

31 March 2022

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out the current position of InhaleRx Ltd (**Company**) with regards to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition, 2019) (**Principles and Recommendations**).

While the Principles and Recommendations are not mandatory, the Company will be required to disclose the extent to which it complies with the Principles and Recommendations in its future annual reports.

This Corporate Governance Statement has been approved by the Board and is up to date as at 31 March 2022.

ASX BEST PRACTICE RECOMMENDATIONS

Item	ASX Best Practice Recommendation	Comment	Implemented
Principle 1: Lay a solid foundation for management and oversight			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	The Role of the Board The Board is responsible for, and has the authority to determine, all matters relating to strategic direction, policies, practices, management goals and the operations of the Company. The Board has adopted a Board Charter which distinguishes the functions and responsibilities which are reserved for the Board and those which are delegated to Management. The Role of Management It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. The Company's officers and management have all entered into service contracts which outline the responsibilities of each of the company's officers and of management personnel when performing their roles for the Company.	Y

		<p>The Company intends to regularly review the balance of responsibilities to ensure that the division of functions remains appropriate to the needs of the Company.</p> <p>The Board Charter is obtainable on the Company's website: https://inhalerx.com.au/about/.</p>	
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>The Nomination and Remuneration Policy adopted by the board sets out the process for screening proposed directors and the Company provides security holders with material information regarding whether or not to elect or re-elect a director at each Annual General Meeting.</p> <p>The Company undertakes appropriate checks to verify the suitability of candidates that are considered for nomination to the Board, having regard to each candidate's character, experience, education, criminal record and bankruptcy history, prior to nomination for election as a director.</p> <p>The Nomination and Remuneration Policy is obtainable on the Company's website: https://inhalerx.com.au/about/.</p>	Y
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>The Company's officers and management have all entered into service contracts which outline the responsibilities of each of the Company's officers and of management personnel when performing their roles for the Company.</p>	Y
1.4	<p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>The Board Charter provides that the secretary shall be accountable directly to the board in this respect.</p>	Y
1.5	<p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p>	<p>The Board values diversity and recognises the benefits that it can bring to the Company. As such the Board has adopted a Diversity Policy. The policy includes requirements for the Board to establish measurable objectives for achieving diversity.</p> <p>As at the date of this statement, the Board has not set any measurable objectives for achieving gender diversity. Given the size of the Company and its current operations, the Company is not currently in a position to fully implement the recommendations and statements as set out in the Diversity</p>	Partial

	<p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p>Policy. As the Company grows, it will implement the recommendations and statements as set out in the policy.</p> <p>The Diversity Policy is obtainable on the Company's website at: https://inhalerx.com.au/about/</p> <p>The following is the respective proportions of men and women on the board, in senior executive positions and across the whole organisation:</p> <table border="1" data-bbox="913 459 1489 587"> <thead> <tr> <th></th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Board</td> <td>100%</td> <td>0%</td> </tr> <tr> <td>Senior Executive</td> <td>100%</td> <td>0%</td> </tr> <tr> <td>Whole Organisation</td> <td>100%</td> <td>0%</td> </tr> </tbody> </table>		Male	Female	Board	100%	0%	Senior Executive	100%	0%	Whole Organisation	100%	0%	
	Male	Female													
Board	100%	0%													
Senior Executive	100%	0%													
Whole Organisation	100%	0%													
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p>The Company has a process of periodic evaluation for the board, its committees (when applicable) and individual directors, this review is based on assessment by the Board of key performance indicators relevant to the Company, the Board and individual directors.</p> <p>A formal internal performance evaluation was not undertaken during FY21 due to the full change to the Board of Directors during the financial Year. The Company intends on completing an annual assessment for FY22. The Board is committed to its role and each Board member is dedicated to proactively supporting the Company and its stakeholders</p>	Y												
1.7	<p>A listed entity should:</p>	<p>The Company has a process of periodic evaluation and disclosure for senior</p>	Y												

	<p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p>executives, as included in its Board Charter. Due the various changes in senior executives during the year and the appointment of Darryl Davis as Executive Director, a performance review of senior executives was not completed during the period.</p>	
	<p>Provide the information indicated in Guide to reporting on Principle 1.</p>		Y
<p>Principle 2: Structure the board to be effective and add value</p>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Board is responsible for the nomination and selection of directors. Given the size of the Company and the nature of its operations, the Board does not believe it to be appropriate to establish a nomination committee at this time.</p> <p>The composition of the Board, its performance and the appointment of new Directors is reviewed periodically by the Board, taking advice from external advisers where considered appropriate. The Board has implemented a Nomination and Remuneration Policy, which is obtainable on the Company's website at https://inhalerx.com.au/about/</p>	Y

