

CORPORATE GOVERNANCE STATEMENT

Bionomics Limited (the Company) and the Board are committed to achieving and applying a high standard of corporate governance taking into consideration the Company's size and the industry in which the Company operates.

The Company's Governance framework described below is consistent with the Australian Securities Exchange (ASX) Corporate Governance Council, Corporate Governance Principles and Recommendations (Third Edition) (ASX CGC Recommendations) and unless otherwise stated, were in place for the entire year.

Principle 1: Lay solid foundations for management and oversight

The relationship and division of responsibilities between the Board and other key management personnel is critical to the Company's long-term success. The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and for seeking an appropriate balance between sometimes competing objectives in determining the best interests of the Company. Their focus is to enhance the interests of shareholders and to ensure the Company is properly governed.

Day to day management of the Company's affairs, including the implementation of its approved strategy and policy initiatives, is delegated by the Board to the Chief Executive Officer and Managing Director and other key management personnel, except for matters expressly required by law to be approved by the Board. This delegation process has been formalised by the documentation of responsibilities between the Chairman and the Chief Executive Officer and Managing Director and incorporated into the Board's Charter.

The following corporate governance framework has been implemented to ensure the highest level of corporate governance is achieved:

- establishment of an internal control framework focusing on key business risks;
- adoption of a code of professional ethics and conduct which applies to all directors, officers and employees;
- implementation of strict policies regarding related party transactions and the acquisition and disposal of the Company's securities by directors, officers and employees; and
- adoption of clear reporting and communication policies and procedures.

Principle 2: Structure the Board to add value

The Board of Directors (the Board) operates in accordance with the broad principles formally set out in its Charter (Board Charter) that is available from the corporate governance section of the Company website at www.bionomics.com.au. The Board Charter details the Board's composition and responsibilities.

The Board Charter (inter alia) states:

- the Bionomics' Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in fulfilling its primary responsibility of looking after the interests of Bionomics' shareholders. These interests are well served by also taking into consideration the interests of other stakeholders such as employees and affiliated institutions.
- the Board is to be comprised of both executive and non-executive directors with a majority of non-executive directors.
- in recognition of the importance of independent views and the Board's role in supervising the activities of management, the majority of the Board must be independent of management and all directors are required to bring independent judgement to bear in their Board decision making.
- the Board shall undertake an annual Board performance evaluation to identify any improvements necessary for both its operations and the Board Charter. The Company

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Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board and Board Committees.

Responsibilities of the Board

The responsibilities of the Board include:

- approving the strategic direction, objectives and annual financial budget of Bionomics and monitoring the implementation of those strategies and achievement of those objectives and budget.
- monitoring compliance with regulatory requirements and ethical standards.
- appointing and reviewing the performance of the Chief Executive Officer and Managing Director and of the performance of the Chief Executive Officer's direct reports in achieving corporate goals.
- approving material announcements to shareholders and the ASX.
- approving significant third party agreements.
- issuing shares, options, equity instruments or other securities.
- developing Bionomics' corporate governance procedures, systems of risk management and internal compliance and control, codes of conduct (including human resources policies) and legal compliance.
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestures.
- assessing the composition of the Board and reviewing its processes and performance.

Board Members

Details of the members of the Board, their experience, expertise, qualifications, term of office and independence status are set out in the Directors' Report under the heading 'Information on Directors'. At the date of signing the Directors' Report there were four non-executive directors (including the Chairman), all of whom are deemed independent under the principles set out below and one executive Director.

The Board seeks to ensure that it is cognisant of the state of development of Bionomics as a company:

- at any point in time, its membership as a group has expertise in areas of current and future importance to the Company as it grows.
- the size of the Board is conducive to effective discussion and efficient decision-making.

The Nomination Committee merged with the Remuneration Committee in May 2017. The Nomination & Remuneration Committee comprises all non-executive directors.

Under the Board Charter, in the event that the Board believes a new director should be appointed, the Nomination & Remuneration Committee shall review the range of skills, experience and expertise currently existing on the Board in relation to areas of current and future importance to the Company as it grows. Candidates are assessed against this review of needs and, where appropriate, advice is sought from independent search consultants and appropriate background checks are undertaken before appointing a director or recommending a candidate for election as a director.

A skills matrix setting out the mix of skills, diversity and experience that the Board currently has in its membership was considered by the Board in the reporting period and is set out below.

