

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Optiscan Imaging Limited

ABN/ARBN

81 077 771 987

Financial period ended

30 June 2018

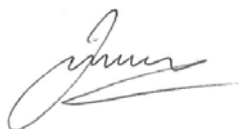
Our corporate governance statement² for the above period above can be found at:³

- these pages of our annual report: _____
- this URL on our website: Corporate Governance Statement link at at
<http://www.optiscan.com/investors/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 28 September 2017 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 31 August 2018



Sign here: _____
Company secretary

Print name: Justin Mouchacca

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<u>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</u>			
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>... the fact that we follow this recommendation: in our</p> <p><input checked="" type="checkbox"/> Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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 fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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 fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.4 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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) 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>... the fact that we have a diversity policy that complies with paragraph (a): <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p> <p>... and a copy of our diversity policy or a summary of it: <input type="checkbox"/> at this location: Diversity Policy link at: <hr/> <i>Insert location here</i></p> <p>... the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: <input checked="" type="checkbox"/> in our Corporate Governance Statement: <u>OR</u> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2): <input type="checkbox"/> in our Corporate Governance Statement: <u>OR</u> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p>	<p>... the fact that we have a diversity policy that complies with paragraph (a): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p> <p>... and a copy of our diversity policy or a summary of it: <input type="checkbox"/> at this location: Diversity Policy link at: <hr/> <i>Insert location here</i></p> <p>...in relation to item 1.5(c)...</p> <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.6 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, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee 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 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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at this location:</p> <p>Corporate Governance Statement</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>http://www.optiscan.com/investors/agm-annual-reports/</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ 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><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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, association 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, association 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>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	<p>... the fact that we follow this recommendation:</p> <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<u>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</u>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	<p>... our code of conduct or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location:	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<u>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</u>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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>[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i> ... and a copy of the charter of the committee: <input type="checkbox"/> at this location: Corporate Governance Statement ... and the information referred to in paragraphs (4) and (5): <input type="checkbox"/> in our Corporate Governance Statement OR	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<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><input type="checkbox"/> at this location: http://www.optiscan.com/investors/agm-annual-reports/</p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: _____</p> <p><i>Insert location here</i></p>	
<p>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.</p>	<p>... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: _____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: _____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at these locations: http://www.optiscan.com/investors/corporate-governance/	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at this location:</p> <p>Corporate Governance Statement</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>http://www.optiscan.com/investors/agm-annual-reports/</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>7.2 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</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>7.3 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 and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>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.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...	
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> <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 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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at this location:</p> <p>Corporate Governance Statement</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>http://www.optiscan.com/investors/agm-annual-reports/</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ 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><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<u>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</u>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p>N/A</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p>N/A</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

2018 Corporate Governance Statement

The Board of Optiscan Imaging Limited (the **Company** or **Group**) is responsible for the overall corporate governance of the Group. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (**Recommendations**) during the reporting period. The Recommendations are not prescriptive, such that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and provide reasons for not following them.

This Corporate Governance Statement (**Statement**) discloses the extent to which the Company has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation.

This Statement is current as at 30 June 2018 and has been approved by the Board of Directors of the Company.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 - Role of the Board and Management

The Board is primarily responsible for protecting the rights and interests of shareholders, and is accountable to them for the performance of the Company and its corporate governance. As such, it should identify and articulate its roles and responsibilities.

The primary responsibilities of the Board include:

Establishing strategic direction and milestone goals for the organisation

- Providing input into, and approval of, the Company's strategic direction and budgets as developed by management
- Approval of the short, medium and long term goals of the business

Senior Executive Management

- Appointment and removal of the Chief Executive Officer, Chief Financial Officer, and the Company Secretary
- Ratifying the appointment and removal of Senior Executives
- Ratifying the functions of Senior Executives
- Ensuring that the remuneration and conditions of service of Senior Executives are appropriate
- Establishing and monitoring Senior Executive succession planning
- Delegating authority to the Chief Executive Officer
- Approving the process and criteria for assessing performance of Senior Executives and monitoring and evaluating the performance of Senior Executives
- Undertaking a performance evaluation of itself that compares the performance of the Board with the requirements of this Charter, and disclosing whether such an evaluation has been conducted
- Annually setting goals and objectives for itself for the upcoming year
- Annually effecting any improvements to this Charter considered necessary or desirable
- Providing advice and counsel to senior management

