

BOARD CHARTER

1. INTRODUCTION

The board of directors (Board) is responsible for the overall corporate governance of BTC health Limited (the Company) and is committed to adopting good corporate governance considering best practice and applicable laws, requirements of the Corporations Act and ASX Listing Rules.

The Board acts on behalf of and is accountable to the shareholders by whom they are elected. It is a requirement of the Board that the Company always maintains the highest standards of ethics and integrity .

2. COMPOSITION OF THE BOARD

The composition of the Board is determined considering requirements under the Corporations Act, ASX Listing rules and the Company's constitution. The following principles and guidelines are adopted:

- The Board will comprise at least three but no more than ten directors. The Board may appoint a Director to either fill a casual vacancy or as an addition, providing the Board complies with the composition requirements in the Company's Constitution and considering the framework of the skills required. The Board undertakes appropriate checks before appointing a new director or putting forward to shareholders a candidate for election and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.
- The Board should comprise directors with an appropriate range of skills, qualifications and expertise. The Board may also engage an external consultant where appropriate to identify and assess suitable candidates who meet the Board's specifications. The composition of the board is discussed regularly, and each director may propose changes for discussion.
- Where practical, the Board will seek to comprise a majority of independent directors. In considering whether a director is independent, the Board has regard to the independence criteria in ASX Corporate Governance Principal 2 and any other information which may be deemed relevant. The Board will assess the independence of each Director at least annually.
- The Chair is the official spokesperson for the Board, unless the Board determines otherwise. The company has a policy of ensuring that all media comment is provided by the Chairman only.

3. INDEPENDENCE OF DIRECTORS

Directors must notify the Board immediately of any circumstances which may reasonably be perceived as potentially affecting the independence of that Director.

In the event the Board proposes to discuss a matter which gives rise or may give rise to a conflict or a possibility of a conflict of interest between the duties and obligations of the director to the Company and to another Company or interest, the director of the Company must declare the conflict. Should this situation arise, the director must not be present while the matter is being considered by the Board and will withhold the right to vote on the matter.

4. ROLE AND RESPONSIBILITY OF THE BOARD

The Board is responsible for the governance, management and performance of the Company, identifying areas of significant business risk and ensuring mechanisms are in place to manage those risks adequately. In addition, the Board sets the overall corporate strategy and financial targets with the aim of creating long-term value for shareholders and monitors achievement of goals. Key responsibilities and functions of the Board include:

- Appointment, delegation of authority and review of performance of the CEO or Executive Chairman;
- Appointment of the Company Secretary;
- Establish executive and Board succession planning;
- Assessment of Board performance, including performance of individual directors prior to their standing for re-election;
- Ensuring directors are adequately skilled, providing continuing education and information where required;
- Approval and monitoring of all governance policies including but not limited to the business Code of Conduct, Whistleblower policy, Share Trading, Committee Charters and any other relevant Company policy;
- Approval, evaluation and monitoring of Company budgets, forecasts and the strategic plan;
- Approval of mergers, acquisitions and divestitures of the Company;
- Approval of annual and half-year accounts and directors' reports;
- Review of reports and recommendations received from the external auditor during the process of reviewing the accounts and internal controls;
- Reviews by the Board of the scope, practical application and thoroughness of the system of internal control and the company's means of recognising and protecting itself against material business risk;
- Review and approval of reports from the company's insurance broker concerning the adequacy of insurance cover;
- Monitor and review the Company's operations in relation to, and compliance with legal and regulatory requirements;
- Oversee relations with shareholders by monitoring communications to shareholders and the ASX including arrangements for the annual general meeting and any other members' meetings, reports as required by law and disclosures under the ASX continuous disclosure requirements.

Given that the Company's business focus is that of providing patient equity capital to new Australian enterprises endeavouring to exploit commercial opportunities in the life-sciences field, the major financial risk is that the company's investment will be lost or will materially lose value. This could occur under a variety of circumstances including where the underlying enterprise subsequently fails, or commercially suffers in a significant way, e.g. due to marketing difficulties or delays, product failure, serious management or funding problems, etc. The innovative nature of the investee enterprises also tends to increase the investment risk involved.

The Board endeavours to reduce investment risk by a number of means, including:

- requiring all investments to be made in full compliance with the Pooled Development Funds Act 1992 and the general rationale of the PDF Program;
- ensuring proper evaluation of new investment opportunities by means of a thorough due diligence assessment;
- ensuring investees have taken proper steps to secure their intellectual property rights;
- ensuring each investee has a proper business plan, financial budgets and has established clear, achievable, commercial goals;
- diversifying investment over a number of different companies, each aiming at a different potential market area or niche;
- appointing a director to the board of an investee company when possible.

5. BOARD DELEGATION TO MANAGEMENT

The Board has delegated the responsibility for the operation and administration of the company to the Executive Chairman and the Company Secretary. The Board will ensure that management is appropriately qualified to discharge its responsibilities.

6. BOARD DELEGATION TO COMMITTEES

The Board may establish committees to streamline the discharge of its responsibilities and adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of such committees. The Audit Committee is responsible for undertaking a broad review of, ensuring compliance with, and making recommendations in respect of, the company's internal financial controls and legal compliance obligations. It is also responsible for:

- review of audit assessment of the adequacy and effectiveness of internal controls over the company's accounting and financial reporting systems, including controls over computerised systems;
- review of the audit plans and recommendations of the external auditors;
- evaluating the extent to which the planned scope of the audit can be relied upon to detect weaknesses in internal control, fraud and other illegal acts;

- review of the results of audits, any changes in accounting practices or policies and subsequent effects on the financial statements and make recommendations to management where necessary and appropriate;
- review of the performance and fees of the external auditor;
- oversight of legal compliance including trade practices, corporations law, occupational health and safety and environmental statutory compliance, and compliance with the Listing Rules of the ASX;
- supervision of special investigations when requested by the Board;

In undertaking these tasks, the Audit Committee meets separately with management and external auditors where required. The Board ensures that its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.

7. RIGHTS OF SHAREHOLDERS

The Board strives to communicate effectively with shareholders, give them ready access to balanced and understandable information about the business and make it easy for them to participate in shareholder meetings. Comprehensive information about the company and its governance is provided via the website www.btchealth.com.au. This includes information about the Board, as well as corporate governance policies. All announcements, presentations, financial information and meetings materials disclosed to the ASX are placed on the website, so that current and historical information can be accessed readily.

8. DIRECTORS RIGHTS TO INDEPENDENT ADVICE

The Board has procedures to allow directors, in the furtherance of their duties as directors or members of a Committee, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chair.