

Board Charter**1. Overall Purpose**

This Charter provides a summary of the role, responsibilities, composition, committees, delegations, operation and performance of the board and the responsibilities reserved to the board and those assigned to management.

Fermiscan Holdings Limited (“the company” or “Fermiscan”) and the board are governed by general law, the Corporations Act and the Fermiscan Constitution.

2. Role

The role of the board is to provide strategic guidance for Fermiscan and effective oversight of management.

The directors represent the interests of shareholders and are responsible for the overall direction of Fermiscan, its long-term objectives, strategy, performance and policies.

3. Board Responsibilities**3.1 Stakeholder interests**

- Serve in the interests of shareholders and recognise the interests of other stakeholders such as the employees, potential customers, regulators, and the community
- Keep shareholders and the market informed of the company’s performance and major developments. Make recommendations on significant issues to members at General Meetings
- Develop and monitor corporate governance practices

3.2 Strategy

- Drive the strategic direction, setting goals, performance measures and policies
- Ensure that Fermiscan’s business affairs are conducted ethically and in accordance with the law
- Review, approve and monitor corporate strategy plans and performance objectives. Evaluate the assumptions and rationale underlying the plans
- Monitor managements performance and implementation of strategy, ensuring appropriate resources are available
- Review, approve and monitor major strategic commitments

3.3 Executive appointments

- Provide specific delegated authority to the managing director to manage the operations of Fermiscan
- Determine the terms of appointment, performance evaluation and replacement of the managing director, with guidance of the Remuneration & Nomination Committee
- Be consulted by the managing director, through the Remuneration & Nomination Committee, on appointments, terminations, performance and remuneration reviews, and succession plans for the managing director direct reports

3.4 Business Performance and Reporting

- Review business results and monitor performance against key performance indicators, corporate strategy plans and the budget. Approve and monitor any required actions
- Review and monitor the systems, processes and controls which guard the integrity of the financial records and reporting, with guidance from the Audit & Risk Committee
- Receive and review reports in relation to the external audit and internal controls with guidance from the Audit & Risk Committee
- Review reporting to stakeholders and regulators to ensure reporting is accurate, objective and timely

3.5 Risk management and compliance

- Consider and approve key risk management parameters having regard to guidance from the Audit & Risk Committee
- Periodically assess changes in the risk management framework and make adjustments to the risk appetite
- Monitor the effectiveness of the risk management framework, internal compliance and control, codes of conduct, and legal compliance with guidance from the board committees
- Review and monitor processes for regulatory compliance
- Establish and maintain appropriate board policies and policy development framework

3.6 Board Performance

- Monitor board composition
- Identify and evaluate possible future directors
- Evaluate board processes and the performance of the board, board committees, and individual directors, with external assistance as required
- Establish board committees and determine charters, membership and composition
- Assess regularly the independence of non-executive directors

- Approve board appointments to controlled entity boards
- Review this charter, at least annually

3.7 Auditors

- Select, appoint and evaluate the performance of the external auditors, with the guidance of the Audit & Risk Committee
- Determine the duration, remuneration, and terms of appointment of the auditors, with the guidance of the Audit & Risk Committee

4. Values and purpose of Fermiscan

As a publicly listed company on the ASX, Fermiscan must comply with the Corporations Act, the ASX Listing Rules, ASX Corporate Governance requirements and other applicable laws and statutes.

4.1 Values and Code of Conduct

Fermiscan is committed to establishing and maintaining high ethical standards within the company, in its dealings with shareholders, stakeholders and regulatory bodies. Fermiscan has established committees in addition to those required under ASX Corporate Governance requirements to better address the ethical issues surrounding the company's medical diagnostic activities – the Fermiscan Scientific and Medical Advisory Board and the Fermiscan Human Research and Ethics Committee

The company has codes of conduct which govern ethical business behaviour in addition to policies covering whistleblower protection, shareholder communications policy, continuous disclosure and dealing in securities. In addition, the directors are bound by the directors code of conduct.

The Fermiscan board takes ethical and responsible decision-making seriously and it expects employees to have the same approach. All directors, managers and staff are expected to act with the utmost integrity in the best interest of the organisation, while striving at all times to enhance the reputation and performance of Fermiscan.

The board and the staff acknowledge that they are responsible for promoting high ethical and integrity standards and that the language, attitudes and actions of directors and the staff affect the integrity, ethics, values and other aspects of Fermiscan's culture.

5. Board Composition and Renewal

5.1 Board Composition

The board considers that its directors' possess a broad range of relevant skills and experience necessary to meet its objectives, whilst encouraging engaged debate.

The board periodically reviews its composition and matters such as the complexity of the business, the effectiveness and efficiency of the board, appropriate capabilities and expertise of the collective board and individual directors are taken into consideration.