Identifying and complying with sound governance practices

- Ensuring ethical behaviour and compliance with the Company's own governing documents, including the Company's Code of Conduct
- Evaluating the Company's compliance with corporate governance standards

Monitoring performance and achievements against targets

- Directing, monitoring and assessing the Company's performance against strategic and business plans and ensuring appropriate resources are available
- Approving and monitoring capital management and major capital expenditure, acquisitions and divestments

Identifying and managing the risk profile of the organisation

- Identifying the principal risks of the Company's business
- Reviewing and ratifying the Company's systems of internal compliance control, risk management and legal compliance and ensuring the integrity and effectiveness of those systems

Monitoring the reporting to stakeholders

- Approving and monitoring internal and external financial and other reporting, including reporting to shareholders, the ASX and other stakeholders
- Focusing on the integrity and clarity of the Company's financial statements and financial reporting

Ensuring all regulatory and ethical obligations are observed

- Ensure compliance with the continuous disclosure requirements of the ASX
- Establish and maintain a Code of Conduct to guide Directors and the management of the Company in operating in an ethical and appropriate manner at all times.

Recommendation 1.2: Appointment of Directors

The following procedure is followed in selecting and appointing a new director to the Board of the Company:

- The Board identifies the need for a new director. This should be based on determining whether there is an appropriate number of directors to allow for effective decision-making.
- The Board identifies any potential candidates who will:
 - Complement the current Board composition following an assessment of whether there is an appropriate mix of directors with financial expertise and relevant industry experience
 - Have the required skills, knowledge and expertise to add value to the Board
 - Provide the Board with further competencies and be able to provide independent and objective advice
 - Ensure that the Board maintains at least 3 directors, with a majority of non-executive independent directors
 - Have no material conflicts of interest with the company
 - Have reputable standing in the industry
 - Be able to commit the necessary time to their position – in general, the maximum number of directorships should not exceed 5, unless the director can clearly demonstrate that they have the time to commit additional appointments. Each non-executive director should specifically acknowledge to the company prior to appointment or when being submitted for election that they will have sufficient time to meet what is expected of them
 - Upon a candidate accepting nomination or appointment, the Board is responsible for ensuring that all procedures comply with the corporate constitution and the Corporations Act

- The Board will undertake appropriate checks of before appointing new directors or proposing the election of new directors by security holders
 - The Chief Executive Officer is responsible for ensuring that the new Board member is inducted and they have every opportunity to increase their knowledge about the company to ensure they can participate in an effective manner to the Board deliberations. This process is monitored by the Board
 - The Chairman is responsible for ensuring that all appropriate documentation in relation to the appointment is finalised including a written agreement setting out the terms of the appointment.
- In the event that a director is not performing to accepted levels, the director will be required to resign

Recommendation 1.3: Appointment Terms

Each director and senior executive is party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. Details of executive contracts in place are detailed in the Company's Annual Remuneration Report in the 2018 Annual Report.

Recommendation 1.4: Company Secretary

The Board is supported by the Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Group. The Board and individual Directors have access to the Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board, through the Chair, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, is set out in the Directors' Report in our 2018 Annual Report.

Recommendation 1.5: Diversity Policy

The company has not established a policy on diversity or set measurable objectives for achieving gender diversity at this time. The Board considers that adoption of a diversity policy is impractical for a small organisation comprising less than twenty staff. Further, there is negligible staff turnover, providing little opportunity to impact the diversity balance within the Company. The Company's policy on equal opportunity provides relevant guidance on issues of diversity in the current circumstances of the company.

The company currently has two women employees, representing 12% of total staff.

Recommendation 1.6: Board Performance Assessment

The Board is committed to formally evaluating its performance, the performance of its committees (if applicable) and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process.

The review process involves:

- Completion of a questionnaire/survey by each director, facilitated by the Company Secretary;
- The preparation and provision of a report to each director with feedback on the performance of the Board based on the survey results; and

- The Board meeting to discuss any areas and actions for improvement.

A Board performance assessment did not take place in FY2018 and an assessment will be conducted in FY2019.

