed periodically to determine if changes are required.

HGO REMUNERATION STRUCTURE			TFR + STI %	LTI % of TFR	TR % TOTAL
	TFR	STI	TOTAL		
LEVEL 1 – CEO / MD	100	60	160	100	260
LEVEL 2 – Executive Team	100	50	150	50	200
LEVEL 3 – Managers / Senior Reports of GM's	100	20	120	15	135
LEVEL 4A - Senior Technical & Professional	100	10	110	N/A	110
LEVEL 4B – All Other Employees	100	10	110	N/A	110

STI / GOAL WEIGHTINGS				
ROLE	Company Performance	Department Performance	Individual Performance	TOTAL
Level 1 – CEO / MD	100	N/A	N/A	100
Level 2 – Executive Team	40	30	30	100
Level 3 – Managers / Snr Reports of GM's	30	40	30	100
Level 4A - Senior Technical & Professional Employees	20	30	50	100
Level 4B – All Other Employees	15	25	60	100

Note: These tables are guidelines. Specific approvals may be provided to operate outside of these parameters, subject to the provision of adequate substantiation (e.g. retention of key technical skills, reward of outstanding performance, key discovery etc.).

6. SALARY BENCHMARKING

To ensure Employees are remunerated in a manner that encourages active participation, measurable contribution, overall satisfaction and retention, Employee benefits will be assessed on a regular basis against benchmarking data evidenced within the broader mining industry.

Each review will take into account the use of rosters, working hours, size of company, status (e.g. producer), location, position description, years of experience and data relative to the benchmarking process.

Hillgrove currently utilises several service providers, principal among them being MacDonald and Company (Australasia) Pty. Ltd. to provide annual Employee, Executive and Non-Executive Director's salary benchmarking information (not advice).

Other forms of benchmarking data may also be considered during the analysis and development of employee remuneration strategies (for both new and/or existing positions).

7. RECRUITMENT – SALARY DETERMINATION

Managers will be required to operate within approved budgets, manning schedules and in accordance with the Company Recruitment Policy. A standing approval will exist for approved vacancies to be advertised (and filled) between the P25 and P50 range of the relative benchmark.

Requests to provide an offer to an applicant above the P50 for that position must be submitted to the site Executive, who after consultation with HR, may approve offers up to 20% higher.

Requests for the creation of new (unbudgeted) positions may be submitted to the site Executive, who (after consultation with the HR Manager and the CEO) may approve additional / new positions where the Total Fixed Remuneration (TFR) is less than \$100,000.00 per annum.

Requests for packages greater than 20% above the P50 or for unbudgeted positions with a TFR exceeding \$100,000.00 per annum will require HR Manager and CEO approval. Any additional costs resulting from any such approvals will be borne by existing divisional budgets.

Prior to the commencement of any recruitment activity, the Manager should consult with HR who will confirm the classification of the position, applicable remuneration strategy inclusions and the current benchmarked salary range for each vacancy.

8. ANNUAL SALARY REVIEWS

Salary reviews will be conducted in February following completion of the Annual Performance Reviews and Company year-end, with any approved increases to be deemed effective as of 1 February each year.

In conducting reviews the Company will take into account the market conditions relating to the Company and each position, the level of responsibility assigned to each Employee, the standard of performance achieved and any relevant salary benchmarking data.

Whilst remuneration reviews will be conducted annually, any remuneration increases will be at the sole discretion of the Company. The CEO maintains sole responsibility for the approval of any increases to Employee remuneration.

9. OUT OF SCOPE (AD-HOC) INCREASES

Ad-hoc increases to Employee remuneration outside of the annual review process will, as a general rule, not be permitted.

Where a situation develops requiring an urgent review, the Manager must submit a memorandum to the site Executive and HR Manager outlining the issue and providing their recommendations for resolution. An assessment of the situation will then be conducted.

Whilst every effort will be made to ensure Employee remuneration is appropriate, it is recognised that rapidly changing external factors may impact on the relevance of benchmarking data used for any particular position or groups. Company-wide reviews may occur from time to time to address such issues.

Exceptions to the prohibition on ad-hoc reviews include operational employees who successfully complete a competency-based assessment in order to progress to a higher technical level.

10. REVIEW OF PROCESSING TEAM MEMBERS

In accordance with the Contracts of Employment provided to members of the Kanmantoo Site Processing Team, career progression from Entry Level through to Level 4 (/21C) will be accompanied by a change in remuneration.

Where an Employee satisfies the competency assessment requirements of a higher level, the supervisor is to submit a formal request to HR to update the Employee's classification. Following receipt of supporting competency assessment details, HR will issue a contract amendment to the Employee and authorise an increase in remuneration as appropriate.