2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	The Board periodically assesses the competencies and experience of each Board member and the experiences and skills required at Board level to meet its operational objectives. Therefore, a formal board skills matrix is not deemed to be necessary.	N
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>At the date of this Corporate Governance Statement, the Board considers that Sean Williams and Andrew Saich are free from any interest, position, association or relationship that may influence or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfill the role of independent Director for the purpose of this recommendation.</p> <p>The Company will continually evaluate whether it will be appropriate to consider additional independent directors as the business evolves and expands</p> <p>Darryl Davis is not considered to be independent as he is an Executive Director of the Company.</p> <p>The interests of the Directors and their length of service are disclosed in the 2021 Annual report.</p>	Y
2.4	A majority of the board of a listed entity should be independent directors.	At the date of this statement, the Board consists of majority independent directors. The Board consists of 2 independent directors from a Board comprising 3 members.	Y
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Chairman of the Board (Sean Williams) is an independent director. The role of CEO and Chairman are not exercised by the same person.	Y
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge	The Board undertakes a process to induct new directors to provide the incoming director with sufficient knowledge of the entity and its operations to enable them to fulfill their role effectively.	Y

	needed to perform their role as directors effectively.	All Board members have access to continuing development opportunities to update their skills and knowledge.	
	Provide the information indicated in Guide to reporting on Principle 2.		Y
Principle 3: Act ethically and responsibly			
3.1	A listed entity should articulate and disclose its values.	<p>The Company and its subsidiary companies (if any) are committed to conducting all of its business activities fairly, honestly with a high level of integrity, and in compliance with all applicable laws, rules and regulations. The Board, management and employees are dedicated to high ethical standards and recognise and support the Company's commitment to compliance with these standards.</p> <p>The Company's values are set out in its Code of Conduct and are available on the Company's website at https://inhalerx.com.au/about/.</p> <p>All employees are given appropriate training on the Company's values and senior executives will continually reference such values.</p>	Y
3.2	<p>A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and</p> <p>(2) any other material breaches of that code that call into question the culture of the organisation.</p>	<p>The Board has established a Code of Conduct for the Board and Management. The Code of Conduct is available on the Company's website at https://inhalerx.com.au/about/.</p> <p>The Board is committed to meeting their responsibilities under the Constitution and <i>Corporations Act 2001</i> (Cth) when carrying out their functions as company officers.</p>	Y
3.3	<p>A listed entity should:</p> <p>(a) have and disclose a whistleblower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p>The Company's Whistleblower Protection Policy is available on the Company's website at https://inhalerx.com.au/about/. Any material breaches of the Whistleblower Protection Policy are to be reported to the Board or a committee of the Board.</p>	Y
3.4	A listed entity should:	The Board recognises that giving bribes or other improper payments or	N

	<p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or committee of the board is informed of any material breaches of that policy.</p>	<p>benefits to public officials is a serious criminal offence and can damage a listed entity's reputation and standing in the community.</p> <p>The Company does not currently have a formal Anti-bribery and Corruption Policy in place. The Board intends to implement an Anti-bribery and Corruption Policy in 2022.</p>	
	Provide the information indicated in Guide to reporting on Principle 3.		Y
Principle 4: Safeguard the integrity of corporate reports			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Due to the size and operations of the Company, the Board fulfils the responsibilities of the Audit and Risk Committee. The Board has adopted a Charter for the Audit and Risk Committee, which is available on the Company's website at https://inhalerx.com.au/about/.</p> <p>The Directors believes it is appropriate for the Board to act as the Audit Committee at this stage of the Company's development. Given the size of the Board and the Company's current operations, it is considered that no efficiencies or other benefits would be gained by establishing a separate Committee. The Board will review this position on an ongoing basis as the Company grows.</p> <p>Details on Board composition and independence have been set out previously in this Corporate Governance Statement.</p>	Partial