Recommendation 1.7: Senior Executive Performance Assessment

Senior Executives are appointed by the Board and their Key Performance Indicators (**KPI's**) contain specific financial and non-financial objectives.

These KPI's are reviewed annually by the Board. The performance of each Senior Executive against these objectives is evaluated annually.

Performance evaluations were undertaken during the reporting period by the Company in accordance with the process.

PRINCIPLE 2 – BOARD STRUCTURE

Recommendation 2.1: Nomination Committee

Due to the size of the Company and its Board, the Board will fulfil the roles and responsibilities in relation to nomination.

Our processes 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 are as follows:

- identify and recommend candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the Company;
- approve and review induction procedures for new appointees of the Board to ensure that they can effectively discharge their responsibilities;
- assess and consider the time required to be committed by a non-executive Director to properly fulfil their duty to the Company and advise the Board.
- consider and recommend candidates for election or re-election to the Board at each annual shareholders' meeting;
- review Directorships in other public companies held by or offered to Directors and senior executives of the Company;
- review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board;
- arrange an annual performance evaluation of the Board, any Committees and individual Directors;
- make recommendations on the appropriate size and composition of the Board; and
- make recommendations on the terms and conditions of appointment to, and removal and retirement from, the Board.

Recommendation 2.2: Board Skills Matrix

This principle requires that the company have a Board of an effective composition, size and commitment to adequately discharge its duties and responsibilities. The Board of the Company considers that its composition and size is sufficient to adequately discharge its duties and responsibilities, in its current form there are a majority of directors who are considered independent.

When the Board reviews its structure and composition it will give consideration to the following matters:

- the appropriate size and composition of the Board
- the need to provide a formal and transparent procedure for selecting new directors for appointment to the Board
- the need to develop criteria for selection of candidates for the Board in the context of the Board's existing composition and structure, taking into account factors such as:
 - expertise of each Board member
 - business experience
 - integrity
 - skills
 - breadth of experience
 - knowledge about the company's business or industry
 - willingness to devote time and effort to the Board
- recommendations on the process for appointment and removal of directors
- planning for identifying, assessing and enhancing director competencies, as required
- developing a succession plan for the Board and to review that plan regularly
- reviewing time required from a non-executive director and whether directors of the Board are meeting this requirement
- how to evaluate the performance of the Board and key executives
- how to ensure that there is an appropriate induction programme in place for new directors and members of senior management and to review its effectiveness as required

Full details of each Directors' relevant skills and experience are set out in the 2018 Directors' Report.

Recommendation 2.3: Independent Directors

An independent director is a non-executive director who is not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

The Board regularly assesses the independence of each Non-Executive Director in light of the information which each Director is required to disclose in relation to any material contract or other relationship with the Company in accordance with the director's terms of appointment, the Corporations Act 2001, and the Board Charter.

When appointing an independent director or reviewing the independence of its Directors, the Board will have regard to the definition of independent director and the factors set out in the Recommendations, in particular the factors relevant to assessing the independence of a director set out in Recommendation 2.3.

The Board has two independent directors, Philip Currie (Non-Executive Director) and Graeme Mutton (Non-Executive Director).

Darren Lurie (Non-Executive Chairman) is not an independent director as he held an executive role during the reporting period.

The Board considers the Non-Executive directors to be independent having regard to the indicia in Box 2.3 in the ASX Recommendations. The Board has considered the holdings of shares in the Company by these Non-Executive directors and is of the opinion that their respective interests in shares would not materially interfere with, or could be reasonably perceived to interfere with, the independent exercise of their judgement in their position as a Director. The Board also considers that they are otherwise free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement, and that each of these Directors is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

The Board's assessment of each current Director is set out below.

Name	Position	Appointment date	Status
Darren Lurie	Executive Chair	31 May 2018	Not Independent
Graeme Mutton	Non-Executive Director	20 April 2018	Independent
Philip Currie	Non-Executive Director	17 July 2017	Independent

Recommendation 2.4: Majority Independence

As at the date of this Statement, the Company has a majority of independent directors on the Board. Further information regarding our Directors, including their experience and qualifications, is set out in the Directors' Report of our 2018 Annual Report.

