

CORPORATE GOVERNANCE STATEMENT

OBJ Limited (“the Company”) is committed to implementing and maintaining the highest standards of corporate governance. The primary responsibility of the Board of the Company (“the Board”) is to represent and advance the Company’s shareholders’ (“the Shareholders”) interests and to protect the interests of all stakeholders. To fulfil this role, the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for its employees and monitoring achievement of these goals.

The Company adopts the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations* released in 2013 (“the Recommendations”) to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

The Company’s compliance with the Recommendations is summarised in the table below:

| | ASX P & R ¹ | If not, why not ² | | ASX P & R ¹ | If not, why not ² |
|--------------------|------------------------|------------------------------|--------------------|------------------------|------------------------------|
| Recommendation 1.1 | ✓ | | Recommendation 4.2 | | ✓ |
| Recommendation 1.2 | ✓ | | Recommendation 4.3 | ✓ | |
| Recommendation 1.3 | ✓ | | Recommendation 5.1 | ✓ | |
| Recommendation 1.4 | ✓ | | Recommendation 6.1 | ✓ | |
| Recommendation 1.5 | | ✓ | Recommendation 6.2 | ✓ | |
| Recommendation 1.6 | ✓ | | Recommendation 6.3 | ✓ | |
| Recommendation 1.7 | ✓ | | Recommendation 6.4 | ✓ | |
| Recommendation 2.1 | ✓ | | Recommendation 7.1 | ✓ | |
| Recommendation 2.2 | ✓ | | Recommendation 7.2 | ✓ | |
| Recommendation 2.3 | ✓ | | Recommendation 7.3 | ✓ | |
| Recommendation 2.4 | ✓ | | Recommendation 7.4 | ✓ | |
| Recommendation 2.5 | ✓ | | Recommendation 8.1 | ✓ | |
| Recommendation 2.6 | ✓ | | Recommendation 8.2 | ✓ | |
| Recommendation 3.1 | ✓ | | Recommendation 8.3 | | ✓ |
| Recommendation 4.1 | ✓ | | | | |

¹ Indicates where the Company has followed the Principles & Recommendations and summarised those practices below.

² Indicates where the Company has provided an “if not, why not” disclosure below.

In acknowledging the Key Messages of the first review of the corporate governance reporting under the Revised Corporate Governance Principles and Recommendations by ASX Markets Supervision (“ASXMS”), the Company has provided additional disclosure for each of the 29 recommendations. Where the Company has departed from a recommendation, the Company has provided substantive reasons and refers to material containing additional disclosure, as relevant.

CORPORATE GOVERNANCE STATEMENT (continued)

The “if not, why not” disclosure of the Company is summarised in the table below:

| Recommendation | Explanation of Departure from Recommendation |
|-----------------------|---|
| 1.5 | Given the Company’s small size and stage of development, it is not appropriate to establish a formal gender diversity policy. However, its recruitment is fundamentally driven by identifying the best candidate for all positions regardless of gender. |
| 2.1 | Owing to the size and composition of the Board, it is not appropriate to establish an independent Nomination Committee, or to establish a formal nomination policy and that its resources would be better utilised in other areas. In accordance with the Company’s policy and procedure for selection and appointment of new Directors, the full Board currently carries out the duties that would ordinarily be assigned to the Nomination Committee. Candidates for the Board are considered and selected by reference to a number of factors including their relevant experience and achievements, compatibility within the Company’s scope of activities and intellectual and physical ability to undertake Board duties and responsibilities.. |
| 4.2 | As at the date of this Annual Report, the Company has not appointed a CEO or chief financial officer (“the CFO”). Due to the size and scale of the Company’s operations, these roles are currently performed by the Board, specifically Mr Jeffrey David Edwards and Chairman, Mr Glyn Denison, who is primarily responsible for financial matters in relation to the Company. |
| 8.3 | <p>Whilst the Company has a policy for dealing in the Company’s securities which sets out circumstances in which the Company’s directors and employees are prohibited from dealing with the Company’s securities (including shares and options), there is no specific prohibition on transactions which limit the economic risk of participating in the Company’s equity-based remuneration scheme.</p> <p>However, the Directors note that there is no market for exchange-traded options in respect of the Company’s securities and, for all practical purposes, there is no capacity for scheme participants to directly limit the economic risk associated with their holdings of the Company’s securities pursuant to the Company’s equity-based remuneration scheme.</p> <p>The Company’s policy for dealing in the Company’s securities is available on the Company’s website.</p> |

It is noted that as the Company’s activities develop in size, nature and scope, the Company’s corporate governance policies and processes will continue to be reviewed and improved as resources permit.

