

Stemcell United Limited

CORPORATE GOVERNANCE POLICIES

Board Charter

1. Board Size, Composition, Independence Diversity and Re-Election

It is intended that the board be kept at three or four members in order to promote efficiency and keep cost to a reasonable level having regard to the size of the Company.

Further, it is intended that the Board will be comprised of:

- a majority of independent non-executive directors;
- who have a diverse and appropriate range of skills, experience and expertise;
- directors who can understand and deal with current and emerging business issues affecting the Company and sector in which it operates;
- directors who can effectively review and challenge the performance of management and exercised independent judgement.

The company will continually assess the composition of the Board as its activities evolve and grow.

In determining candidates for the Board, the Board will evaluate and record the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Board will seek to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration will also be given to the balance of independent directors.

Prior to the appointment of a director the Board will undertake appropriate checks to ensure that the person's character, experience and education is appropriate for the position which will include criminal history and bankruptcy checks.

Each Board member will have a written letter of appointment or executive contract setting out the terms of their appointment.

Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic. The notice of meeting will include appropriate information relevant to a decision on whether or not to re-elect the director.

2. Board Responsibilities

The Board of Directors (**Board**) of Stemcell United Limited (**Company**) is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

The Board has the following overall responsibilities:

- in conjunction with management, establishing the policies, strategies and financial objectives for the Company and monitoring the implementation of those policies, strategies and financial objectives; and
- monitoring compliance with regulatory requirements and corporate governance policies including with respect to ethical behaviours and standards.

The monitoring and ultimate control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the Company's shareholders. The specific responsibilities of the Board include:

- appointment, evaluation, rewarding and if necessary the removal of the Chief Executive Officer and Company Secretary;
- setting and communicating clear direction strategies and financial objectives of the company; input into and final approval of management's development of corporate strategy and performance objectives;
- monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, to understand at all times the financial and operating conditions of the Company including the reviewing and approving of annual and bi-annual budgets;
- monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- monitoring the Group's medium term capital and cash flow requirements;
- satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review; satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;
- ensuring that appropriate external audit arrangements are in place and operating effectively; overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- monitoring and ensuring compliance with all of the Company's legal obligations, particularly those obligations relating to the environment, native title, cultural heritage and occupational health and safety; and
- reporting to shareholders.

Each director has the right to seek independent professional advice on matters relating to his position as a director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld. Where it is the Chair who is seeking the independent professional advice, the role of the Chair to consider and provide approval as set out above will be carried out by the independent directors.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved directors will, unless the remaining directors resolve otherwise, withdraw from deliberations concerning the matter.

The Board does not specify a maximum term for which a director may hold office.

The responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Chief Executive Officer. The Board ensures that the executive officers are appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Chief Executive Officer and all executive officers.

3. Committees

To assist the Board in carrying out its responsibilities, the Board may establish committees with members of each committee being approved by the Board. The Committee may be established permanently in which case it will operate under a charter approved by the Board, or may be established for a specific purpose as determined by the Board.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time including audit and risk, remuneration or nomination committees preferring at this stage to manage the Company through the full board of Directors.

If the Company's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

4. The Chairman

The Chairman is responsible for the leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The Chairman is also responsible for overall shareholder communication, chairing shareholder meetings and arranging Board performance evaluation, presides over meetings of the Board and general meetings of shareholders. The Chairman is responsible for leading and managing the Board in the discharge of its duties.

The Chairman will ensure that a new Director being appointed to the Board will, in conjunction with the Chief Executive Officer, receive an appropriate induction.

5. Company Secretary

The Company Secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed, and by coordinating the completion and dispatch of Board agendas, minutes, appropriate registers and briefing papers.

The Company Secretary

- is accountable to the Board and his or her appointment and removal is a matter for the Board as a whole;
- will have a direct reporting line to the Chairman;
- will advise the Chairman, and through the Chairman, the Board and individual Directors on all matters of governance process;
- advice and services shall be available to all Directors and Board Committees; and
- will retain independent advisory services at the request of the Board or Board Committees.