Recommendation 2.5: Board Chair

The Chair, Darren Lurie, was appointed to the position on 8 May 2018 and was appointed to the position of Executive Chair on 31 May 2018 and is not considered an independent Director. The Chair provides leadership to the Board in relation to all Board matters and is responsible for ensuring that the Board meets its responsibilities.

The roles of Chair and Chief Executive Officer are ordinarily exercised by different individuals. Darren Lurie is the Chair and since the resignation of Archie Fraser as Chief Executive Officer in January 2018, the Chairman of the Company (firstly Alan Hoffman and then Darren Lurie) have been appointed Interim Executive Chair.

The Board recognises that it is desirable for the Chair and CEO to be different individuals however the Company's current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment should the Company's size and growth warrant this.

Recommendation 2.6: Induction, Education and Training

The Chief Executive Officer is responsible for ensuring that new Board members are inducted and have every opportunity to increase their knowledge about the company to ensure they can participate in an effective manner to the Board deliberations. The process is monitored by the Board.

Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1: Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. The code is intended to provide guidance to the directors, the Chief Executive Officer, the Chief Financial Officer and any other officers and employees who have the opportunity to materially influence the integrity, strategy and operation of the business and its financial performance. It identifies the practices necessary to maintain public confidence in the company's integrity and it engenders the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code is not intended to address every circumstance, nor is it a summary of all the laws and regulations that apply to the Company. The Board and employees are always expected to use their common sense and best judgement when addressing business conduct issues, and to seek guidance if the best course of action is not clear.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1: Audit Committee

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The principal responsibility of an Audit Committee is to oversee the financial affairs of the Company, including preparation of financial statements, adequate disclosure, maintenance of appropriate accounting records and internal controls, the selection and application of accounting policies, liaison with external auditors, ensuring regulatory compliance and the safeguarding of assets.

This includes the following functions:

Financial Statements

- to review and discuss the company's financial statements with the external auditor
- to report to the Board, on the foregoing and related issues, from time to time
- to review related party transactions and consider the adequacy of disclosure of transactions in the financial statements

Internal Controls

- to understand and be familiar with the company's system of internal controls
- to ensure operating procedures are efficient, with the necessary internal checks and built-in controls
- to review the adequacy of the system with external auditors on periodic basis

Communication

- to liaise with the company's management and Auditor on a continuing basis

Compliance

- to review the company's procedures addressing compliance with the Corporations Law, Stock Exchange Listing Rules, other legislative and reporting requirements, including the Company's Code of Conduct

External auditors

- to determine the appointment, re-appointment or replacement of external auditors
- to evaluate performance of the external auditors, including their independence, effectiveness and objectivity
- to review remuneration of the external auditors

Critical accounting judgments and estimates

- to review and discuss with the management and the external auditor the company's critical accounting policies and the quality of accounting judgments and estimates made by management

Independence

- to consider the independence of external auditor, any relationships with the Company or any other entity that impair or appear to impair the external auditor's judgment or independence in respect of the Company
- to develop policies concerning the provision of non-audit services by the external auditor
- to pre-approve all audit and non-audit services since the Company shall not engage the external auditors that may impair or appear to impair the external auditor's judgment or independence in respect of the Company

The Board intends to establish an Audit and Risk Committee, which will operate under a formal charter approved by the Board, to which it will delegate the responsibility to establish and maintain the framework of internal control and ethical standards for the management of the Company. At that time, the Committee will provide the Board with assurance regarding the reliability of financial information for inclusion in the financial reports. At the date of this report, due to the size of the Company and its Board, the Board will fulfil the roles and responsibilities of the Audit and Risk Committee.

The processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner are as follows:

- Review the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Company's financial reporting.
- Oversee the financial reports and the results of the external audits of those reports.
- Assess whether external reporting is adequate for shareholder needs.
- Assess management processes supporting external reporting.
- Review the impact of any proposed changes in accounting policies on the financial statements.
- Review the half yearly and annual results.
- Recommend procedures for the selection and appointment of external auditors and for the rotation of external auditor partners.
- Review performance, succession plans and rotation of lead engagement partner.