CORPORATE GOVERNANCE STATEMENT *(continued)*

1. BOARD OF DIRECTORS

1.1. Role of Board

The Board is responsible for setting the strategic direction and establishing and overseeing the policies and financial position of the Company, and monitoring the business and affairs on behalf of its Shareholders, by whom the directors of the Company (“the Directors”) are elected and to whom they are accountable.

Further, the Board takes specific responsibility for:

- Protecting and enhancing Shareholder value;
- Formulating, reviewing and approving the objectives and strategic direction of the Company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- Ensuring that adequate internal control systems and procedures (including financial, risk management, occupational health and safety, environmental management systems and procedures) exist and that compliance with these systems and procedures is maintained;
- Identifying significant business risks and ensuring that such risks are adequately managed;
- Appointing Directors to the Board;
- Monitoring and reviewing the performance and remuneration of Directors;
- Monitoring and evaluating the Company Secretary’s performance;
- Establishing and maintaining appropriate ethical standards; and
- Evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations*.

The Board is responsible for establishing a culture and framework that supports corporate governance, including creating the strategic direction for the Company, establishing goals for employees and the Company Secretary and monitoring the achievement of these goals.

The Company has a formal Board Charter, which is available from the Company on request. In broad terms, the Board is accountable to the Shareholders and must ensure that the Company is properly managed to protect and enhance Shareholders’ wealth and other interests. The Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the Corporations Act).

1.2. Terms of Office of Directors

The constitution of the Company (“the Constitution”) specifies that one third of the Directors, excluding the Managing Director, Mr Jeffrey Edwards, shall rotate on an annual basis.

CORPORATE GOVERNANCE STATEMENT (continued)

1.3. Composition of the Board and Independence

The Directors in office at the date of this statement are:

| Name | Position | Independent | Expertise |
|-------------------------------|------------------------|--------------------|----------------------------|
| Mr Jeffrey David Edwards | Managing Director | No | Refer to Director's Report |
| Mr Glyn Gregory Horne Denison | Non-executive Director | Yes | Refer to Director's Report |
| Dr Christopher John Quirk | Non-executive Director | Yes | Refer to Director's Report |

The Board considers the majority of Directors to be independent, commensurate with Recommendation 2.3. Dr Christopher Quirk is considered to be independent, notwithstanding his 1.09% shareholding in the Company. Dr Quirk has held his role as Director for 11 years. Mr Glyn Denison is also considered to be independent, notwithstanding his contractual relationship with the Company to act as a business consultant for the Company one day per week. Mr Denison has held his role as Director for 9 years. Mr Jeffrey Edwards is not considered to be independent, owing to the nature of his relationship with the Company.

In accordance with Recommendation 2.5, the Chair of the Company is Mr Glyn Denison, who is considered by the Board to be independent.

1.4. Composition of the Board and Board Skills

The Company has not established a formal policy for the nomination and appointment of Directors. However, the composition of the Board is determined using the following principles:

- The Board comprises three (3) Directors; however, this number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified; and
- The Board should comprise Directors with a broad range of expertise.

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board selects a panel of candidates with the appropriate expertise and experience. Potential candidates are identified by the Board with advice from an external consultant, if necessary. The Board then appoints the most suitable candidate who must stand for election at a general meeting of Shareholders.

1.5 Monitoring of Board Performance

In accordance with Recommendation 1.6, the Directors' performance is reviewed by the Chair on an ongoing basis. In the event that any Director's performance is considered to be unsatisfactory, that Director will be asked to retire from the Board. The Chair's performance is reviewed by the remaining two Board members on an ongoing basis.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Directors' performance during the course of the year ("the Guidelines"). Those Guidelines include minimum requirements for attendance at all Board and Shareholder meetings, whereby the non-attendance of a Director at more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed.

CORPORATE GOVERNANCE STATEMENT *(continued)*

1.6 Professional Development and Independent Professional Advice

In accordance with Recommendation 2.6, each Director has the right, in connection with his/her duties and responsibilities as a Director, to seek professional development opportunities to develop and maintain the necessary skills and knowledge and independent professional advice at the Company's expense. However, prior approval of the Chairman (as elected) is required, which will not be unreasonably withheld.

2. EXECUTIVE MANAGEMENT

2.1 Role and responsibility of Executive Management

In accordance with Recommendation 1.1, the Company's board charter specifies that the role of management is to support the Board and to implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In accordance with Recommendation 1.4, the Company's company secretary is accountable directly to the board, through the Chair of the Company, Mr Glyn Denison.

2.2 Monitoring of Board Performance

In accordance with Recommendation 1.7, the executive management's performance is reviewed by the Board on an annual basis.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Directors' performance during the course of the year ("the Guidelines"). Those Guidelines include a Board competency questionnaire and Chairman's assessment.

