



15 March 2013

Dear Optionholder,

Non-renounceable Rights Issue Offer and Option Offer

Today, OBJ Limited (**Company**) lodged a prospectus with ASIC and ASX for a fully underwritten non-renounceable pro rata offer (**Rights Issue Offer**) of one (1) fully paid ordinary share (**New Share**) for every five (5) fully paid ordinary shares held as at 5.00pm (WST) on 26 March 2013 (**Record Date**), to shareholders with a registered address in Australia or New Zealand (**Eligible Shareholders**). For every five (5) New Shares subscribed for and allotted, Eligible Shareholders will also receive two (2) free attaching options (**New Options**) to acquire fully paid ordinary shares exercisable at \$0.01 on or before 31 December 2014.

Pursuant to the Rights Issue Offer, the Company will issue approximately 235,099,450 New Shares at an issue price of \$0.015 each and 94,039,780 free attaching New Options to raise approximately \$3,526,492 (before expenses of the issue).

The Rights Issue is fully underwritten by Novus Capital Limited (**Novus**).

The Record Date for the purposes of determining security holders entitled to participate in the Rights Issue Offer is 26 March 2013. The prospectus for the Rights Issue will be despatched to all Eligible Shareholders soon after the Record Date. A copy of the prospectus may be viewed on the ASX Limited website, or alternatively at the Company's website at <http://www.obj.com.au>.

The purpose of this letter is to give you notice that if you wish to participate in the Rights Issue Offer, you must exercise your options before the Record Date.

Alternatively, you may participate in the Option Offer (see below).

To ensure that you are allotted Shares before the Record Date, your option exercise notice together with the correct monies must be received by the Company's share registry, Security Transfer Registrars Pty Ltd, no later than 5.00pm (WST) on 22 March 2013. Any notice of exercise of option received after this date cannot be assured of share allotment before the Record Date. To obtain an option exercise notice, please contact the Company's registry, Security Transfer Registrars Pty Ltd, on +61 8 9315 2333.

If you do not wish to participate in the Rights Issue Offer (in respect of your options) you do not need to take any action. You may, however, elect to participate in the Option Offer as set out below.

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Option Offer

The prospectus is also making a non-renounceable pro rata offer (**Option Offer**) of one (1) New Option for every one (1) existing option in the Company held as at 5.00pm (WST) on 26 March 2013 (**Record Date**), to holders of the Company's existing options with a registered address in Australia or New Zealand (**Eligible Optionholders**).

Pursuant to the Option Offer, the Company will issue up to approximately 86,455,927 New Options at an issue price of \$0.001 per New Option to raise up to approximately \$86,456 (before expenses of the issue).

The New Options will rank equally in all respects with the New Options to be issued under the Rights Issue Offer. The Company will apply to ASX for quotation of the New Options. Full details of the New Options are outlined in the prospectus which may be viewed on the ASX Limited website, or alternatively at the Company's website at <http://www.obj.com.au>.

The Option Offer is not underwritten.

The Company expects the Option Offer to be conducted in accordance with the following timetable:

Lodgment date	15 March 2013
"Ex" date	20 March 2013
Record Date	26 March 2013
Prospectus with application form despatched	3 April 2013
Option Offer open for receipt of applications	3 April 2013
Closing date for acceptances under the Option Offer (5.00pm WST)	17 April 2013
New Options quoted on a deferred settlement basis	18 April 2013
Allotment and issue of New Options	26 April 2013
Despatch of holding statements for New Options	26 April 2013
Normal trading of New Options commences on the ASX	29 April 2013

The above dates are indicative only. The Company reserves the right to vary the above dates, subject to the ASX Listing Rules and Corporations Act.

The funds raised by the Option Offer, together with funds raised from the Rights Issue Offer and upon the issue of Shares upon the exercise of New Options will be applied by the Company to advance its own products program including the Musculoskeletal and Pain Management development, Clinical Development Programs, Intellectual Property, Technology Expansion Programs and general working capital purposes.

In the event that circumstances change or other opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to the Company's security holders.

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Eligible Optionholders will receive a copy of the prospectus and must complete the application form accompanying the prospectus to take up their entitlements.

Capital Structure

A table setting out the capital structure of the Company following completion of the Rights Issue Offer and Option Offer is set out below (assuming that the Rights Issue Offer and Option Offer are fully subscribed and none of the Company's existing Options are exercised prior to the Record Date).

Shares	
1,175,497,250	Existing Shares quoted on ASX as at the date of the prospectus
235,099,450	New Shares issued pursuant to the Rights Issue Offer
1,410,596,700	Total issued Shares

Options ¹	
86,455,927	Options quoted on the ASX as at the date of the prospectus exercisable at \$0.01 on or before 30 June 2013
94,039,780	New Options issued pursuant to the Rights Issue Offer under the prospectus exercisable at \$0.01 on or before 31 December 2014
86,455,927	New Options issued pursuant to the Option Offer under the prospectus exercisable at \$0.01 on or before 31 December 2014
1,000	'Cleansing Options' issued pursuant to the 'Cleansing Offer' under the prospectus exercisable at \$0.01 on or before 31 December 2014 ²
266,952,634	Total Options

Notes:

1. The Company will also issue 5,000,000 Options to Novus (or its nominee) as part consideration for its services in relation to the Rights Issue Offer. The capital structure set out in the table above does not include these Options.
2. To facilitate the secondary sale of the Options to be issued to Novus (or its nominee), the prospectus is also making an offer of 1,000 'Cleansing Options' at an issue price of \$0.001 per option to raise \$1.00.

Next Steps

You may either:

- (a) exercise some or all of your options prior to the Record Date and participate in the Rights Issue Offer;
- (b) not exercise your options and participate in the Option Offer; or
- (c) do nothing.

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If you do not wish to participate in the Rights Issue Offer (in respect of your options) or the Option Offer you do not need to take any action.

Before deciding whether to exercise all or any of your options or participate in the Rights Issue Offer, or participate in the Option Offer, you should consider the terms of the Rights Issue Offer and Option Offer carefully and if in any doubt, or if you have any questions, contact the Company on +61 8 9443 3011 or consult your professional adviser.

We look forward to your participation in the capital raising.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Glyn Denison', written over a light blue horizontal line.

Glyn Denison

DIRECTOR
OBJ LIMITED

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