- Approve the external audit plan and fees proposed for audit work to be performed.
- Discuss any necessary recommendations to the Board for the approval of quarterly, half yearly or annual reports.
- Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.
- Meet with the external auditors in each financial period without management being present and at any other time the Board considers appropriate.
- Provide pre-approval of audit and non-audit services that are to be undertaken by the external auditor.
- Ensure adequate disclosure as may be required by law of the Board's approval of all non-audit services provided by the external auditor.
- Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.
- Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the Corporations Act.

Recommendation 4.2: Assurances

The Chairman and Chief Financial Officer (**CFO**) provide an annual declaration to the Board prior to the Board's approval of the Company's full year financial results. This process was followed for the financial results for the 12 months ending 30 June 2018, where the Chairman and CFO provided a declaration to the Board that, in their opinion, the financial records 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 Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. On this basis, the financial results for the 12 months ending 30 June 2018 were approved by the Board.

Recommendation 4.3: External Auditor

Our external auditor, Ernst and Young (**E&Y**), attends our AGM and a representative is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

E&Y's independence declaration is contained in the Directors' Report in our 2018 Annual Report.

The effectiveness, performance and independence of the external auditor is reviewed annually by the Board.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Continuous Disclosure Policy

Communications and disclosure policy

The purpose of continuous disclosure policy is to set out the disclosure policies and procedures that ensure compliance with the ASX Listing Rule disclosure requirements and ensure accountability at a senior management level for that compliance. This policy will ensure that company announcements:

- are made in a timely manner
- are factual

- do not omit material information
- are expressed in a clear and objective manner that allows investors to assess impact of the information when making investment decisions

Communications Officer

The Chief Executive Officer is nominated as a person who has the responsibility for:

- making sure that the company complies with continuous disclosure requirements
- overseeing and coordinating disclosure of information to the stock exchange, analysts, brokers, shareholders, the media and the public
- educating directors and staff on the company's disclosure policies and procedures and raising awareness of the principles underlying continuous disclosure

Disclosure Procedures

The disclosure procedures are set out as follows:

- The company requires each individual in the company to report directly to the Chief Executive Officer or other executive officer as soon as they become aware of any potentially material information
- Information is material if it is likely that the information would influence investors in deciding whether to buy, hold or sell company securities
- The Chief Executive Officer will:
 - review the material information reported
 - determine, in consultation with all necessary parties as appropriate, whether any of the material information is required to be disclosed to the ASX
 - co-ordinate the actual form of disclosure with the relevant members of management and the Board
 - Material information will be disclosed in the manner required under ASX Listing Rules and the Corporations Law. This means the Company will make formal announcement to the ASX and then only release the information to news services and major media outlets immediately after the ASX acknowledges receipt. In addition, any announcements will also be posted to the Company website so that shareholders and potential investors will have access to the information
 - Where the information does not warrant an ASX release, the Chief Executive Officer shall advise directors of the rationale for the decision
 - All press releases to be issued by the Company must be released to the ASX by the Chief Executive Officer prior to release to the press

The continuous disclosure regime involves a high degree of judgement on the part of management to determine what has to be disclosed to the market and when disclosure must be made. While there are exceptions to the general obligation requiring immediate disclosure of information, judgement is needed to determine whether any of the exceptions apply in any particular circumstances.

Issues in relation to Deciding on Disclosure

Responding to Market Rumours, Leaks and Inadvertent Disclosures

Market rumours and speculation, which may contain factual errors, could impact on the Company's share price and result in the ASX formally requesting disclosure by the Company.

The decision to comment will be made on a case-by-case basis and in most circumstances the comment will be of a general nature. The Company will issue a statement where it considers that it has an obligation to do so or if it is required to respond to a formal request from the ASX for information.

In the event of a Company's spokesperson inadvertently disclosing material information at a meeting or briefing, the Company will immediately disclose that information to the ASX and post it to the company website.

Disseminating Announcements

The Chief Executive Officer will immediately disclose all material or price sensitive information to the ASX for market release.

Following the confirmation by the ASX of lodgement, the information will be:

- as soon as possible be placed on the company website
- broadcasted by email/fax to the employees, the media, market analysts and company investor relations database of key shareholders

Selective and Differential Disclosure

The Company will not practice selective or differential disclosure. That is, the Company will not disclose material information to selected individuals or groups such as brokers, analysts or journalists unless an appropriate public disclosure is made simultaneously.