2.3 CEO and CFO Attestations

As at the date of this Annual Report, the Company has not appointed a CEO or chief financial officer ("the CFO"). Due to the size and scale of the Company's operations, these roles are currently performed by the Board, specifically Mr Jeffrey David Edwards and Mr Glyn Denison who are primarily responsible for financial matters in relation to the Company.

In lieu of the CEO and CFO's attestations, Mr Jeffrey David Edwards and Mr Glyn Denison certifies to the Board that:

- The Company's financial reports are complete and present a true and fair view, in all material aspects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards ("the Executive Director's Statement"); and
- The Executive Director's Statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating effectively and efficiently in all material aspects.

CORPORATE GOVERNANCE STATEMENT *(continued)*

3. BOARD COMMITTEES

3.1. Nomination Committee

Owing to its size and composition, the Company has not established a separate nomination committee.

Rather, the Board considers that the selection and appointment of Directors should be the responsibility of the full Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee. In any event, the Board consists of only three members, which is the minimum composition recommended for a nomination committee pursuant to Recommendation 2.1.

The Board does not have a separate charter for its nomination and succession planning functions. However, the Company does have a separate policy and procedure for selection and appointment of new Directors, pursuant to which candidates are considered and selected by the Board by reference to a number of factors including their relevant experience and achievements, compatibility within the Company's scope of activities and intellectual and physical ability to undertake Board duties and responsibilities.

3.2. Audit Committee

The Company has established an Audit Committee, which comprises Mr Glyn Denison (Chairman), Dr Christopher Quirk (non-executive director) and Mr John Palermo (Company Secretary).

The majority of the Auditor Committee members are independent and all Directors are financially literate. In addition, the Company Secretary holds financial qualifications. The Directors and Company Secretary have, together, accumulated sufficient technical expertise in other directorships to provide valuable insight and technical knowledge, allowing the Board to verify and safeguard the integrity of the Company's financial reports.

Preserving the spirit of Principle 4, the external auditor has full access to the Board throughout the year.

The Audit Committee has a separate charter for its audit functions, which charter specifies the following responsibilities:

- to monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;
- to review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- to monitor and review the effectiveness of the Company's internal audit function (if any);
- to monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services; and
- to perform such other functions as assigned by law, the Company's constitution, or the Board.

The Audit Committee also reviews the performance of the external auditors on an annual basis and ensures that the external auditor is required to attend the AGM of the Company and is available to answer questions from shareholders.

CORPORATE GOVERNANCE STATEMENT (*continued*)

3.3. Remuneration Committee

The Company has established a Remuneration Committee, which comprises Mr Glyn Denison (Chairman), Mr Jeffrey Edwards (Managing Director) and Mr John Palermo (Company Secretary).

The Remuneration Committee has a separate charter for its remuneration functions, which charter specifies the following responsibilities:

- to make decisions with respect to appropriate remuneration and incentive policies for executive directors and senior executives;
- to ensure that executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives;
- to ensure that fees paid to non-executive directors are within the aggregate amount approved by shareholders;
- to ensure that non-executive directors are not entitled to retirement benefits other than statutory superannuation entitlements or to participate in equity-based remuneration schemes without due consideration and appropriate disclosures to shareholders;
- to review and make recommendations concerning long-term incentive compensation plans; and
- to ensure that incentive plans are designed around appropriate and realistic performance targets.

The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages.

In making decisions with respect to appropriate remuneration and incentive policies for executive Directors and the Company Secretary, the Remuneration Committee's objectives are to:

- motivate executive Directors and the Company Secretary to pursue the long term growth and success of the Company within an appropriate control framework;
- demonstrate a clear correlation between key performance and remuneration; and
- align the interests of key leadership with the long-term interests of the Company's shareholders.

Shareholder approval is also required to determine the maximum aggregate remuneration for non-executive Directors. The maximum aggregate remuneration approved for non-executive Directors is currently set at \$250,000 per annum.

Full disclosure of the Company's remuneration philosophy and framework, and the remuneration received by Directors in the current period, is set out in the Remuneration Report, which is contained within the Directors' Report.

The Remuneration Committee meets twice per year.

CORPORATE GOVERNANCE STATEMENT (*continued*)

4. DIVERSITY

The Company does not currently have a formal gender diversity policy in place. However, its recruitment is fundamentally driven by identifying the best candidate for all positions regardless of gender. Based on the current scale of activities of the Company, there is no set objective to achieve a certain percentage of female employees in the workforce.

The Board does not currently believe that the adoption of a formal gender diversity policy would significantly improve the functions currently performed by the Board.