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Skills & Experience	Number of Directors
Strategic Skills in developing and implementing successful business strategy including overseeing risk management	5
Financial Experience in financial reporting, corporate finance/fundraising, investment banking, accounting, auditing, mergers and acquisitions	4
Governance Knowledge of laws impacting Bionomics, good governance principles, public/listed Company experience,	5
Human Resources Knowledge of human resource management and development, change management, recruitment, remuneration practices.	4
Industry Technical Executive or professional experience in pharmaceutical/biotechnology organisations, product development, clinical development, regulatory approvals, commercialisation.	3

Where the Board appoints a suitable candidate, that person must stand for election at the next Annual General Meeting (AGM) of the Company. Shareholders are provided with information relevant to a decision on whether or not to elect or re-elect a Director.

Notices of meeting for the election of directors comply with the ASX CGC Recommendations.

All directors (and Key Management Personnel) are provided with a letter of appointment setting out the Company's expectations, their responsibilities, rights and the terms and conditions of their appointment. New directors are provided with an "induction kit" comprising information on the Company's operations, financial history, Company Policy and regulatory framework. Directors have access to staff for background briefings and to better understand complex issues. Directors may undertake external programs to develop and maintain the skills and knowledge needed to perform their role as directors if desired.

Directors' Independence

The Board has adopted specific principles in relation to directors' independence. These state that to be deemed independent, a director must be independent of management and free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

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Issues relating to an assessment of the independence of a Director will be determined by reference to the guidance provided by the ASX CGC Recommendations. The Board shall determine the thresholds of materiality from the perspective of both the Company and its directors in determining whether a director maintains his or her independence of mind.

The majority of the Board are independent directors. They are;

- Mr Graeme Kaufman, Non-Executive Director & Chairman (since September 2012 and retired September 2016)
- Mr Trevor Tappenden, Non-Executive Director (since September 2006 and retired November 2016)
- Dr Errol De Souza, Non-Executive Director (since February 2008 and Chairman from September 2016)
- Mr Peter Turner, Non-Executive Director (since June 2016)
- Mr David Wilson, Non-Executive Director (since June 2016)
- Mr Alan Fisher, Non-Executive Director (since September 2016)

Term of Office

The Company's Constitution specifies that all non-executive directors must retire from office no later than the third AGM following their last election, however they may offer themselves for re-election.

Role of the Chairman, Chief Executive Officer and Managing Director

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's Key Management Personnel.

The Chief Executive Officer and Managing Director is responsible for implementing the Company strategies and policies.

Commitment

Regular Board meetings and reviews of strategy are held throughout the year to monitor performance against both the Board approved objectives and the Board's broad strategic plan.

The number of scheduled meetings of the Company's Board and of each Board committee held during the year ended 30 June 2017 and the number of meetings attended by each Director is disclosed in the Directors' Report under the heading 'Meetings of Directors'. In addition, the Board met a number of times outside of the scheduled meetings.

It is the Company's practice to allow its Executive Director to accept appointments outside the Company with prior written approval of the Board.

Conflict of Interests

All Board members are required as a continuing obligation to immediately notify the Board in writing of any actual or potential conflicts of interest or any circumstance that may affect a Board member's level of independence.

Independent Professional Advice

Directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities. Prior written approval of the Chairman is required, but this will not be unreasonably withheld. Copies of this advice will be made available to, and for the benefit of, all Board members at the discretion of the Chairman.

Performance Assessment – Directors and Executives

The Board undertakes an annual self-assessment comparing its performance with the requirements of the Board Charter. In this process, the Chairman meets directors individually to assess how the Board, Board Committees and individual directors have performed and how performance may be improved. These performance assessments were conducted during the reporting period.

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The performance of Executives is reviewed annually by the Board in conjunction with the Chief Executive Officer and Managing Director by measuring performance against agreed goals and objectives (Key Performance Indicator's) for the Financial Year. Further information on the link between remuneration and performance is available in the Remuneration Report in the 2016/2017 Financial Statements.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

In its Board Charter, the Board has recognised its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in fulfilling its primary responsibility of looking after the interests of Bionomics' shareholders. The Board believes that the interests of shareholders are best served by also taking into account the interests of other stakeholders such as Bionomics' employees and individuals engaged in Bionomics' directed research at Bionomics' affiliated institutions.

