HALCYGEN PHARMACEUTICALS LIMITED
CORPORATE GOVERNANCE INFORMATION

Further information on the corporate governance arrangements adopted by HalcyGen Pharmaceuticals Limited (**HalcyGen**) is included in the prospectus (**Prospectus**) lodged with the Australian Securities and Investments Commission on 23 May 2007. Additional information will be included on HalcyGen's website concerning its corporate governance regime and a corporate governance statement will be included in HalcyGen's annual report.

	ASX CGC Best Practice Recommendations	Compliance comment
1.	**Lay solid foundations for management and oversight** Recognise and publish the respective roles and responsibilities of the board and the management.	The board of directors (**Board**) of HalcyGen has adopted a Board charter (**Charter**). The Charter sets out (among other things) the responsibilities of the Board and the role of the Chairman and the Chief Executive Officer. In addition to the Charter, HalcyGen has clearly specified delegations setting out those matters which the Board has delegated to management, with the appropriate authority guidelines. Further information on the Charter is available on page 30 of the Prospectus and a copy of the Charter is available on HalcyGen's website.
2.	**Structure the board to add value** Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.	The Board consists of 4 directors. Two of these directors meet the definition of independence adopted by the Board. The current Chairman, Dr Roger Aston, is also the Chief Executive Officer. Dr Aston is not an independent director. HalcyGen intends to appoint an independent Chairman as soon as a suitable candidate can be identified by the Board. The Board has not established a nomination committee as the Board undertakes this role itself. The Board considers that this arrangement is appropriate given the size of the company and the stage of the company's development. Once an independent Chairman has been appointed to the Board, the Board will review this arrangement.

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		Further information on the directors of HalcyGen and their skills and experience are set out on page 29 of the Prospectus.
3.	**Promote ethical and responsible decision-making** Actively promote ethical and responsible decision-making	HalcyGen has adopted a securities trading policy. This policy applies to all directors and staff and places restrictions and reporting requirements, including limiting trading in shares in HalcyGen during specified periods. Further information on the securities trading policy is set out on page 31 of the Prospectus. A copy of the securities trading policy is available on HalcyGen's website.
4.	**Safeguard integrity in financial reporting** Have a structure to independently verify and safeguard the integrity of HalcyGen's financial reporting.	The Board has not established an Audit Committee. However, it is the intention of the Board that an Audit Committee be established in the short term and on the appointment of an independent Chairman. An external auditor, Ernst & Young has been appointed to audit the financial reports of HalcyGen.
5.	**Make timely and balanced disclosure** Promote timely and balanced disclosure of all material matters concerning HalcyGen	The Board has adopted a Continuous Disclosure Policy which is designed to ensure compliance with the ASX Listing Rules and its continuous disclosure obligations. All price sensitive information will be disclosed to ASX in accordance with the ASX Listing Rules. A copy of the Continuous Disclosure Policy is available on HalcyGen's website.
6.	**Respect the rights of the shareholders** Respect the rights of the shareholders and facilitate the effective exercise of those rights	HalcyGen will provide regular communication to Shareholders, including by means of: (i) HalcyGen's annual report; (ii) annual general meeting; (iii) half year results announcements; (iv) regular continuous disclosures to ASX; and (v) HalcyGen's website. The Board places great importance on the communication of accurate and timely information to its shareholders and market participants and recognises that efficient and continuous contact with stakeholders is an essential part of earning their trust and loyalty.
7.	**Recognise and manage risk** Establish a sound system of risk oversight and management, and internal control	The Board is responsible for HalcyGen's risk management strategy. Management is responsible for implementing the Board's strategy and for developing policies and procedures to assist the Board to identify, manage and mitigate the risks across HalcyGen's operations.
8.	**Encourage enhanced performance** Fairly review and actively encourage the effectiveness of the board and the Management	No formal procedures have been adopted by HalcyGen for the review of the performance of the Board. However, the Board of HalcyGen has committed to an informal assessment process, facilitated by the Chairman in consultation with HalcyGen's professional advisors which is currently considered to sufficiently meet the Board's obligations.

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9.	**Remunerate fairly and responsibly** Ensure that the level and composition of remuneration is sufficient, and reasonable, and that its relationship to corporate and individual performance is defined	HalcyGen will prepare a remuneration report (to be included in the Annual Report for the year ended 30 June 2007) in accordance with the Corporations Act which will discuss the connection between HalcyGen's remuneration policies and HalcyGen's performance. The remuneration report will also clearly distinguish between the remuneration of non-executive directors and executives. The Board will be responsible for determining the form and the terms and conditions of each grant of Options in their discretion. Further information on the HalcyGen Share Option Plan is set out on pages 39 and 40 of the Prospectus.
10.	**Recognise the legitimate interests of stakeholders** Recognise legal and other obligations to all legitimate stakeholders	The Board has adopted a Code of Conduct which, together with the other corporate governance policies adopted and referred to above, clearly recognises the legal and other obligations of all stakeholders in the company. A copy of the Code of Conduct is available on HalcyGen's website