



29 August 2017

By email: wade.baggott@asx.com.au
tradinghaltspert@asx.com.au

Mr Wade Baggott
Principal Adviser
ASX Listings Compliance (Perth)

Dear Sirs

OBJ Limited: ASX aware query

We refer to your letter dated 25 August 2017.

We respond to the questions raised in the above letter as follows:

1 Does the Entity consider the Performance Milestone Information referred to in the Commentary Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No. The Commentary Announcement provided clarity regarding salaries and consultants expenses as contained in the Appendix 4E announcement made by OBJ for the year ended 30 June 2017 which was disclosed to ASX on 22 August 2017.

Pursuant to the 2014 Notice of Annual General Meeting, OBJ obtained shareholder approval for the issue of 3 tranches of performance rights to the directors (**Notice of AGM**). The Notice of AGM clearly set out the performance conditions associated with each tranche.

The first tranche milestone related to the first royalty payment from a licence to a third party of OBJ's powered Dermaportation technology (**Performance Milestone 1**).

OBJ has previously advised ASX (refer to the announcements dated 2 June and 28 July 2017) that it had received royalty payments relating to the Dermaportation technology.

OBJ considers that given the nature of Performance Milestone 1 and the ASX announcements referred to above, the market was informed that the performance condition had been satisfied. OBJ is in the process of issuing the shares the subject of Performance Milestone 1. Upon issuance of the shares, OBJ will issue appropriate notification to the ASX.

The second tranche performance milestone related to the execution of a new licence agreement with a third party for the utilisation of OBJ's ETP technology (**Performance Milestone 2**).

On 3 April 2017, OBJ announced to ASX that it had executed two new license agreements for the use of ETP technology.

In terms of Performance Milestone 2, although the Board is of the view that the milestone has been satisfied (resulting in the accounting treatment set out in the Appendix 4E) the Board has subsequently formed the view that it would not be appropriate to issue the shares to the relevant directors associated with Performance Milestone 2 and will be making separate announcement to ASX to that effect.

The third tranche performance milestone has yet to be satisfied.

transdermal drug delivery technology

2 *When did the Entity become aware of the Performance Milestone Information referred to in the Announcement? In answering this question, please include details of the relevant time and circumstances of the Entity became aware that Performance Milestones 1 and 2 had been met, as referred to in the Announcement.*

Performance Milestone 1 was satisfied on OBJ receiving the first royalty payment, as announced to ASX on 2 June and 28 July 2017. Given the terms of Performance Milestone 1 were contained in the Notice of AGM, the market would also have become aware of the satisfaction of this milestone at the same time.

Performance Milestone 2 was satisfied on OBJ entering into the 2 new terms sheets, as announced to ASX on 3 April 2017. Given the terms of Performance Milestone 2 were contained in the Notice of AGM, the market would also have become aware of the satisfaction of this milestone at the same time. As noted above however notwithstanding the view that Performance Milestone 2 has been satisfied, the shares associated with this milestone will not be issued to the relevant directors.

3 *If the answer to any part of question 1 is “yes” and the Entity became aware of the Performance Milestone Information referred to in the Announcement, including the satisfaction of Performance Milestones 1 and 2 prior to the release of the Announcement on Wednesday, 23 August 2017, did the Entity lodge any announcement with ASX Market Announcements prior to this date which disclosed the information in the Announcement? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.*

Please see the answer to question 1 above regarding the ASX releases concerning the satisfaction of the performance milestones.

4 *If the answer to question 1 is “no”, please advise the basis for that view.*

Please see the answer to question 1 above.

5 *Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

OBJ confirms that it is compliance with the Listing Rules and Listing Rule 3.1 in particular.

6 *Please confirm that the Entity’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.*

OBJ confirms that the above responses have been authorised and approved in accordance with its continuous disclosure policy.

Please contact the company should you have any questions regarding the above.

Yours faithfully



Jeffrey Edwards
Managing Director

OBJ Limited

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25 August 2017

Mr John Palermo
Company Secretary
OBJ Limited

By email

Dear Mr Palermo

OBJ Limited (the “Entity”): ASX aware query

ASX Limited (“ASX”) refers to the following:

1. The Entity’s announcement entitled “Appendix 4E” lodged with ASX Market Announcements Platform and released at 5:01 pm (AEST) on Tuesday 22 August 2017 (the “Announcement”) including the preliminary financial year information for the Entity for the period 1 July 2016 to 30 June 2017.
2. The Entity’s announcement entitled “Commentary in relation to Appendix 4E” lodged with ASX Market Announcements Platform and released at 5:21 pm (AEST) on Wednesday 23 August 2017 (the “Commentary Announcement”) providing further details regarding salaries and consultant expenses set out in the Announcement, and including the following statements:

“The Company’s auditors required OBJ to make a provision in the accounts for the expense of two of the Performance Milestones approved at the 2014 Annual General Meeting. This is done in accordance with Accounting Standard AASB 2.

The auditors have assigned a value to this expense of \$3.54m, based on the prevailing share price at the time shareholders approved the Performance Milestones in November 2014.

It is important to note that OBJ’s auditors took this view based on independent legal advice received by the Company that Performance Milestones 1 and 2 have been met, though these shares have not yet been approved by the Company’s Board to be issued.”

(The “Performance Milestone Information”)

3. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.
4. The definition of “aware” in Chapter 19 of the Listing Rules. This definition states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into



possession of the information in the course of the performance of their duties as an officer of that entity.”

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

5. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

6. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:



1. Does the Entity consider the Performance Milestone Information referred to in the Commentary Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. When did the Entity become aware of the Performance Milestone Information referred to in the Announcement? In answering this question, please include details of the relevant time and circumstances of the Entity became aware that Performance Milestones 1 and 2 had been met, as referred to in the Announcement.
3. If the answer to any part of question 1 is “yes” and the Entity became aware of the Performance Milestone Information referred to in the Announcement, including the satisfaction of Performance Milestones 1 and 2 prior to the release of the Announcement on Wednesday, 23 August 2017, did the Entity lodge any announcement with ASX Market Announcements prior to this date which disclosed the information in the Announcement? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.
4. If the answer to question 1 is “no”, please advise the basis for that view.
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that the Entity’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **3:00 pm (WST) on Tuesday, 28 August 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at wade.baggott@asx.com.au and tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This



is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.



If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Wade Baggott

Principal Adviser, ASX Listings Compliance (Perth)