

Quarterly Report for the Period Ended 31 March 2017

1. Financial

The Company's cash management remains strictly controlled with a balance of approximately \$5.95 million at the end of the period. The Company has now received the R&D rebate amounting to \$1.23 million during the period.

Revenue for the period featured the continuance of license fees that recently commenced for the general distribution of the Eye Wand product containing OBJ's technology into several Asian markets by Procter & Gamble. The income from P&G licensing will gradually increase with the commencement of the second product distribution over the course of 2017.

The Company's outgoings remain very controlled with consistent staff costs.

2. Licensing

2.1 Procter & Gamble (P&G)

The relationship with our foremost partner in Procter & Gamble continues with a number of key initiatives confirmed.



- Execution of the third and fourth Term Sheets for the licensing by our foremost partnering company of two new products containing the OBJ micro array technology. This brings to a total of four products under the Master Licensing Agreement for various skin applications and greatly expands the use of OBJ's technology by volume.
- Continued development of additional products that are also moving towards licensing. There are two of these in advance stages of development and testing in preparation for them being included in various P&G brands.
- P&G has advised OBJ that the launch and rollout for the Wave II devices will commence in the third quarter of calendar 2017 and that the expected volumes have been increased. OBJ is advised of its licensing fee entitlements by P&G, 45 days from the completion of each Quarter.

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- Definition work and laboratory testing on a number of new P&G product applications across the Homecare, Healthcare and Personal Hygiene categories are progressing and are expected to result in new funded Work Plans in the near future. If these are commercialised, this will give a much broader application base to the micro array technology for P&G's many product sectors.

Meetings with senior P&G people are taking place in Japan and Cincinnati in April to plan the forward opportunities for OBJ's technologies as this very successful relationship continues building. As already outlined, there is planned to be multiple products across P&G's skin care brands that contain OBJ's technologies as consumers enjoy the benefits of higher performing skin care products.

3. OBJ Product Innovations

3.1 BodyGuard

BodyGuard has taken several significant steps forward over this period with:

- The execution of Collaboration Agreement with a major supplier of adhesive products and materials. The whole BodyGuard development program has reached the stage where the focus is now on the manufacturability and packaging of the various configurations starting with the KneeGuard. Bringing the products to commercial standard requires expertise in efficient and economical mass manufacture to the highest quality.

The Collaboration Agreement also contains the first right of refusal by our partnering company to manufacture the end BodyGuard products for multiple Distributors. The agreement also contains a non-exclusive right for the partnering company to include the BodyGuard product range within their own product line ups.

At the same time, the opportunities identified for the incorporation of OBJ's technologies into some of our partnering company's existing products will also be investigated.

OBJ will contribute its knowledge and expertise in formulation and claims support development, while OBJ's partner will contribute manufacturing, production engineering, distribution and packaging expertise.

Our partner is one of the largest adhesive companies in the world with more than 100 manufacturing centres globally producing transdermal drug patches, medical devices, medical materials, taping products and kinesiology or sports tapes. Their reported sales are in excess of \$US7 billion in 2016.

OBJ's distributors and customers will benefit from the best and most cost effective production technologies, while our manufacturing/distribution partner can explore the value-added potential of OBJ's technologies across its broad product range.

OBJ sees this relationship as being a cornerstone to a long-term commercial relationship for the product distribution across several of OBJ's own product developments.

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- The execution of agreements with Curtin University and with the Australian Federal Government to undertake a trial of the BodyGuard with Ibuprofen is an important development for the product. The trial will demonstrate the first use of the BodyGuard product for pain relief with the testing protocol incorporating advice from two manufacturers and distributors of products that contain Ibuprofen. It demonstrates the intention of the BodyGuard product range to deliver a wide range of active ingredients to service the raft of market sectors that exist for the BodyGuard program using multiple distribution channels.

