

CORPORATE GOVERNANCE STATEMENT

Wind Hydrogen Limited (the Company) and its board are committed to achieving and maintaining best practice in corporate governance, consistent with our sector of operations and the size and maturity of the Company. The listing rules of the Australian Stock Exchange (ASX) require the Company, as a condition of quotation, to release a pre-quotation statement to the market disclosing the extent to which they have followed the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles").

The following discloses the extent to which the Company follows the ASX Principles. The company and its controlled entities together are referred to as the Group in this statement. The board of Wind Hydrogen adopted a general Corporate Governance Policy on 23 August 2007. The Group adopted a broad Corporate Governance Framework (which can be found on our website at www.wind-hydrogen.com) as well as more detailed policies in a number of areas. These include:

- Board charter
- Code of conduct for directors and senior executives
- Audit and Risk Committee Charter
- Continuous Disclosure and Shareholder Reporting Policy
- Share Trading Policy

Set out below are the corporate governance policies and procedures adopted by the board of the Company. At regular intervals the board will review the policies and procedures adopted, as it is expected that requirements will change as the Company develops and grows in complexity. The policies in place are described under the headings of the ten ASX Principles.

Principle 1: Lay solid foundations for management and oversight

Role of the board

The board has the primary responsibility for guiding and monitoring the business and affairs of the Company, including compliance with the Company's corporate governance objectives. The board is responsible for the oversight and performance of the Company.

The board has delegated the day to day management of the Company to the managing director who, in turn, may delegate to senior management. The board's role is set out in the board charter which establishes the relationship between the board and management and describes their respective functions and responsibilities.

The board is responsible for the oversight and performance of the Company, including matters such as:

- Evaluating, approving and monitoring the strategic and financial plans and performance objectives for the Company;
- Evaluating, approving and monitoring the annual budgets and business plans;
- Evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions including the issue of any securities of the Company;
- Monitoring and approving all financial reports and all other reporting and external communications by the Company;
- Evaluation of board and individual director performance;
- Appointing, removing and managing the performance of, and the succession planning for, the chief executive officer and managing director;
- Reporting to shareholders on the company's strategic direction and performance;
- Monitoring the Company's performance in relation to best practice principles of corporate governance;
- Approving and monitoring the Company's risk management strategy and internal controls and accountability systems and their effectiveness.

Role of Management

The board has delegated the day to day management of the Company to the chief executive officer and managing director who, in turn, may delegate responsibilities to senior management. The delegations to the chief executive officer and managing director include:

- Developing business plans, budgets and company strategies for consideration by the board and, to the extent approved by the board, implementing those plans, budgets and strategies;
- Operating the business of the Company within the parameters determined by the board and keeping the board promptly informed of all developments material to the Company and its business;
- Identifying and managing operational risks and formulating strategies for managing those risks for consideration by the board;
- Managing the Company's financial and other reporting mechanisms and control and monitoring systems to ensure that they capture all relevant material information on a timely basis and are functioning effectively.

Letters of appointment

Current directors of the Company have not been provided with letters of appointment as suggested in the ASX Guidelines, but it is the intention of the Company to implement this procedure for any newly appointed directors. All executives of the company are employed under contracts which outline their duties, rights and responsibilities, and entitlement on termination.

Principle 2: Structure the Board to add value

Board composition

The board has six directors, four of whom are non-executive and two of whom, being Richard Pritchard and Jeffery Bateson, are executives. The chairman of the board is the Hon. Neville Wran AC QC. The remaining members of the board are Mr Peter Bartter, Mr Robert Lees and Mr Albert Wong.

The names, date of first appointment and status of the company's directors are set out below.

Name	Appointed	Executive	Non-Executive	Independent	Term of appointment
Neville Wran	2007	No	Yes	No	Eligible for election 2007
Richard Pritchard	2005	Yes	No	No	
Jeffery Bateson	2006	Yes	No	No	Eligible for re-election 2008
Peter Bartter	2005	No	Yes	No	Eligible for re-election 2009
Robert Lees	2005	No	Yes	Yes	Eligible for re-election 2007
Albert Wong	2007	No	Yes	No	Eligible for election 2007

Director Independence

Directors are expected to bring independent views and judgment to the board's deliberations. The board has reviewed the position and associations of each of the six directors in office and has determined that one of the directors is independent. This is a departure from the ASX Corporate Governance Guidelines in that a majority of the board is not independent and the chairman is not independent for the reason that the Company is a micro sized public company.

