

ANIMOCA BRANDS CORPORATION LIMITED ACN 122 921 813 (the Company)

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 28 February 2017 and has been approved by the board of the Company.

This Corporate Governance Statement has been prepared on the basis of the recommendations in the 3rd edition of the Corporate Governance Principles and Recommendations set by the ASX Corporate Governance Council.

The responses to the recommendations below are prepared with respect to the period 1 January 2016 until 31 December 2016 (**Reporting Period**) and apply to the whole of the Reporting Period unless otherwise stated.

ASX Corporate Governance Council recommendation		Response to recommendation
1.	Lay solid foundation for management and oversight	
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	These matters are disclosed in the Board Charter in the Corporate Governance section of the Company's website.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (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.	a) Nigel Finch was appointed as a director of the Company on 28 December 2016. The Company undertook appropriate checks before this appointment including criminal record checks, bankruptcy search, experience and education checks. b) Steven Hu, Richard Kuo and David Brickler were re-elected as directors by a general meeting of the Company during the Reporting Period. Security holders were provided with all material information on the re-election decision in the Explanatory Memorandum attached to the relevant Notice of General Meeting.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company has entered into an Executive Services Agreement with its Managing Director Robert Yung and all other senior executives are subject to employment agreements with standard commercial terms. The remaining directors have all entered into written agreements as at the end of the Reporting Period but this was not the case for the whole of the Reporting Period.
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.	The Company Secretary of the Company has been appointed on this basis.

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1.5	<p>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 Company has a diversity policy which documents its principles and commitment in relation to diversity. This policy is disclosed on the Company's website. However, the policy does not include requirements for measurable objectives for achieving gender diversity and an annual assessment of the objectives and progress towards them. During the Reporting Period, given the size of the Company and its stage of development, the board of directors of the Company (Board) did not believe it was appropriate to have a diversity policy which includes these requirements.</p> <p>The Company values a diverse and inclusive workplace and is committed to finding ways to actively support and encourage a workforce made up of individuals with diverse skills, experiences, backgrounds and attributes. The Company recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent. It uses diversity as a driver for recruitment.</p> <p>As at 31 December 2016, the respective proportions of men and women in the Company were:</p> <ul style="list-style-type: none"> • Board – 6 Director positions with 6 males, 1 female Company Secretary • Senior Executives (those with line responsibilities and employees reporting to them) – 27 positions with 20 male and 7 female • Across the organisation – 123 positions (full time and part time or contract) with 80 male and 43 female
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company has a board performance evaluation policy in its Board Charter which is disclosed in the Corporate Governance section of its website. This policy discloses the Company's process for periodically evaluating the performance of the board, its committees and individual directors.</p> <p>An evaluation was undertaken during the Reporting Period in accordance with the process set out in the evaluation policy.</p>
1.7	<p>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 Company has a senior executive performance evaluation policy in its Board Charter which is disclosed in the Corporate Governance section of its website. This policy discloses the Company's process for periodically evaluating the performance of its senior executives.</p> <p>An evaluation of the Managing Director and other senior executives was undertaken in relation to the Reporting Period in accordance with the process set out in the evaluation policy. The evaluation was undertaken in March 2016.</p>