The Board will work to promote and maintain an environment within Bionomics that establishes these principles as basic guidelines for all employees.

Bionomics has adopted a Code of Business Conduct Policy which is available on the Company website. A number of policies that relate to business conduct are in place including harassment prevention and share trading, with training provided to all employees as new policies are implemented.

Copies of the share trading policies for directors and employees are also available on the Company's website.

Diversity

Bionomics has implemented a diversity policy. While the key focus of the Diversity Policy and the ASX CGC Recommendations is on promoting the role of women within organisations, the Company recognises that other forms of diversity are also important and seeks to promote and facilitate a range of diversity initiatives throughout the Company beyond gender diversity including setting measurable objectives as necessary.

The Board will ensure that appropriate procedures and measures are introduced and delegated to the Audit and Risk Management Committee to ensure that the Company's diversity commitments are implemented appropriately.

With an extremely limited pool of appropriate candidates for many roles throughout the organisation, the Company considers that it would be detrimental to shareholder interest to recruit on any basis other than merit, as such no measurable objectives have been established at this time.

Recommendation 1.5 of the ASX CGC Recommendations requires ASX listed entities to disclose in the Annual Report the proportion of women in the whole organisation, in senior executive positions and on the Board at the end of year.

	Total	Board	Senior Executive**	Other
All Staff	91	5	5	82
Female Staff	50	1	3	47
% of total	54%	20%	60%	57%

**Senior Executive is defined as Key Management Personnel as specified in the Company's Remuneration Report and senior management at Vice President level.

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Principle 4: Safeguard integrity in financial reporting

The Board has established a committee to assist in the execution of its duties and to allow detailed consideration of complex issues. This committee is the Audit and Risk Management Committee, which is comprised entirely of non-executive directors.

All matters determined by the committee are submitted to the full Board as recommendations for final Board decision. Minutes of committee meetings are tabled at the subsequent Board meeting.

Audit and Risk Management Committee

As at the close of the reporting period, the Audit and Risk Management Committee (operating as a combined “audit” and “risk” committee) comprised 3 members which was considered by the Board to be appropriate given the size and composition of the Board and the particular skills, qualification and experience of the 3 directors comprising the Committee. The ASX CGC Recommendations in relation to the operation and composition of the Audit Committee were followed for the entire reporting period.

The Audit and Risk Management Committee consists of the following Non-Executive Directors:

- Mr Trevor Tappenden (Chairman to November 2016)
- Mr Graeme Kaufman (to August 2016)
- Mr Alan Fisher (Chairman from November 2016)
- Dr Errol De Souza (from August 2015)
- Mr David Wilson (from August 2016)

Details of the directors' qualifications and all attendance at Audit and Risk Management Committee meetings are set out in the Directors' Report.

The Audit and Risk Management Committee has its own Charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. This Charter is available on the Company website.

The main responsibilities of the Committee are to:

- review, assess and recommend the annual and half-year financial statements to the Board; and
- assist the Board in fulfilling its oversight responsibilities through reviewing:
 - the financial reporting process;
 - the system of internal control and management of risks;
 - the audit process; and
 - the Company's process for monitoring compliance with laws and regulations.

Included in these responsibilities, the Audit and Risk Management Committee:

- reviews the external auditors' proposed audit scope, approach and their performance;
- makes recommendations to the Board regarding the re-appointment of the external auditors;
- considers the independence of the external auditors including the range of non-audit related services provided by the external auditors to the Company; and
- ensures the Company establishes an effective Risk Management Policy and ensures compliance.

In fulfilling its responsibilities, the Audit and Risk Management Committee:

- receives regular reports from management and external auditors;

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- reviews whether management is adopting systems and processes sufficient for a company of Bionomics' size and stage of development;
- reviews any significant disagreements between the external auditors and management, irrespective of whether they have been resolved;
- meets separately with external auditors at least twice a year without the presence of management; and
- provides external auditors with a clear line of direct communication at any time to either the Chairman of the Audit and Risk Management Committee or the Chairman of the Board.

The Audit and Risk Management Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party and to obtain external legal or other professional advice.

External Auditors

The Board's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually by the Audit and Risk Management Committee which also makes recommendations to the Board about the appointment of audit services for subsequent periods, taking into consideration assessment of performance, existing value and costs.

Deloitte Touche Tohmatsu were appointed as external auditor in 2007. Deloitte's policy is to rotate engagement partners every five years in line with the requirements of the *Corporations Act 2001*.

