

Board Composition

The skills, experience and expertise relevant to the position of each director, and board committee member, who is in office at the date of the annual report and their term of office are detailed in the Director's report.

The independent director of the Company is Mr David Riekie.

When determining the independent status of a Director the Board used the Guidelines detailed in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

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

Recommendation	Hawkley Oil and Gas Limited Current Practice
1.1 Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.	Satisfied. Board Charter will be made available at www.hawkleyoilandgas.com in the Corporate Governance statement.
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. Board Performance Evaluation Policy i will be made available at www.hawkleyoilandgas.com in the Corporate Governance statement.
1.3 Companies should provide the information indicated in the Guide for reporting on Principle 1	Satisfied The Board Charter will be made available at www.hawkleyoilandgas.com in the Corporate Governance statement. During the year the composition of management changed significantly. No formal appraisal of management was conducted.
2.1 A majority of the board should be independent directors.	Not Satisfied. Mr Paul Morgan is currently filling the role of Non Executive Chairman Mr Reavley is currently filling the role of Executive Director and Chief Executive Officer. Only Mr David Riekie is classed as independent under ASX guidelines. The Board considers that given the size and nature of the Company the current Board is appropriate.

2.2	The chair should be an independent director.	Not Satisfied.
		Given the size and nature of the Company, Mr Paul Morgan is currently the most appropriate director to act as Chairman.
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual.	Satisfied.
2.4	The board should establish a nomination committee.	Satisfied.
		The nomination committee consists of the full Board. The Board consider that given the current size of the Board (3), this function is efficiently achieved with full Board participation.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied.
		Board Performance Evaluation Policy will be made available at www.hawkleyoilandgas.com in the Corporate Governance statement.
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2	Satisfied
		During the year the composition of the Board and its committees changed significantly. No formal appraisal was conducted.
3.1	Companies should disclose a code of conduct and disclose the code or a summary of the code as to: The practices necessary to maintain confidence in the company's integrity The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied.
		The Code of Conduct will be made available at www.hawkleyoilandgas.com in the Corporate Governance statement.
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Satisfied.
		The Trading Policy will be made available at www.hawkleyoilandgas.com in the Corporate Governance statement.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	Satisfied
4.1	The board should establish an audit committee.	Satisfied.
		The audit committee consists of the full Board. The

		Board consider that given the current size of the Board (3), this function is efficiently achieved with full Board participation.
4.2	The board committee should be structured so that it: Consists only of non-executive directors Consists of a majority of independent directors Is chaired by an independent chair, who is not chair of the board Has at least three members	Not satisfied. The Company has adopted a policy which includes Executive Directors as audit committee members.
4.3	The audit committee should have a formal charter.	Satisfied.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	Satisfied
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. Continuous disclosure policy will be made available at www.hawkleyoilandgas.com in the Corporate Governance statement.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	Satisfied
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	Satisfied. Shareholders communication strategy will be made available at www.hawkleyoilandgas.com in the Corporate Governance statement.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	Satisfied
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. Risk management program will be made available at www.hawkleyoilandgas.com in the Corporate Governance statement.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Satisfied. The Board, including the Executive Chairman, routinely consider risk management matters.
7.3	The board should disclose whether it has received	Satisfied.

assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board has received a section 295A declaration pursuant to the 2009 financial period.

7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7

Satisfied

8.1 The board should establish a remuneration committee.

Not Satisfied.

The Board consider that given the current size of the Board (3), this function is efficiently achieved with full Board participation and consequently no meetings have been held.

8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The structure of Directors' remuneration is disclosed in the remuneration report of the annual report.

8.3 Companies should provide the information indicated in the Guide to reporting on Principle 8

Risk remuneration committee charter will be made available at www.hawkleyoilandgas.com in the Corporate Governance statement.

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