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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>The Board has a remuneration and nomination committee. It is comprised of Nigel Finch, David Kim and David Brickler (Chair). Nigel Finch and David Brickler are considered by the Board to be independent directors. Prior to Nigel Finch’s appointment as a director of the Company on 28 December 2016, Martin Green was a member of the committee. Martin Green was considered an independent director.</p> <p>The remuneration and nomination committee has a charter disclosed as an attachment to the Board Charter in the Corporate Governance section of the Company’s website.</p> <p>The remuneration and nomination committee met once during the Reporting Period with Martin Green and David Kim attending.</p>												
2.2	<p>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>	<p>The Company has completed the following Board Skills Matrix which sets out the mix of skills, competence and diversity that the Board currently has. The Board will review the matrix on an as needed basis.</p> <table><tr><th>Area</th><th>Competence</th></tr><tr><td>Leadership</td><td>Business Leadership, Public Listed Company Experience</td></tr><tr><td>Business and Finance</td><td>Accounting, Audit, Business Strategy, Competitive Business Analysis, Corporate Financing, Financial Literacy, Mergers and Acquisitions, Risk Management, Tax – International, Legal</td></tr><tr><td>Sustainability and Stakeholder Management</td><td>Community Relations, Corporate Governance, Health & Safety, Human Resources, Remuneration</td></tr><tr><td>Technical</td><td>App development, Programming Experience</td></tr><tr><td>Diversity</td><td>All male gender Board, one female company secretary, there is age and racial diversity on the Board</td></tr></table>	Area	Competence	Leadership	Business Leadership, Public Listed Company Experience	Business and Finance	Accounting, Audit, Business Strategy, Competitive Business Analysis, Corporate Financing, Financial Literacy, Mergers and Acquisitions, Risk Management, Tax – International, Legal	Sustainability and Stakeholder Management	Community Relations, Corporate Governance, Health & Safety, Human Resources, Remuneration	Technical	App development, Programming Experience	Diversity	All male gender Board, one female company secretary, there is age and racial diversity on the Board
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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>At the date of this statement the Board consists of the following directors:</p> <p>David Kim, Non-Executive Chairman (Appointed 24 December 2014) Robert Yung, Managing Director (Appointed 24 December 2014) Yat Siu, Non-Executive Director (Appointed 24 December 2014) David Brickler, Non-Executive Director (Appointed 24 December 2014) Steven Hu (Hu Bin), Non-Executive Director (Appointed 18 August 2015) Nigel Finch, Non-Executive Director (Appointed 28 December 2016)</p> <p>The Board considers that David Brickler and Nigel Finch are independent directors. The remaining directors, being David Kim, Robert Yung, Yat Siu and Steven Hu, have been assessed as not being independent.</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>The Company has not complied with this recommendation during the Reporting Period. Currently, only two members of the Board out of six members are independent directors.</p> <p>Given the present size and nature of the Company, the composition of the Board is considered appropriate at this time. The Board will consider the appointment of further independent directors if the Company increases in size and complexity (though no forecast is made of whether that will occur).</p>
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>David Kim is the Non-Executive Chair of the Board. He is not the Chief Executive Officer of the Company. However, he is not an independent director.</p> <p>Nevertheless, the Board remains of the view that it is in the best interests of the Company for David Kim to continue as Non-Executive Chairman given his skills and wealth of experience.</p>
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.	The Company's program for inducting new directors and director professional development is disclosed in the Board Charter in the Corporate Governance section of the Company's website.
3.	Act ethically and responsibly	
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	The Company has a Code of Conduct in the Corporate Governance section of its website.
4.	Safeguard integrity in corporate reporting	
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p>	<p>The Board has an audit and risk committee. It is comprised of Nigel Finch (Chair), David Kim and David Brickler. All members of the committee are non-executive directors. Nigel Finch and David Brickler are independent directors. Prior to Nigel Finch's appointment as a director of the Company on 28 December 2016, Martin Green and Richard Kuo were members of the committee. Martin Green and Richard Kuo were considered independent directors.</p>

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	<p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The relevant qualifications and experience of the committee members are disclosed in the Board of Directors section on the Company's website.</p> <p>The audit and risk committee has a charter disclosed as an attachment to the Board Charter in the Corporate Governance section of the Company's website.</p> <p>The audit and risk committee met twice during the Reporting Period. David Kim, Martin Green and Richard Kuo attended both of those meetings. Nigel Finch was not a member of the committee at the time of these meetings.</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>The Company has complied with this recommendation during the Reporting Period.</p> <p>In addition, with respect to the Company's financial statements for the Reporting Period, the Board did receive the relevant declaration from its CEO and CFO.</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>The Company complied with this recommendation for the annual general meeting held in April 2016.</p> <p>The Company's auditor attended the annual general meeting and was available to answer questions relevant to the audit.</p>
5.	Make timely and balanced disclosure	
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company has a Continuous Disclosure Policy in the Corporate Governance section of the Company's website.</p>