An analysis of fees paid to the external auditors, is provided in Note 28 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to both the Audit and Risk Management Committee and the Board.

The external auditor is requested to attend the Annual General Meeting (AGM) and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Corporate Reporting

For each of the half-year and full-year results, the Chief Executive Officer and Managing Director and Chief Financial Officer are required to make the following certifications to the Board:

- that the Company's Financial Statements are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control are operating efficiently and effectively in all material respects.

Principle 5: Make timely and balanced disclosures

Continuous Disclosure Policy

The Company has written policies and procedures that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at AGM's. These policies and procedures are available on the Company's website.

The Chief Executive Officer and Managing Director has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and

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overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All announcements disclosed to the ASX are posted on the Company's website as soon as practical after disclosure to the ASX. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

Principle 6: Respect the rights of shareholders

Shareholder Communication and Investor relations

The Company communicates with shareholders and related stakeholders through various means. All shareholders are entitled to receive a copy of the Company's Annual Report and have an opportunity to raise questions about the Company's performance at the AGM. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. Initiatives to facilitate this include making all Company announcements, details of Company meetings, press releases for the last three years and financial statements available on the Company's website along with transcripts of the Chairman's and Chief Executive Officer and Managing Director's addresses to the Company's AGMs.

Shareholders may opt to receive newsletters and announcements from the Company by email and voting papers associated with the Company's AGM electronically (by email and online) from the Company's share registry, Computershare.

The website also includes a feedback and information request mechanism for investors and shareholders via the Contact Us page of the website.

Principle 7 Recognise and manage risk

The Board, through the Audit and Risk Management Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems (see also commentary under Principle 4 "Audit and Risk Management Committee"). In summary, Company policies are designed to ensure significant strategic, operational, legal, reputational and financial risks are identified, assessed and effectively monitored and managed in a manner sufficient for a company of Bionomics' size and stage of development to enable achievement of the Company's business strategy and objectives.

The Company's risk management policies are managed by the key management personnel and other senior staff. The policies are reviewed by the Audit and Risk Management Committee according to a timetable of assessment and review proposed by that Committee and approved by the Board. A review of the Company's risk management framework took place during the reporting period and the Audit and Risk Management Committee reported to the Board that the Company's risk management framework continues to be sound.

The Company does not have an internal audit function given the size of the Company. The Audit and Risk Management Committee gains sufficient assurance from management undertaking ongoing evaluation of the Company's internal control and risk management processes, and from work, health, safety & environmental management reporting.

Environmental, Work Health and Safety Policies

The Company recognises the importance of work, health and safety (WHS) and is committed to the highest levels of performance. To help meet this objective, policies have been established to facilitate the systematic identification of WHS issues and to ensure they are managed in a structured manner.

This system allows the Company to:

- monitor its compliance with all relevant legislation; and
- encourage employees to actively participate in the management of WHS issues.

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The Company is in full compliance with all necessary environmental and other licensing requirements required for its research facilities in Thebarton (South Australia), Neurofit SAS (Neurofit) and Prestwick Chemicals in France.

Principle 8 Remunerate fairly and responsibly

The Nomination & Remuneration Committee comprises all Non-Executive Directors;

- Mr Trevor Tappenden (Chairman to August 2016)
- Mr Graeme Kaufman (to August 2016)
- Mr Peter Turner (Chairman from August 2016)
- Mr David Wilson (from August 2016)
- Dr Errol De Souza (from September 2015 Remuneration Committee & April 2016 Nomination Committee)
- Mr Alan Fisher (from September 2016)

The Nomination Committee merged with the Remuneration Committee in May 2017.

The Nomination & Remuneration Committee, in accordance with its Charter, makes recommendations to the Board on remuneration and incentive policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for executive directors and non-executive directors.

All Key Management Personnel sign a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. A formal establishment of annual objectives and subsequent evaluation of performance including a half-year review is conducted by the Chief Executive Officer and Managing Director with all key management personnel who report directly to that position.

Further information on directors' and other Key Management Personnel's remuneration is set out in the Directors' Report under "Remuneration Report" and Note 25 to the 2016/2017 Financial Statements. The Nomination & Remuneration Committee Charter is available on the Company website.

This Corporate Governance Statement is current as at 15 September 2017 and has been approved by the Board of Bionomics Ltd.