In making this determination the board has had regard to the independence criteria in ASX Principle 2 and other facts, information and circumstances that the board considers relevant. The board assesses the independence of new directors upon appointment and reviews their independence, and the independence of the other directors, as appropriate.

Mr Robert Lees is an independent director. The five directors who do not meet the independence criteria are:

Neville Wran, the chairman, a director of Tambour Capital Pty Limited and Bligh Street Capital Partners Pty Limited. The Company has had and has a material contractual relationship with these entities respectively;

Richard Pritchard, the managing director;

Jeffery Bateson, executive director;

Peter Bartter, is a substantial shareholder in Wind Hydrogen;

Albert Wong, the chairman of Tambour Capital Pty Limited and a director of Bligh Street Capital Partners Pty Limited. The Company has had and has a material contractual relationship with these entities respectively.

The board believes that it is not in the best interests of the company to move immediately to a greater number of independent directors to meet recommended best practice principles. However it intends to move towards this position over time.

Meetings of the Board

The board meets formally at least eight times a year and on other occasions, as required. On the invitation of the board, members of senior management attend and make presentations at board meetings.

Retirement and re-election

The constitution of the Company requires one third of the directors, other than the managing director, to retire from office at each annual general meeting. Directors who have been appointed by the board are required to retire from office at the next annual general meeting and are not taken into account in determining the number of directors to retire at that annual general meeting. Directors cannot hold office for a period in excess of three years (or later than the third annual general meeting following their appointment) without submitting themselves for re-election. Retiring directors may be eligible for re-election by shareholders.

Committee of the Board

The Company has elected to depart from the adoption of ASX Corporate Governance Guidelines in that it will not be forming a nomination committee or a remuneration committee for the reason that these requirements are more appropriate for larger public companies and would unduly add to the cost structure of the Company. The Company will review its position within two years of its listing on ASX.

Audit and Risk Committee

Membership of this Committee is:

Robert Lees (Chair)

Albert Wong

Neville Wran

The primary role of the Audit and Risk Committee is to monitor and review the effectiveness of the Company's control environment in the areas of operational risk, legal/regulatory compliance and financial reporting. It will advise and assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to:

- reporting of financial information to users of financial reports, in particular the quality and reliability of such information;
- assessing the consistency of disclosures in the financial statements with other disclosures made by the Company to the financial markets, governmental and other public bodies;
- review and application of accounting policies;
- financial management;
- review of internal and external audit reports to ensure that where weaknesses in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- evaluation of the Company's compliance and risk management structure and procedures, internal controls and ethical standards;
- review of business policies and practices;
- conduct of any investigation relating to financial matters, records or accounts, and to report those matters to the Board;
- protection of the Company's assets; and
- compliance with applicable laws, regulations, standards and best practice guidelines.

The Audit and Risk Committee was appointed on 23 August 2007 and no meetings have been held.

The charter for the committee is set out in the Corporate Governance Policy noted above. The Company has departed from the ASX Corporate Governance Guidelines in that a majority of the committee is not independent for the reason that the Company has only one independent director.

Principle 3: Promote ethical and responsible decision-making

The Company has adopted a code of conduct for directors and senior executives to guide those parties as to the practices necessary to maintain confidence in the Company's integrity and the reporting of unethical practices. The code is published on the Company's website.

Through its oversight of Company activities, the board ensures that best practice standards of ethics and integrity in all business dealings and operations are maintained, including the company's interactions with its shareholders, employees, business partners, customers, suppliers, and the community.

The Company has adopted a policy on Share Trading, for employees and directors or their related entities. Employees, executives and directors of the Company may not trade in the Company's shares when in possession of inside information.

Principle 4: Safeguard integrity in financial reporting

CEO and CFO declaration:

Consistent with ASX Principle 4, the Company's financial report preparation and approval process involves both the managing director and the chief financial officer providing a written statement to the board that,

"to the best of their knowledge and belief, the Company's financial report presents a true and fair view, in all material respects, of the Company's financial condition and operating results and is in accordance with applicable accounting standards."

Audit committee, governance and independence

As outlined under Principle 2, the board has established an Audit and Risk Committee, with a formal charter, to verify the integrity of the Company's financial reporting. This committee is structured according to the guidelines set down in the ASX Principles, except that there is not a majority of independent directors. The Committee reports to the board. As part of the Company's commitment to safeguarding integrity in financial reporting, the Company has implemented procedures and policies to monitor the independence and competence of the Company's external auditors.