Given the Company's small size and stage of development, the Board considers it impractical at this time to set measurable diversity objectives and adopt a formal gender diversity policy.

The Company currently has 11 employees, of which 7 are male and 4 are female. There are no women in senior executive positions or on the Board. However, while the Board considers this to be appropriate at this stage of the Company's development, the Company will review this requirement annually as the circumstances of the Company change.

5. ETHICAL STANDARDS

The Company has established a formal Code of Conduct ("the Code") as per Recommendation 3.1, which is available from the Company on request.

The Code outlines the Company's expectations of Directors, the Company Secretary and employees and its related bodies corporate in relation to their behaviour and the way business is conducted in the workplace on a range of issues. Directors, the Company Secretary and employees are committed to acting with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. Directors, the Company Secretary and employees must conduct themselves in a manner consistent with the expectations of its stakeholders, commensurate with prevailing community and corporate standards, and must take responsibility for upholding the Company's legal obligations. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

6. DIRECTORS' DEALINGS IN COMPANY SHARES

The Company has implemented a formal trading policy as required by ASX Listing Rule 12.9. This policy applies to Directors, the Company Secretary, employees and contractors of the Company, and is available from the Company on request.

In addition, Directors must notify the Australian Securities Exchange of any acquisition or disposal of shares by lodgement of a Notice of Director's Interests. Board policy is to prohibit Directors, the Company Secretary and employees from dealing in shares of the Company whilst in possession of price sensitive information.

CORPORATE GOVERNANCE STATEMENT *(continued)*

7. CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Company has implemented a formal Disclosure Policy and Shareholder Communication Strategy as suggested in Recommendation 5.1, which is available on the Company's website and from the Company on request. This policy was introduced to ensure the Company achieves compliance with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules.

The Board aims to ensure that the Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to Shareholders through:

- The Annual Report which is distributed to all Shareholders;
- Half-yearly reports, quarterly reports and all ASX announcements which are posted on the Company's website;
- The Annual General Meeting and other meetings so called to obtain Shareholder approval for Board action as appropriate;
- Compliance with the continuous disclosure requirements of the ASX Listing Rules; and
- The Company's auditor is required to be present, and be available to Shareholders, at the Annual General Meeting.

The Company encourages full participation of Shareholders at an general meeting of Shareholders (including an annual general meeting). The Company also informally adopts several of the suggestions in Recommendation 6.3, including communicating to Shareholders electronically, and uploading its formal codes and policies to the Company's website.

In addition, the Company has implemented an investor relation program as suggested in Recommendation 6.2 and has engaged an external investor relations consultant to manage this program. The key responsibilities of the investor relations consultant include the following:

- distributing shareholder news electronically through setting up a mail-out system with latest announcements and news;
- dealing with requests from shareholders or potential shareholders;
- assisting in the writing, editing and managing content for any key report, communication, press release, advertisement and news article for newspapers and magazines;
- developing and editing investor presentations; and
- developing and maintaining website content.

8. RESPECT THE RIGHTS OF SHAREHOLDERS

The Company has a formal privacy policy ("the Privacy Policy"), which is available from the Company on request. The Company is committed to respecting the privacy of Shareholders' personal information. The Privacy Policy sets out the Company's personal information management practices and covers the application of privacy laws, personal information collection, the use and disclosure of personal information, accessing and updating Shareholders' information and the security of that information.

CORPORATE GOVERNANCE STATEMENT (*continued*)

9. RECOGNISE AND MANAGE RISK

Due to the size and scale of the Company and the Board, a separate committee has not been established to oversee risk management. However, the Board has established a formal risk management policy to recognise and manage risk. This risk management policy is available on the Company's website and from the Company on request.

Risk management is a priority for the Board who remains vigilant in creating a culture, processes and structures directed to optimising the Company's opportunities whilst minimising and managing potential material business risks.

Risk oversight, management and internal control are dealt with on a continuous basis by the Company Secretary and the Board, with differing degrees of involvement from various Directors and the Company Secretary, depending upon the nature and materiality of the matter.

The Board continuously reviews material business risks to identify whether the system for identifying and reporting risks is being managed effectively. Determined areas of risk which are regularly considered include:

- Performance and funding of research and development activities;
- Budget control and asset protection;
- Status of intellectual property;
- Compliance with government laws and regulations;
- Safety and the environment;
- Continuous disclosure obligations; and
- Sovereign risk.

The Company does not have a formal internal audit function to assist the Board in evaluating risk management and internal control processes. Rather Mr Jeffrey David Edwards performs this function for the benefit of the Board.

The Annual Report sets out the major categories of risk applicable to the Company, which is set out in the Notes to the Financial Statements in the Annual Report.