4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The Board receives an assurance from the CEO and CFO (or equivalent) for each financial reporting period that their opinion 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.	Y
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	The Board and relevant Senior Management review any periodic corporate report that is released to the market that has not been audited or reviewed by an external auditor.	Y
	Provide the information indicated in Guide to reporting on Principle 4		Y
Principle 5: Make timely and balanced disclosure			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	The Company has adopted a Communication and Disclosure Policy to ensure compliance with the ASX Listing Rules disclosure requirements. The Communication and Disclosure Policy is available on the Company's website at https://inhalerx.com.au/about/ .	Y
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	The Company Secretary ensures that all members of the Board receive material market announcements promptly after they have been made.	Y
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	All substantive investor or analyst presentations are released on the ASX Markets Announcement Platform ahead of such presentations.	Y
	Provide the information indicated in Guide to reporting on Principle 5		Y
Principle 6: Respect the rights of security holders			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Board has adopted a Communications and Disclosure Policy which is available on the Company's website at: https://inhalerx.com.au/about/ . As part of this policy, the Board ensures that all relevant announcements and documents are published on the Company's website in a prompt fashion.	Y

6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	The Board actively engages with security holders at the Annual General Meeting and by responding to enquiries security holders may make from time to time.	Y
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	The Board is committed to ensuring that the Company's shareholders receive information relating to the Company on a timely basis and shall endeavour to keep shareholders well informed of all material developments of the Company by announcing material announcements onto the ASX and holding Investor Presentations when required. During meetings of securities holders the Company will seek to ask if any holders have any enquiries either before or during each meeting.	Y
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	All substantive resolutions at securityholder meetings are decided by a poll rather than a show of hands.	Y
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company encourages security holders to register for receipt of communications from the Company electronically. The process is managed by the Company's Registry.	Y
	Provide the information indicated in Guide to reporting on Principle 6.		Y
Principle 7: Recognise and manage risk			

7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Due to the current size of the Board, the Board fulfils the role and responsibilities of the Audit and Risk Committee which is responsible for monitoring, identifying and managing risks, and ensuring that these risk identification and management procedures are implemented and followed. The Directors consider it is appropriate for the Board to act as the Audit Committee at this stage of the Company's development.</p> <p>Board composition and independence details have been set out previously in this Corporate Governance Statement.</p>	Partial
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The Board is responsible for periodically reviewing the Company's risk management framework (at least annually).</p> <p>The Risk Management Framework was reviewed during the reporting period.</p>	Y
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>b) if it does not have an internal audit function, that fact and the processes it employs for evaluating</p>	<p>The Company does not have an internal audit function.</p> <p>The Board is responsible for reviewing and amending where necessary internal financial and audit controls and accountability mechanisms, reviewing the results of audits, and ensuring the independence, objectivity and competency of internal and external auditors and audit processes and</p>	Y

	and continually improving the effectiveness of its governance, risk management and internal control processes.	the separation of internal and external audit functions. The Board considers this sufficient for a Company of this size and complexity.	
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	As a consumer company, the Company may be materially exposed to economic, environmental and social sustainability risks. The Company has adopted a Risk Management Policy to assist with management of these risks, which is available on the Company's website at https://inhalerx.com.au/about/ .	Y
	Provide the information indicated in the Guide to reporting on Principle 7		Y
Principle 8: Remunerate fairly and responsibly			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Company has not established a separate Remuneration and Nomination Committee.</p> <p>Given the size of the Board and the Company's current operations, it is considered that no efficiencies or other benefits would be gained by establishing a separate Remuneration and Nomination Committee. The Board will review this position on an ongoing basis as the Company grows.</p> <p>The Board has established a Nomination and Remuneration Policy which is available on the company's website at: https://inhalerx.com.au/about/.</p> <p>Prior to establishment of the Remuneration and Nomination Committee, the full Board will oversee matters usually the responsibility of a Remuneration and Nomination Committee.</p>	N

8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Board is responsible for the Company's remuneration policy and has adopted a Nomination and Remuneration Policy available on the Company's website at: https://inhalerx.com.au/about/ . This policy outlines the processes by which the Board shall review officer and management remuneration.	Y
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Participants in equity-based remuneration schemes are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme	Y
	Provide the information indicated in the Guide to reporting on Principle 8		Y

For further information about the Company's corporate governance policies, and to obtain copies of these policies, please refer to the Company's website, <https://inhalerx.com.au/about/>.

Compliance with ASX Listing Rules

The Company confirms that, as at the date of this announcement, it is in compliance with the ASX Listing Rules, and, in particular, ASX Listing Rule 3.1.