The Company will not disclose information verbally which it would not be prepared to disclose by formal release to the ASX.

Types of Disclosure

Formal Releases of Material Information

Formal release of information includes annual and half-yearly reports and press releases. The Chief Executive Officer will regularly monitor the disclosure rules and proposed disclosures will be handled only with their involvement.

Examples of formal releases of material information include announcements concerning significant contracts or major projects which will have a material effect on the price or value of company securities, joint ventures or changes in joint ventures, key management or Board changes, and acquisitions.

Formal releases should contain all relevant material information.

Informal Disclosure

Informal releases of information include responses to enquiries by telephone, fax, letter, email or in person from securities analysts, shareholders, the media or members of the public. Examples of informal disclosure include commentary on industry developments, new products and services. These communications, while more informal, still can have significant impact on the Company and its position in the marketplace. As such, they must be handled by the Chief Executive Officer.

Designated Spokesperson

To minimise inconsistent communications and reduce the risk of inadvertent material disclosures, the directors

and employees authorised to speak on behalf of the Company is restricted to Chairman, Chief Executive Officer, Company Secretary and Chief Financial Officer. Other executives may act as spokesperson for specific areas under their control, however any comments made are to be limited to their area of expertise, and must not be price sensitive.

No employee or associated party (such as consultants, advisers, lawyers, auditors and investment bankers) should comment publicly on matters that are confidential to the Company. Associated parties will be required to sign confidentiality agreements to prevent the non-authorised disclosure of information.

ASX Listing Rule 3.1

ASX Listing Rule 3.1 requires that once the company is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the company securities, the company must immediately report to ASX that information.

The definition of “aware” in the Listing Rules and which applies to Listing Rule 3.1 means an entity becomes aware of information if a Director or executive Director has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a Director or executive Director of the entity.

The Company must not release the material information to any other person until it has given the information to the ASX and received an acknowledgement that ASX has released the information to the market. In certain circumstances, the company can depart from above listing rules where the company is permitted not to disclose the information.

Exceptions to ASX Listing Rule 3.1 on Continuous Disclosure

ASX Listing Rule 3.1 provides for disclosure not to be required where:

1. a reasonable person would not expect the information to be disclosed
2. the information is confidential
3. one or more of the following conditions applies:
 - (i) it would be a breach of a law to disclose the information
 - (ii) the information concerns an incomplete proposal or negotiation
 - (iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure
 - (iv) the information is generated for the internal management purposes of the entity
 - (v) the information is a trade secret

Confidentiality is justified where discussions or negotiations with respect to a potential material development or transaction are at preliminary stage, or where premature release would be unduly detrimental to the interests of the Company. Under these circumstances, no disclosures need be made if confidentiality can be maintained. Once past the preliminary stage, the Company is required to make necessary disclosure.

Breach of Policy and Penalties

Consequences of contravening the continuous disclosure obligations may be severe for the Company and its officers.

The Company

If the Company contravenes its continuous disclosure obligations, it will be exposed to:

- criminal liability with a fine if the contravention is intentional or reckless;
- civil liability for any loss or damage suffered by any person as a result of failure to disclose relevant information to the ASX;
- de-listing from the ASX.

Officers (Directors, employees and advisers)

The Company's officers who are involved in the contravention may also be exposed to criminal and civil liability.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1: Information and Governance

Information about the Company and its corporate governance policies is available on our website at <http://www.optiscan.com/investors/corporate-governance>.

The Company also maintains a separate investor page on our website to provide shareholders with links to annual and interim reports, ASX announcements, presentations and other key information.

Recommendation 6.2: Investor Relations

The purpose of the communication policy is to promote effective communication with shareholders and to encourage the effective exercise of shareholder rights.

The Board of Directors aims to ensure that communication to shareholders is provided through:

- The annual report, which is distributed to all shareholders;
- The half yearly report provided to the Australian Securities Exchange;
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate;
- Keeping shareholders informed of any major developments through distribution of investor update letters and ASX Releases;
- Placing all announcements, updates and reports on the company website www.optiscan.com;
- Direct communications and presentations as necessary and appropriate;
- Release of information through the media; and
- Electronic communication with security holders and between share registry and security holders

Recommendation 6.3: Shareholder Meeting Participation

The Annual General Meeting is the central forum by which the company can effectively communicate with shareholders, provide them with access to information about the company and corporate proposals and enable their participation in decision making.