Only one classification re-assessment can be submitted per employee, per year.

11. PAYMENT OF SALARY

Employees will be paid their base salary (less any applicable tax payable) and any other cash benefits on a monthly basis, mid-month (two weeks in arrears, two weeks in advance) for that calendar month, into their nominated bank account.

Casual employees will be paid on a fortnightly basis, in arrears.

12. SUPERANNUATION

Superannuation contributions will be deducted from Employees Total Remuneration (TR) in accordance with the Superannuation Contributions Legislation. The super guarantee rate will increase gradually to 12% by 2026.

The table below shows how the super guarantee rate increases to 12% by 2026:

Year	Rate
2016 – 2021	9.50%
1 July 2022	10.00%
1 July 2023	10.50%
1 July 2024	11.00%
1 July 2025	11.50%
1 July 2026 and onwards	12.00%

Superannuation deducted in this manner will be paid into a complying superannuation fund of the Employee's choice. Superannuation Choice Nomination Forms are available on QHSE and must be submitted to payroll in order for the choice to take effect. In the event a fund is not nominated or is no longer deemed to comply, all superannuation payments will be withheld until the details of a complying Superannuation Fund are provided by the Employee.

The Company has established a default superannuation fund (Australian Super) which Employees can nominate for their superannuation payments to be made to. Employees who fail to nominate a fund will have their superannuation payments forwarded to the Company default fund.

Employee's earning more than the Maximum Superannuation Contribution Base may request superannuation deductions above this limit to be paid as salary. Requests must be made in writing to payroll, with changes to take effect from the next full pay period after receipt of the request.

Employees may also request additional superannuation amounts be paid into their nominated superannuation fund as either a pre-tax or post-tax payment.

13. TAXATION

The responsibility for payment of any tax due as a result of the employment relationship will rest with the Employee. The Employer will however facilitate the payment of such taxes via a monthly payroll deduction, with forwarding of the required amounts to the necessary organisations (e.g. the ATO).

For the avoidance of doubt, any Fringe Benefits Tax (FBT) payable by the Employer on any non-salary components of an Employee's remuneration will be included as a component of Total Fixed Remuneration (TFR).

14. ALLOWANCES

Employees may be paid an allowance or other payment associated with their role, over and above their base salary, on either an ongoing or temporary basis.

Any allowance paid will be taxed in accordance with current taxation legislation and will not be deemed to form a part an Employee's usual base salary or TFR (for the purposes of leave, remuneration reviews and/or other calculations, unless otherwise required under legislation).

15. SIGN ON BONUSSES

As a general rule, the Company will not pay sign-on bonuses of any kind.

In exceptional circumstances however, the CEO may approve a sign-on inducement in the form of a once-off entitlement to share Performance Rights, under the HGO Options and Performance Rights Plan (or replacement, as the case may be).

Consideration of the financial impact of such an allocation will be required as all costs associated with the payment of sign-on bonuses will be covered by existing budgets.

Note: the issue of Performance Rights under a Contract of Employment cannot occur until after the commencement of employment by the Employee.

16. SHORT-TERM INCENTIVE PROGRAM (STI)

The Company has a Short Term Incentive Program (STI) which is designed to recognise and reward Employees who meet the required individual, team and Company **stretch** objectives.

STI payments are not a right of employment – they are made for performance above and beyond the “come-to-work” requirements of the job. Any such payments made represent the recognition of excellence – achievement of stretch objectives or beyond, and importantly, the manner in which those achievements were attained.

Behavioural and 360 degree feedback assessments may form part of the annual review and STI process. Further, it may be possible for all stretch Goals to be met, but for no remuneration increase or STI to be paid.

Participation in the annual STI Program is subject to:

- Achieving an above average (>65%) rating in the Annual Performance Review;
- Participation in the Annual Performance Reviews;
- The Employee exhibiting conduct and standards of behaviour consistent with the Company's Code of Conduct, and level of position held;
- Not being subject to disciplinary action during the Review Period;
- Being employed by the Company throughout the Review Period.

Employees must have completed their probation and a minimum of six months continuous service in order to be considered for participation in the annual STI Program. Employees with between six (6) and twelve (12) months' service may (at the discretion of the CEO) be considered for a pro-rata STI allocation.

Any allocation made under the STI Program will be at the sole discretion of the Company and may take into account market changes, company performance and other factors impacting on the business, in addition to the achievement of set Goals and/or behavioural expectations.

STI will not apply to fixed-term or casual contracts unless specifically advised within the contract of employment.

Recommendations for departures from this policy require CEO approval, and should only be recommended on a special needs basis. 'Custom' or 'common practice' arguments should not be used to justify any recommendation under this Policy.