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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.	<p>The Company provides information about itself and its governance to investors via its website at www.animocabrands.com.</p> <p>All ASX announcements are posted on the Company's website. The Company's website includes a "Corporate Governance" landing page that discloses relevant corporate governance information, including policies. This page is located at www.animocabrands.com/corporate-governance/.</p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>Investors can apply to join the Company's mailing list. Updates on the Company's business are emailed to investors from time to time. The Company's website enables investors and others to request investor information.</p> <p>The Company's investor relations program also involves actively engaging with security holders at the annual general meeting, meeting with them upon request (if appropriate) and responding to enquiries they may make from time to time.</p>
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.	<p>The Company encourages the attendance of security holders at meetings of security holders. The Company's meetings are intended to give shareholders an opportunity to consider and vote on the resolutions before the meeting and ask questions of the Board, management and auditor (if relevant) generally on the items of business before the meeting, the management of the Company or the conduct of the audit and the auditor's report (for an annual general meeting).</p> <p>The Company's policies to facilitate and encourage participation at meetings include to provide a reasonable opportunity for shareholders, as a whole at the meeting, to ask questions of the Board, answer shareholders' questions honestly and fairly and inform shareholders as to the proxy position with respect to the resolutions to be considered by the meeting and the manner in which the chairman of the meeting intends to vote available proxies.</p> <p>In order to facilitate and promote voting by shareholders for the Company's annual general meeting held in April 2016, the Company implemented an online proxy voting system.</p>
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 Company gives security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.</p> <p>Investors can apply to join the Company's mailing list. Updates on the Company's business are emailed to investors from time to time. The Company's website enables investors and others to request investor information.</p> <p>The Company's share registry also engages with security holders electronically and makes available a range of relevant forms on its website. Security holders can register with the share registry to access security holder information via the share registry's website.</p>
7.	Recognise and manage risk	
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which:	<p>The Board has an audit and risk committee. It is comprised of Nigel Finch (Chair), David Kim and David Brickler. All members of the committee are non-executive directors. Nigel Finch and David Brickler are independent directors. Prior to Nigel Finch's appointment as a director of the Company on</p>

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	<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>28 December 2016, Martin Green and Richard Kuo were members of the committee. Martin Green and Richard Kuo were considered independent directors.</p> <p>The audit and risk committee has a charter disclosed as an attachment to the Board Charter in the Corporate Governance section of the Company's website.</p> <p>The audit and risk committee met twice during the Reporting Period. David Kim, Martin Green and Richard Kuo attended both of those meetings. Nigel Finch was not a member of the committee at the time of these meetings.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control.</p> <p>The Company's risk management policy is included in the Board Charter disclosed in the Corporate Governance section of the Company's website.</p> <p>A review of the Company's risk management framework was undertaken by the Board in December 2016.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Company does not have an internal audit function due to the relatively small size of the Company. However, the Company has processes and procedures for evaluating and improving the effectiveness of its risk management and internal control processes.</p>
7.4	<p>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>The Company at present has not identified any specific material exposure to economic, environmental or social sustainability risks.</p>
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>The Board has a remuneration and nomination committee. It is comprised of Nigel Finch, David Kim and David Brickler (Chair). Nigel Finch and David Brickler are considered by the Board to be independent directors. Prior to Nigel Finch's appointment as a director of the Company on 28</p>

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	<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>December 2016, Martin Green was a member of the committee. Martin Green was considered an independent director.</p> <p>The remuneration and nomination committee has a charter disclosed as an attachment to the Board Charter in the Corporate Governance section of the Company's website.</p> <p>The remuneration and nomination committee met once during the Reporting Period with Martin Green and David Kim attending.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Company has separately disclosed its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. The Company's policies on remuneration of non-executive directors are set out in the Board Charter disclosed in the Corporate Governance section of the Company's website. The Company's policies on executive remuneration are disclosed in the remuneration report in the Company's annual report for the Reporting Period.
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>	The Company does not currently have a policy which provides that participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of participating in the plan. The Company does have an employee share option plan but at present there are no outstanding options or other unvested entitlements under the plan.
-	<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>	Not applicable

ASX Corporate Governance Council recommendation		Response to recommendation
-	<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>	Not applicable