Effective communication of general meetings is exercised through the following means:

- Notice of Annual General Meetings is posted to shareholders at least 28 days in advance of the meeting
- Shareholders also receive an Explanatory Memorandum, which forms part of the Notice of Annual General Meeting. The purpose is to provide shareholders with an explanation of the business of the meeting and of the resolutions to be proposed and considered at the Annual General Meeting and to assist shareholders to determine how they wish to vote on these resolutions
- Shareholders are encouraged to use their attendance at meetings to raise questions on any matter, with time being specifically set aside for shareholder queries

- The company is obliged under S249K of the Corporations Act to provide its auditor with notice of a general meeting. According to S250T of the Corporations Act, if the company's auditor or their representative attends the annual general meeting, the chairperson of that meeting must allow a reasonable opportunity for members to ask questions of the auditor or their representative concerning the conduct of the audit and the preparation and content of the auditor's report.

Recommendation 6.4: Electronic Communication with Shareholders

Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.

Shareholders queries should be referred to the Company Secretary at first instance.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1: Risk Committee

The Board determines the company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

The responsibilities of the Board in relation to Risk Management include:

- To implement and monitor strategies designed to achieve the company's goals and objectives
- To continuously identify and measure risks that might impact upon the company's achievement of its goals and objectives
- To formulate risk management strategies to manage identified risks and to design and implement appropriate risk management policies and internal controls
- To monitor the performance of risk management systems and internal compliance and controls at least annually and to engage in a process of continuous improvement of such systems
- To consider all risk areas and ensure that appropriate safeguards are in place.
- To assist Management as appropriate in relation to risk areas, operating procedures and, if instances arise, conflicts of interest.
- To evaluate the process the company has in place for assessing and continuously improving internal risk management, particularly those related to significant risk.

Recommendation 7.2: Risk Management Framework

The Board and management have a regular process to identify and monitor risks, including those arising from the following:

- Economic conditions
- Political developments
- Technology and technical developments
- Environmental factors and regulations
- Commercial and legal relationships
- Competitor products and activities
- Regulatory regimes, particularly as they may impact medical devices and clinical applications

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management, who are required to ensure:

- The effective and efficient use of the company's resources
- Compliance with applicable laws and regulations
- Preparation of reliable published financial information
- Implementation of mitigation actions

Due to changes to the Board and management during the year ended 30 June 2018, a formal annual review of the entity's risk framework was not undertaken during this period. This review will be undertaken as soon as practicable.

Recommendation 7.3: Internal Audit

The Company does not have an internal audit function so the following measures have been adopted by the Board to monitor risk management:

- Regular monthly reporting of operations and financial results
- Reports from the audit committee
- Presentations to the Board by key managers on their areas of responsibility
- Annual formal reviews of risks, avenues for mitigation and implementation actions

Recommendation 7.4: Economic, Environmental and Social Sustainability Risk

The Company has no material exposure to economic, environmental and social sustainability risks.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBILITY

Recommendation 8.1: Remuneration Committee

At the date of this report, due to the size of the Company and its Board, the Board will fulfil the roles and responsibilities in relation to remuneration.

The processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive are as follows:

- Regular review of the performance of the Board and senior executives, including comparison to expected performance levels and objectives and the Company's financial and operation performance;
- Assessing the reasonableness of the level and composition of remuneration, including comparisons to market conditions, comparable entities, industry averages and best practice;
- When appropriate, engaging remuneration consultants to provide independent review and advise services.

Recommendation 8.2: Remuneration Policies and Practices

Details of the Company's remuneration practices for its Directors and senior executives are disclosed in the Remuneration Report in the Company's Annual Report.

Separate disclosure regarding the remuneration of the Company's Directors (Executive and Non-Executive) is disclosed in the Company's Annual report, as lodged with the ASX and issued to shareholders.

Recommendation 8.3: Equity Based Remuneration Scheme

An Employee Option Plan was approved by Shareholders at the 2017 Annual General Meeting.

The Company has a policy that participants are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Employee Option Plan.