Payments for any approved allocations will be issued in or around March of each year.

17. LONG TERM INCENTIVE PROGRAM (LTI)

The Company has a Long Term Incentive Program (LTI) which is designed to recognise, retain and reward key Employees and future leaders (generally Level 3 and above) within the organisation.

The Company's LTI Program is exactly that – a **Long Term** Incentive program. Current market practice for a company of Hillgrove's size is for the realisation of LTI incentives to require a minimum of three years' service. Current market trend for larger companies is to require up to four or even five years' service.

The LTI Program is administered by CRA Plan Managers in accordance with the Hillgrove Options and Performance Rights Plan (OPRP), or replacement plan as may be approved by the Board and shareholders from time to time, and may enable participants to receive an equity position in Hillgrove via the issue of 'Performance Rights' (zero-priced options).

Participation in the annual LTI Program is subject to:

- Nomination of the Employee as a key employee / future leader by management, generally GM level;
- Achieving an above average rating (>65%) in the Annual Performance Review;
- Participation in the Annual Performance Reviews;
- The Employee exhibiting conduct and standards of behaviour consistent with the Company's Code of Conduct, and level of position held; and
- Not being subject to disciplinary action during the review period.

As a general rule, Employees must have completed a minimum of six (6) months continuous service in order to participate in the annual LTI Program. In exceptional circumstances, departures may be approved by the CEO.

All allocations made under the LTI Program will be at the sole discretion of the Company and will not be provided to Contractors or Employees hired under fixed-term or casual contracts of employment.

18. COMPLETION BONUSES OR PAYMENTS

Completion Bonuses may be offered to Employees contracted to undertake business critical roles over a set timeframe (e.g. a 12 month contract requiring the completion of a set program).

Any proposal for completion payments are to be discussed and reviewed with HR, and must be approved by the CEO prior to any discussion or communication of the possibility of such a payment with potential recipients.

Any completion bonus approved should not exceed the STI maximum indicated for the particular classification involved (e.g. Level 4 = 10% of TFR).

19. ANNUAL PERFORMANCE REVIEWS

Employee performance will be assessed against the Goals set by the Company and agreed with the employee on at least an annual basis. Managers are to ensure each Employee has an understanding of the key strategic drivers of the business, and that appropriate and measurable objectives are identified and set during each Annual Review for the following Review Period.

Behavioural and 360 degree feedback assessment may form part of the Annual Review.

The results of the Annual Review will influence the STI recommendations presented to the CEO for approval each year.

LTI recommendations to the CEO will generally be made after the annual review and STI process.

Reviews of employee performance are a key component of the strategic planning process for the organisation. As such all supervisory and management Employees *will be required to complete 100% of all Annual Reviews* (within the required timeframes) relative to their work group, as a standing personal Goals.

Managers are encouraged to develop a range of Goals with their team to reflect the importance of individual, team and company based objectives.

20. NON-EXECUTIVE DIRECTOR REMUNERATION

The Board's focus is on long term strategic direction and overall performance of the Company. As a consequence, non-executive director remuneration is primarily related to long term performance of the Company.

20.1 Determination of Non-Executive Director Remuneration

Remuneration of non-executive directors is determined with regard to Hillgrove's need to maintain appropriately experienced and qualified directors and in accordance with competitive pressures in the marketplace. The Remuneration Policy is designed:

- To attract and retain directors;
- To motivate directors to achieved Hillgrove's business objective; and
- To align the interests of directors with the long term interests of shareholders.

Non-Executive directors are paid fees in cash on a monthly basis.

Non-Executive Directors do not receive any equity based remuneration (for example, options) or incentive based remuneration.

20.2 Extra Duties and Expenses

From time to time, the Board may ask individual directors to devote extra time or to undertake extra duties. Directors who undertake these tasks at the Board's direction may receive payment for this work. Directors are also to be reimbursed for expenses associated with undertaking their duties.

20.3 Review

The Board reviews director remuneration periodically in line with independent remuneration benchmark assessments. The shareholders may be asked to consider, and if they think it appropriate, approve any increase in gross fees. The total amount of remuneration paid to non-executive directors must not exceed the maximum amount the shareholders authorise at general meeting.

21. OTHER

Custom and practice will not be considered a binding principle in relation to any matter associated with this Policy.

Detail relating to additional Employee entitlements not detailed above (e.g. leave, training etc.) for part-time and casual employees is available within the associated Company policies.

All queries in relation to this Policy should be directed to the HR Department in the first instance.

**This Remuneration Benefits Policy was approved by
the Hillgrove Resources Limited Board of Directors on 21 March 2017.**