CORPORATE GOVERNANCE STATEMENT

August 2019

FBR LIMITED ACN 090 000 276

Corporate Governance Statement

As at the date of this report, the Directors of the Company are:

NAME	POSITION
Richard Grellman	Chairperson Non-Executive, (Independent Director) – Appointed 15 July 2018
Michael Pivac	Chief Executive Officer, Director (not independent) -Appointed 18 November 2015
Mark Pivac	Chief Technical Officer, Director (not independent) – Appointed 18 November 2015
Andrew Bloore	Non-Executive, Chair of Audit & Risk Committee (Independent Director) – Appointed 10 August 2018
Nancy Milne	Non-Executive, Chair of Remuneration Committee (Independent Director) - Appointed 10 August 2018

1. Role of the Board

The Board is ultimately responsible for all matters relating to the running of the company. The Board's role is to govern the company rather than to manage it. In governing the company, the Directors must act in the best interests of the company as a whole. It is the role of senior management to manage the company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

2. Responsibilities of the Board

The Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

To provide leadership to the company by:

- guiding the development of an appropriate culture and values for the Company through the establishment and review of rules and procedures to enforce ethical behaviour and provide guidance on appropriate work methods.
- always acting in a manner consistent with the company's culture and rules and procedures

Oversee the development and implementation of an appropriate strategy by:

- working with the senior management team to ensure that an appropriate strategic direction and array of goals are in place
- regularly reviewing and amending or updating the Company's strategic direction and goals
- ensuring that an appropriate set of internal controls are implemented and reviewed regularly
- overseeing planning activities including the development and approval of strategic plans and operating budgets
- reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including the outcome of such reviews on at least an annual basis.

Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chairperson, being the key interface between the Company and its shareholders.

Overseeing the control and accountability systems that ensure the company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations.

Ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively.

Ensuring appropriate human resource systems (including OH & S systems) are in place to ensure the well-being and effective contribution of all employees.

Delegating appropriate powers to the Executive Directors to ensure the effective day-to-day management of the business and monitoring the exercise of these powers..

3. Specific Matters Reserved for the Board

- Acquiring or selling shares of the Company
- Acquiring, selling or otherwise disposing of property

- Founding, acquiring or selling subsidiaries of or any company within the Company, participating in other companies or dissolving or selling the company's participation in other companies
- Acquiring or selling patent rights, rights in registered trade marks, licences or other intellectual property rights of the company
- Founding, dissolving or relocating branch offices or other offices, plants and facilities
- Starting new business activities, terminating existing business activities or initiating major changes to the field of the company's business activities
- Approving and/or altering the annual business plan (including financial planning) for the Company or any part of the company
- Taking or granting of loans including, without limitation, issuing of promissory notes or loans
- Granting securities of any type
- Granting loans to company officers or employees and taking guarantees from the company's officers and employees
- Determining the balance sheet strategy for the company or any part of the company
- Entering into agreements for recurring, voluntary, or additional social benefits, superannuation agreements or agreements for general wage and salary increases
- Determining the total amount of bonuses and gratuities for Company officers and employees
- Appointing and, where appropriate, removal of Executive Directors
- Ratifying the appointment and, where appropriate, the removal of the Group General Manager, Chief Financial Officer and Company Secretary
- Determining the appointment, termination, prolongation or employment or amendment to conditions of employment of members of the Board of Directors
- Granting or revoking a power of attorney or limited authority to sign and/or act on behalf of the Company

The composition of the Board is reviewed and considered at least annually at a meeting of all Directors. Shareholder approval is required on the composition of the Board. Directors are elected by shareholders and remain accountable to them. The Board will meet formally on a regular basis.

The Board presently comprises of three non-executive Directors and two executive directors.

The Company policy regarding the written terms and conditions for remuneration relating to the appointment and retirement of Board members are approved at a meeting of all Directors following professional advice. The Directors of the Company, meeting as a Board, determine the fees of Directors within the aggregate limit established by shareholders in a general meeting.