The composition of the board and the election and appointment of directors are determined in accordance with Fermiscan's

Constitution, which is available on the website, and are also subject to relevant regulatory requirements. Fermiscan's board presently comprises five directors, including the managing director. With the exception of the managing director, directors retire by rotation and serve a maximum three year term, although each may stand for re-election.

The board periodically reviews the framework for director nomination, with guidance from the Remuneration & Nomination Committee, to ensure the skills sets and experience of selected candidates are complementary to those currently available on the board and consistent with the commercial and other circumstances of Fermiscan, both currently and into the foreseeable future. The Remuneration & Nomination Committee evaluates potential candidates taking into consideration factors such as professional skills, background, personal qualities, experience and whether the candidate's skills will augment the existing board.

5.2 Board Renewal

The board has a policy on renewal to ensure the board remains open to new ideas and independent thinking. As part of the policy, the board has set, as a general rule, that director's tenure will be reviewed if the director is approaching a service period of three concurrent terms of office. Matters to be considered by the board when a director is approaching a service period of three concurrent terms of office will include board competencies, board committee membership, and the average tenure and experience of the board overall.

A director's tenure may be extended for an additional term when a majority of the board has agreed that it is in the best interests of Fermiscan.

6. Independence

To qualify as an independent director, a director must be 'independent of management and free of any business or other relationship that could materially interfere with – or could be reasonably perceived to materially interfere with – the exercise of their unfettered and independent judgement' (*ASX Corporate Governance Council Principle 2.1*)

The board makes regular determinations on the independence of individual directors based on an independence policy and a review process undertaken by the board.

In determining whether a director's interest or relationship interferes with their independence, the board has regard to the materiality of the interest or relationship. If directors' circumstances change, they are expected to volunteer information relevant to a continuing independence assessment.

7. Standing and Advisory Committees

The board has established three standing committees to assist in the execution of its responsibilities. Each committee has terms of reference with authority delegated from the board and an independent chairman. The terms of reference for each committee may be viewed on the Fermiscan website. The board

committee memberships are reviewed annually and are based on the capabilities and experience of individual directors. Minutes of subsidiary boards and board committee meetings are included in the board papers for the information of all directors.

The standing committees' are:-

- Audit & Risk Committee
- Remuneration & Nomination Committee
- Governance Committee

| Standing Committees | | |
|-----------------------------|------------------------------------|---------------------------|
| Audit & Risk | Remuneration and Nomination | Governance |
| Gary Garton | Gary Garton (Chairman) | Gary Garton (Chairman) |
| David Young (ex officio) | David Young (ex officio) | David Young |
| Ian W Holman (Chairman) | Ian W Holman | |
| Dr Michael Carr | Dr Ronald Shnier | |

7.1 Audit & Risk Committee

The Committee assists the board to discharge its responsibilities relating to the integrity of the financial reporting, the effectiveness and independence of audit, and evaluation of the management processes relating to compliance, internal control systems, and the risk management framework.

The Committee consists of three independent non-executive directors and the managing director who is an ex officio, voting member of the Committee. The board appoint members annually, and the chairman of the committee is not the chairman of the board. The Committee has a standing invitation to the external auditors. The Committee may also invite senior management to attend meetings. The Committee has four scheduled meetings per year and additional meetings as the chairman decides.

7.2 Remuneration & Nomination Committee

The Committee assists the board on the appointment and succession of the managing director; executive management remuneration, succession and performance reviews; selection, appointment, performance evaluation, independence and remuneration processes relating to directors and the board.

The Committee consists of three independent non-executive directors and the managing director who is an ex officio, voting member of the Committee. The Committee may also invite senior management to attend meetings. The Committee has four scheduled meetings per year and additional meetings as the chairman decides.

7.3 Governance Committee

The Governance Committee assists the board to discharge its responsibilities relating to corporate governance practices. The committee currently comprises the chairman, Mr Gary Garton, and the managing director, Mr. David Young. The roles and responsibilities of the committee are reviewed regularly by the board. The Committee has four scheduled meetings per year and additional meetings as the chairman decides.

In addition to the standing committees, Fermiscan has:-

7.4 Scientific and Medical Advisory Board which usually meets monthly. Its purpose is to help direct product development and clinical testing programs and to provide independent advice to the board of Fermiscan.

The advisory board provides professional oversight and advice on the commercialisation of the company's services to ensure they meet the expectations of the medical and patient communities. The composition of the advisory board represents key perspectives and inputs needed in our development programs from both scientists and physicians specialising in various areas of medicine, including radiology.

