

**QRxPHARMA LIMITED**  
**CORPORATE GOVERNANCE STATEMENT**

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (**Best Practice Recommendations**). The Best Practice Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Best Practice Recommendations.

The Board of the Company currently has in place a corporate governance policy which is summarised at the Company's website at [www.qrxpharma.com](http://www.qrxpharma.com).

	<b>BEST PRACTICE RECOMMENDATION</b>	<b>COMMENT</b>
1.	<b>Lay solid foundations for management and oversight</b>	
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	The Company's corporate governance policy includes a board charter, which discloses the specific responsibilities of the board and provides that the board may delegate responsibility for the day-to-day operations and administration of the Company.
2.	<b>Structure the board to add value</b>	
2.1	A majority of the board should be independent directors.	The board currently comprises two independent directors including the chairman, one additional non-executive director, an executive director and a director with a consulting role.  The board believes that the individuals on the board are able to make quality and independent judgments in the best interests of the Company on all relevant issues. Further independent directors may be appointed depending on the future growth of the Company.
2.2	The chairperson should be an independent director.	The chairperson Dr Peter Farrell is an independent director.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	The roles of chairperson and chief executive officer are not exercised by the same individual.
2.4	The board should establish a nominations committee.	The board has established a nominations committee comprising the two independent and one other non-executive director.
2.5	Provide the information indicated in <i>Guide to Reporting on Principle 2</i> .	The Company will provide details of each director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in its future annual reports.
3.	<b>Promote ethical and responsible decision-making</b>	

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	<b>BEST PRACTICE RECOMMENDATION</b>	<b>COMMENT</b>
3.1	<p>Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:</p> <p>(a) the practices necessary to maintain confidence in the company's integrity; and</p> <p>(b) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	<p>The Company's board charter sets out principles of conduct of the board and its responsibility to engender these principles throughout the Company. The board does not believe that the Company's workforce is of sufficient size to warrant the establishment of a separate and additional code of conduct for all staff.</p>
3.2	<p>Disclose the policy concerning trading in company securities by directors, officers and employees.</p>	<p>The Company's current corporate governance policy includes guidelines for buying and selling securities in the Company.</p>
3.3	<p>Provide the information indicated in <i>Guide to Reporting on Principle 3</i>.</p>	<p>The Company will explain any departures (if any) from best practice recommendations 3.1, 3.2 and 3.3 in its future annual reports.</p>
4.	<b>Safeguard integrity in financial reporting</b>	
4.1	<p>Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.</p>	<p>The chief executive officer and the chief financial officer will provide the board with this statement at the relevant time.</p>
4.2	<p>The board should establish an audit committee.</p>	<p>The board has established an audit and risk committee, comprising one non-executive director and one independent director, both of whom have financial or accounting backgrounds. The chairperson of the committee is an independent director and is not the chairman of the board.</p> <p>The board considers that the Company is not currently of a size or complexity to require the appointment of a third member to this committee.</p>
4.3	<p>Structure the audit committee so that it consists of:</p> <p>(a) only non-executive directors;</p>	<p>Please refer to 4.2 above.</p>

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	<b>BEST PRACTICE RECOMMENDATION</b>	<b>COMMENT</b>
	<p>(b) a majority of independent directors;</p> <p>(c) an independent chairperson, who is not chairperson of the board; and</p> <p>(d) at least three members.</p>	
4.4	The audit committee should have a formal charter.	The Company's corporate governance policy includes a formal charter for the conduct and operation of the audit and risk committee.
4.5	Provide the information indicated in <i>Guide to Reporting on Principle 4</i> .	The Company will provide details of the members of the audit and risk committee, the number of meetings of the audit and risk committee and the names of the attendees, together with an explanation of any departures from best practice recommendations 4.1, 4.2, 4.3, 4.4 and 4.5 (if any) in its future annual reports.
5.	<b>Make timely and balanced disclosure</b>	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.	The Company has a continuous disclosure program in place designed to ensure the factual presentation of the Company's financial position.
5.2	Provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	The Company will provide an explanation of any departures from best practice recommendations 5.1 and 5.2 (if any) in its future annual reports.
6.	<b>Respect the rights of shareholders</b>	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	The Company has not adopted a specific charter for communications with shareholders but believes that the principles of good shareholder communication are inherent in the principles set out in the board charter.
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	The board will request the external auditor to attend all future annual general meetings of the Company to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. The Company has established a website upon which all relevant announcements made to the market and related information will be placed.
7.	<b>Recognise and manage risk</b>	

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	<b>BEST PRACTICE RECOMMENDATION</b>	<b>COMMENT</b>
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	The audit and risk committee determines the Company's "risk profile" and is responsible for overseeing and approving risk management and policies, internal compliance and internal control.
7.2	<p>The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:</p> <p>(a) the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and</p> <p>(b) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.</p>	The board will request that the chief executive officer and chief financial officer provide such a statement at the relevant time.
7.3	Provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	The Company will provide an explanation of any departures from best practice recommendations 7.1, 7.2 and 7.3 (if any) in its future annual reports.
8.	<b>Encourage enhanced performance</b>	
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	The Company has established a nominations committee which is charged with the responsibility of ensuring that appropriate procedures exist to assess the performance of the board, its committees and individual directors, and key executives..
9.	<b>Remunerate fairly and responsibly</b>	
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	The Company will provide details of the remuneration of its senior executives in its future annual reports.
9.2	The board should establish a remuneration committee.	The board has established a remuneration committee comprising the Chairman of the board and a non-executive director.

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	BEST PRACTICE RECOMMENDATION	COMMENT
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	<p>Non-executive directors other than the chairman are paid a set fee of \$40,000 per annum and the chairman \$60,000 per annum as agreed by the board annually. Non-executive directors do not receive performance based bonuses nor are they entitled to retirement allowances.</p> <p>The Company's Constitution provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration has been set at an amount of \$400,000 per annum.</p> <p>The board is responsible for determining the remuneration of the chief executive officer and senior executives.</p>
9.4	Ensure that payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	The remuneration committee has been charged with the responsibility of ensuring the implementation of the Company's ESOP in accordance with its terms.
9.5	Provide the information indicated in <i>Guide to Reporting on Principle 9</i> .	The Company will explain any departures from best practice recommendations 9.1, 9.2, 9.3 and 9.4 in its future annual reports.
10.	<b>Recognise the legitimate interests of stakeholders</b>	The Company's corporate governance policies provide a guide to compliance with the legal and other obligations to legitimate stakeholders.

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