The remuneration and written terms and conditions of executive officers are reviewed and approved by the Directors after seeking professional advice.

The non-executive members of the Board have the right to seek independent professional advice in the furtherance of their duties as Directors at the Company's expense. The Chairperson's approval of such expenditure is required.

Where any Director has an interest of any kind in relation to any matter dealt with at a Board or committee meeting that Director abstains from participation in the decision process.

Directors and officers must inform the Chairperson, in advance, of any proposed dealing in the company's securities, refrain from buying or selling in the period of one day before, the day of, and the day after announcements and observe all legal requirements relating to dealing in securities. Directors and officers are prohibited from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

4. Communications to Shareholders

The Board of Directors 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;
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate;
- The appointment of a staff member and an investor relations program for shareholder liaison to respond to telephone and written shareholder inquiries; and
- The Company's interactive website at http://www.fbr.com.au/ provides shareholders with information on the company, its services and products. This provides shareholders the ability to communicate electronically.

The Company Secretary ensures that the Company's share registry provides shareholders the option to communicate and receive notices electronically.

5. Evaluation of the performance of senior executives, the Board, its committees and individual Directors

The Chairperson reviews the performance of the senior executives by way of informal and informal discussions as appropriate throughout the year.

A review of the performance of the Board and its Committees during the financial year is conducted by the Chairperson through formal and informal discussions. Significant issues that are identified or changes recommended are actioned by the Board.

The Company will be undertaking regular skills assessment and formal performance reviews and evaluations of individual Directors and senior executives. The company does have a Remuneration Committee who are responsible for establishing a framework for executive remuneration, performance and assessment.

6. Keeping the market informed

The Company has documented policies for communications and continuous disclosure procedures and practices. The management group is required to bring any matters which may be of a price sensitive nature to the Board's attention. The Board also specifically addresses the issue of process sensitive information at each of its Board meetings.

The Company Secretary is responsible for the communication of administrative matters to the ASX. Significant announcements are posted on the Company's website as soon as possible after receiving ASX clearance of the release. The Company Secretary is directly accountable to the Board, through the chair, on all matters to do with proper functioning of the Board.

7. Audit & Risk Committee

At the date of this report the Company had an Audit and Risk Committee consisting of the following Directors:

a) Andrew Bloore (Committee Chairperson);

b) Richard Grellman (Committee member); and

c) Nancy Milne (Committee member).

The Audit & Risk Committee has a formal charter and its objectives to assist the Board in fulfilling its statutory responsibilities in relation to financial reporting, risk management and internal control include:

- assessing the risk and control environment – review accounting policies, internal controls, practices and disclosures to assist the board in making informed decisions
- monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments. Overseeing the financial reporting to ensure it is appropriate and of a high quality prior to recommending adoption of the financial statements by the board for release to the ASX and shareholders
- review the Company's internal financial control system and risk management systems including the Company's Risk Management and Internal Compliance and Control policy
- monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- monitor and review compliance with the Company's Code of Conduct; and
- perform such other functions as assigned by law or the Company's Constitution.

Committee members are financially literate, that is, have the ability to read and understand financial reports including the statements of financial performance, financial position and cash flow. The Committee members have accounting and financial experience, are knowledgeable about financial and auditing processes and are responsible for the planning and conduct of meetings and overseeing the reporting to the Board.

The Audit & Risk Committee meets at least each half year to coincide with the production of published financial statements and the assessment of external audit reports. The external auditor, and Chief Financial Officer are invited to attend Audit and Risk Committee meetings. The Committee members consult directly with the external auditor as required. This consultation may be independent of management in order to provide an opportunity for the auditor to discuss any contentious issue or raise concerns. The external auditor is also invited to the Annual General Meeting.

The Managing Director and Chief Executive Officer has provided a written statement that, to the best of their knowledge the financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is made at half yearly intervals.

8. Risk Management

The Board as a whole considers the major risks affecting the business. The Company has developed a risk management system to evaluate and control risks effectively to ensure opportunities are not lost. Competitive advantage is enhanced, and management time is not spent reacting to issues or events. It is not intended to eliminate risk.