7.5 Fermiscan Human Research and Ethics Committee was established to provide governance to planned trials for the company. This committee is registered with the National Health and Medical Research Council (NHMRC).

The purpose of the Ethics Committee is to protect the welfare and the rights of participants in research while following the guidelines and principles encapsulated in the "National Statement in Ethical Conduct in Research Involving Humans".

8. Delegations of Board Authority

The board has delegated to the managing director the authority to manage the operations of Fermiscan subject to specific delegations and limits made by the board. Board delegations are periodically reviewed.

The managing director has the ability to delegate authority to executive management. The delegations from the board are reflected in the managing director's responsibilities noted below.

9. Role of the Chairman

Directors elect the chairman at the first meeting of the board after the Fermiscan Annual General Meeting.

The chairman is responsible for:

- leading the board;
- chairing meetings of the board and shareholders;
- being the primary point of contact between the board and the managing director;
- representing the views of the board to the public;
- instituting the process for appraising board members and the board as a whole;

communicating with shareholders on matters of corporate governance; and

ongoing counselling of individual directors.

The roles of the chairman and the managing director are entirely separate.

10. Role of the Chief Executive Officer

The board has delegated the authority of the day to day management of Fermiscan to the managing director subject to specific delegations and limits. The managing director has the ability to delegate authority to other executives. Regular consultation between the managing director and the chairman occurs on matters generally as they arise.

The managing director is responsible for:

the development of long-term objectives, strategic plans, initiatives, performance measures and policies in consultation with the board;

ensuring day to day operations are carried out effectively and efficiently;

monitoring business performance against key performance measures, corporate strategy plans and the budget;

determining the terms of appointment, performance evaluation, succession plans and replacement of his direct reports, in consultation with the Remuneration & Nomination Committee;

development and monitoring of the risk management framework and building an appropriate internal control environment, in consultation with the Audit & Risk Committee; and

bringing material and relevant matters to the board in a timely and factual manner.

11. Board Operation and Processes

11.1 Board Meetings

The full board meets for at least ten regular meetings each year and other meetings are called as deemed necessary. The board agendas are established by the chairman and managing director and are structured to meet board responsibilities. At each of the meetings directors' receive reports provided by executive management. The board meets throughout the year for regular scheduled discussions on the company strategy to consider longer term issues and strategic initiatives including deeper analysis of issues.

Executive management are usually invited to attend both board and board committee meetings.

11.2 Board Agendas

The board agendas are structured to meet the board responsibilities. This includes the primary consideration of shareholder interests as well as, strategy, executive appointments, business performance and reporting, risk management and compliance, board performance, auditors and stakeholder interests. The agendas also cover significant issues

and risks for each business unit.

11.3 Board Performance

The board will periodically review the process for evaluating its own performance against its major functional responsibilities and will monitor directors' performance. The performance evaluation will be based on a collective board performance assessment, individual self-assessment and peer review. Overall outcomes will be discussed at the board. The chairman will discuss individual outcomes and any appropriate development plans with the director concerned.

11.4 Conflicts of Interest

In addition to the issue of independence, directors have a continuing responsibility to avoid conflicts of interest (both real and apparent) between their duty to Fermiscan and their own interests. Directors are required to disclose any actual or potential conflict of interest on appointment and are required to keep this disclosure up to date.

A director who has an actual or potential conflict must immediately inform the board and remove themselves from any discussions or decision making in relation to the actual or potential conflict. In compliance with Corporations Act requirements, a director with a material personal interest in a matter for board consideration may not receive papers relating to the matter may not be present when the matter is being considered and may not vote on the matter.

11.5 Access to Independent Professional Advice

Each director has the right to seek independent professional advice on a matter relevant to the director's role at Fermiscan and affecting a director's own position, subject to prior approval from the chairman. Fermiscan will meet reasonable expenses for such independent professional advice. The board policy is that the advice is to be made available to all directors.

11.6 Access to the Secretary and senior management

The board has access to the company secretary. Executive management are regularly invited to board meetings and directors may contact executives between meetings through the chairman and managing director.

12. Other Matters

A number of board operational matters such as election of directors, rotation of elected directors, directors' fees, indemnities, election of directors, directors meetings, quorum, and circulating resolutions are governed by the Fermiscan's Constitution and are not reproduced here. The Constitution is available on Fermiscan's website.

13. Review of this Charter and Reporting

The board will review this charter and the charters of the board committees annually to ensure they remain relevant, are consistent with board objectives and observe good governance practices.

The corporate governance statement included in Fermiscan's annual report will include a summary of this charter and the

charter will be available on Fermiscan's website.

(1) Sourced from the ASX Corporate Governance Council 'Principles of Good Corporate Governance and Best Practice Recommendations – Principle 2