It will be OBJ's first pharmaceutical clinical trial, being conducted under the Innovation Connections Grant Scheme in conjunction with Curtin University. The project is budgeted to cost approximately \$87,000 with the Federal Government funding 50% of this amount.

This cornerstone study is expected to demonstrate the benefits of the BodyGuard technology over traditional drug-in-adhesive systems for the delivery of topical pharmaceutical agents.

The overall BodyGuard program seeks to develop a wide range of products to service multiple market sectors in the joint pain management and healthy ageing sectors. The clinical trial performed by University of Queensland in 2016 proved the efficacy and consumer acceptance of the first BodyGuard product against commonly available NSAIDs.

These developments are significant for the possible commercialisation of the BodyGuard technology using proven reputable manufacturers and distributors that are able to best penetrate each market sector with purpose designed formulations.

Discussions continue with a number of other nominated potential distributors and interest remains very strong.

3.2 Surface Hygiene

OBJ is working with multiple potential partners for the first possible product development and distribution of the surface hygiene applications. These potential partners are presently evaluating OBJ technology with each partners' formulations in their dedicated laboratory facilities.

OBJ is also intending to undertake a broad series of testing on multiple types of surfaces utilising a specialist international university in Singapore to conduct and report on the tests.

The Company is keen to broaden the potential of utilising micro array technology in the many potential applications of improved performance of our partners' existing products.

3.3 New Licensing

Negotiations on the specifications, time frames and contractual terms for the licensing of OBJ's second technology by a major multinational FMCG company have been under negotiation for the past eighteen months and the first agreement has now been

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executed (in April post the March period). The commitment by our partner covers two agreements. For expediency, the first agreement is being run as an Addendum to the existing Agreement of the Parties in order to get this complex project quickly underway. The parties will be then developing the longer term detailed agreement that incorporates the outcomes from this first stage.

This use of the second technology will give consumers a new and personal means of applying cosmetics and opens a far wider market potential for the parties.

The OBJ team is delighted that after a long period of negotiation, OBJ now has two of its technologies licensed which gives the Company depth and breadth of technologies across multiple applications over the longer term.

4. Administration

The Company has embarked upon the task of increasing our patent protection for the micro array technology in several key markets including China. The new patents to be lodged will focus on the matching of various micro arrays with formulations and are aimed at providing greater protection to areas where products purporting to include micro array have been observed from non-licensed distributors.

About OBJ

OBJ develops proprietary magnetic micro-array drug delivery and product enhancement technologies for the pharmaceutical, healthcare and consumer goods sectors. OBJ partners companies in the design and development of next generation products using physical science rather than chemistry to provide new levels of product performance without the cost of reformulation or new ingredient approvals.

OBJ offers a portfolio of proprietary technologies and supports partners by providing IP-protected market exclusivity, expertise in magnetic array design, feasibility and efficacy and claims testing, engineering and production.

About OBJ's Technologies

OBJ has developed a platform of physical enhancement technologies based on low-cost magnetic micro-arrays that influence the movement and penetration through the skin of drugs, active ingredients and formulations at the molecular level.

Complex 3-D array and moving magnetic fields have the ability to repulse certain molecules to enhance diffusion and to alter the permeability of certain biological and non-biological targets.

OBJ develops low cost micro-array film technology that utilise diamagnetic repulsion, induced permeation and energy redirection to offer a new way of managing the speed, depth of penetration and delivery of active ingredients in a wide range of pharmaceutical and consumer products.

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Forward-looking Statements

This announcement contains certain “forward-looking statements” concerning OBJ. Where OBJ expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis.

Forward-looking statements provided in this announcement are based on assumptions and contingencies which are subject to change without notice. Such forward-looking statements including statements regarding intentions, planned events and potential results are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements, and there are risks associated with OBJ and the industry which may affect the accuracy of the forward-looking statements. OBJ does not undertake any obligation to release publicly any revisions to any forward looking statement to reflect events or circumstances after the date of this announcement or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

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