This risk management system encompasses all financial operational and compliance controls and risk management and is subject to regular review.

Financial controls and procedures are clearly defined with the operating and capital budgets used as key controls for business operations. Management regularly report monthly actual results against budgets approved by the board.

The Company does not have internal audit function and due to its size and lack of complexity relies on financial, procedural and managerial controls to mitigate risk.

The Chief Financial Officer provided a written statement to the Board, that in his opinion:

- the statement given in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control; and
- the Company's risk management and internal compliance and control framework is operating effectively in all material respects in relation to financial reporting risks.

9. ASX Corporate Governance Council Guidelines

ASX Corporate Governance Council Guidelines

This Corporate Governance Statement of the Company has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations') and a link to it is included in the company's Annual Report pursuant to ASX

Corporate Governance Statement

Listing Rule 4.10.3. The Corporate Governance Report is available at http://www.fbr.com.au/corporate/ . The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

The Board has not adopted the following ASX recommendations:

Recommendation 1.5: Diversity Policy

The Company is committed to workplace diversity through acting in fairness and without prejudice. The Company believes that decision-making is enhanced through diversity and supports and encourages diversity at all levels of the organization.

The Board is responsible for setting measurable objectives for achieving gender diversity and annually reviewing any such objectives and the Company's progress towards achieving them.

Given the size of the Company, the Directors do not consider it appropriate to set measurable objectives in relation to diversity. Notwithstanding this the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company's Diversity Policy.

For the 2019 financial year the Company had a total of 13 women employees out of a total of 110 contractors, employees and Directors, with one woman in a senior management position and one woman on the Board.

Recommendation 2.1: The Board should establish a nomination committee

The Board considers that the selection and appointment of Directors is such an important task that it should be the responsibility of the entire Board to consider the nominations process. As the Board consists of five Directors this is considered best practice at this stage in the Company's development.

Recommendation 2.2: 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

As detailed on the Company website, the Directors are all professionals with experience in different areas relevant to FBR's business. FBR is committed to ensuring the Board is comprised of Directors who possess the appropriate mix of skills, expertise and diversity to adequately discharge its responsibilities and duties.

The mix of skills comprised in the current Board, and that the Board would look to maintain and to build on, includes:

- Technology sector experience;
- technical expertise (including accounting, legal and investor relations);
- governance and risk management;
- debt and equity fundraising experience;

- high level of business acumen; and
- appropriate team orientated behavioural characteristics.

In saying that, the Board structure and composition will be reviewed as and when the Company's strategic direction and activities change. The Company will only recommend the appointment of additional Directors to the Board where it believes the expertise and value added outweighs the additional cost.

Recommendation 2.4: A majority of the Board of a listed entity should be independent directors

During the year ended 30 June 2019 the Board comprised of 60% of independent Directors and 40% of Non-independent Directors. The Board has an independent Chairperson. The three independent Directors are Richard Grellman, Andrew Bloore and Nancy Milne. There are two Executive Directors being Mike Pivac and Mark Pivac.

The Company considers an independent Director to be a Non-Executive Director who:

- is not a substantial shareholder of the Company (as defined in section 9 of the Corporations Act 2001 (Cth);
- within the last 3 years has not been employed in an Executive capacity by the Company;
- within the last 3 years been a partner, Director or senior employee of a provider of material professional services or material consultant to the Company;
- is not a material supplier or customer of the Company;
- has no material contractual relationship with the Company other than as a Director of the Company;
- has no close family ties with any person who falls within any of the categories above; and
- has not been a Director of the Company for such a period that his or her independence may have been compromised.

The assessment of whether a Director is considered independent (both from the perspective of the Company and the Director) is based on the following materiality thresholds:

- payments made by the Company to the Director or any of his associated entities for the provision of goods and/or services does not exceed 2% of the annual gross expenditure of the Company; or
- payments received by the Director for the provision of goods and/or services to the Company does not exceed 25% of the annual income or business turnover of the Director or his associated entities.