Appointment of auditors

The Company's current external auditors are KPMG. The effectiveness, performance and independence of the external auditors are reviewed by the Audit Committee. If it becomes necessary to replace the external auditors for performance or independence reasons, the audit committee will then formalise a procedure and policy for the selection and appointment of new auditors. It is a requirement, given that the company is listed, that the audit engagement partners be rotated at least every five years.

Principle 5: Make timely and balanced disclosure

The board has established written Company policies on Continuous Disclosure (including requirements for approval for release of information by the Company), and on Shareholder Communications, to promote effective communication with its shareholders.

In addition to its disclosure obligations under the ASX Listing Rules, the Company communicates with its shareholders through a number of means including:

- annual and half-yearly reports, including material presented at the Annual General Meeting
- quarterly shareholder updates released to the ASX, sent by email to shareholders and others who so request, and placed on the Company's website; and
- media releases, public announcements and investor briefings

All material disclosed, where feasible, and as authorised by the Managing Director, is posted to the Company's website.

Principle 6: Respect the rights of shareholders

The Company has a positive and formal strategy to communicate with shareholders and actively promote shareholder involvement in the Company. This is outlined above. It aims to continue to increase and improve the information available to shareholders on its website. All company announcements, presentations to analysts and other significant briefings will be posted on the company's website after release to the Australian Stock Exchange.

Consistent with ASX Principle 6 and CLERP 9, KPMG will attend, and are available to answer questions at, the Company's annual general meetings. The Company encourages shareholders to register for receipt of announcements and updates electronically.

Principle 7: Recognise and manage risk

Consistent with ASX Principle 7, the Company is committed to the identification, monitoring and management of risks associated with its business activities and has established, as part of its management and reporting systems, a number of risk management controls. The company has adopted a general Risk Management Statement addressing the profile of risk relevant to the Company given its operational context (posted to the Company's website) supported by a set of internal procedures. Approval of detailed procedures and monitoring of their implementation has been delegated to the Audit and Risk Committee of the board.

In particular:

- In accordance with ASX Principle 7, the Managing Director and the Chief Financial Officer provide the board with an annual written statement that:
- "the statement given with respect to the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects".

The risk profile can be expected to change and procedures adapted as the Company's business develops and it grows in size and complexity. Regular review by the Audit and Risk Committee will ensure that procedures adopted continue to be appropriate.

The Company has not established an internal audit function due to its small size.

Principle 8: Encourage enhanced performance

The Chairman of the Company will conduct an internal performance evaluation of the board subsequent to the end of the financial year. Performance reviews of all key executives will be carried out prior to the end of the financial year and the results used in setting performance-related pay for the then current year and remuneration levels for the following year. It is intended that the details of evaluation procedures will be made available on the Company's web site during the 2007/8 financial year.

No induction process for board members has been established but will be implemented as new directors unfamiliar with the company or its industry context are appointed in the future. The board is kept well informed by the CEO and senior executives on developments within the Company and in the broader sector within which the Company operates. Responsibility for governance issues is delegated to the Managing Director and the Company Secretary, reporting to the board.

Principle 9: Remunerate fairly and responsibly

The aggregate remuneration of Directors is determined by Shareholders, apart from payments to executive Directors, and the Board determines individual Directors' remuneration. The Company's remuneration policy is to balance the need to provide industry-competitive remuneration in order to attract and retain high quality personnel, while ensuring effective use of shareholder funds.

The Company has not formed a nomination committee because of the Company's size which is small enough for the whole Board to efficiently address the issue of board competencies.

At this time, Non-executive directors are remunerated by fees only. However, the Company has elected to depart from the adoption of ASX Corporate Governance Guidelines in that it plans to convene a meeting of shareholders for the purpose of considering the issue of options to non executive Directors as well as executive Directors. The Board considers it important to provide incentives for Directors as well as Executives to deliver the business plan detailed in the prospectus.

No schemes for retirement benefits (other than statutory contributions to a superannuation scheme where relevant) or termination payments are in place.

Principle 10: Recognise the legitimate interests of stakeholders

As outlined above under Principle 3, the board has established conduct guidelines for staff and directors. The Company's broad Corporate Governance Framework, posted on the company's website, contains general principles for corporate conduct to ensure compliance with legal and other obligations to stakeholders. Performance against these principles is monitored by the board.