To assist the Directors of the Board with their independent decision making, the Board collectively, and each Director, has, subject to prior consultation with the Chairperson, the right to seek independent professional advice at the Company's expense. A copy of such advice is required to be made available to all members of the Board.

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Recommendation 3.1: Establish a Code of Conduct to guide the Directors, the Executive Directors, the Chief Financial Officer (or equivalent) and any other key executives as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices

During the reporting period, the Company established a code of Conduct and published it on the Company's website at http://www.fbr.com.au/corporate/

During the reporting period, due to the size of the Company and the resources available to it at the time, the Board did not consider that a formal code of conduct for Directors, the Executive Directors, Chief Executive Officer, Chief Financial Officer and other key executives was appropriate. Rather it was agreed that all officers of the Company would act ethically and in the best interests of the Company.

Recommendation 4.1: Structure the Audit & Risk Committee has at least three members and only non-executive Directors, a majority of independent Directors, an independent Chairperson, who is not Chairperson of the Board

The Audit & Risk Committee is currently comprised of three independent Non-Executive Directors, all of whom have considerable commercial qualifications and experience to fulfil the roles. The Chairperson of the Audit & Risk Committee is not the Chairman of the Company.

During the reporting period the Audit & Risk Committee was comprised of the Chairperson and one Non-Executive Director, both of whom had considerable commercial qualifications and experience to fulfil the role. The Chairperson of the Audit Committee is the Non-Executive Chairperson.

The Chairperson of the Audit & Risk Committee at their discretion is able to invite the Chief Executive Officer and Chief Financial Officer to attend the Audit & Risk Committee meetings and liaise with the Committee and external auditor.

Recommendation 7.1: The Board of a listed entity should:

a) have a committee or committees to oversee risk, each of which:

   i. has at least three members, a majority of whom are independent directors; and

   ii. is chaired by an independent director, and disclose:

   iii. the charter of the committee;

   iv. the members of the committee; and

   v. 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

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.

During the reporting period the Company did not have a separate Risk Management Committee. Given the current size of the company and Board, the Directors believed there were no

efficiencies in forming a separate committee and the Audit & Risk Committee, together with the Board as a whole, performed this role.

The Company does not have a single specific risk management policy.

The company also engages an insurance broking firm as part of the Company's annual assessment of the coverage for insured assets and risks.

The integrity of FBR's financial reporting relies upon a sound system of risk management and control. Accordingly, the Chief Executive Officer and Chief Financial Officer, to ensure management accountability, are required to provide a statement in writing to the Board that the financial reports of FBR are based upon a sound risk management policy.

The Board believes that it has a thorough understanding of the Company's key risks and is managing them appropriately.

Recommendation 7.4: 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.

The Company does not comply with this recommendation. The Directors are of the view that given the Company's size, risks are addressed directly by the Board, senior management and Audit and Risk Committee and are not disclosed externally.

Recommendation 8.1: The Board should establish a Remuneration Committee

At the date of this report the Company had a Remuneration Committee consisting of the following independent Directors:

a) Nancy Milne (Committee Chairperson)

b) Richard Grellman (Committee member)

c) Andrew Bloore (Committee member)

The Remuneration Committees objective is to manage remuneration related issues including:.

- remuneration policy & packages (including superannuation arrangements) of Executive Directors, Non-Executive Directors and senior executives;
- employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed; and
- whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees

The Non-Executive Directors of the Board currently carry out the function of the Remuneration Committee, dealing with remuneration related issues on an 'as required' basis during the year. During the reporting period the Committee had two members, therefore did not satisfy the requirements of Recommendation 8.1 to have at least three members.

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FBR distinguishes the structure of Non-Executive Directors' remuneration from Executive Directors and Executives. The Remuneration Committee ensures the fees are within the cap approved by shareholders.

The Company has a Remuneration Committee Charter.

For further details on Remuneration, please refer to the Remuneration Report within the Annual Report.