



Notice of General Meeting, Explanatory Statement and Proxy Form

Aurora Labs Limited
ACN 601 164 505

Venue

Room 1, Technology Park Function Centre
2 Brodie Hall Drive
Bentley, Western Australia 6102

Time and Date

10:00am (WST) on Tuesday, 17 April 2018

IMPORTANT NOTE

The Notice of General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your stockbroker, accountant, solicitor or other professional adviser prior to voting.

Important Information

Contents

Item	Page
Notice of General Meeting	3
Voting Exclusions	6
Proxy Appointment, Voting and Meeting Instructions	7
Explanatory Statement	9
Glossary	24
Schedule 1 – Terms of New Options	27
Schedule 2 – Terms of Employee Options	30
Proxy Form	Attached

Important dates

An indicative timetable of key proposed dates is set out below. These dates are indicative only and are subject to change.

Event	Date
Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded	10.00am (WST) on Sunday, 15 April 2018
Snapshot date for eligibility to vote	5.00pm (WST) on Sunday, 15 April 2018
General Meeting	10.00am (WST) on Tuesday, 17 April 2018

Defined terms

Capitalised terms used in this Notice of General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary set out in the Explanatory Statement.

Notice of General Meeting

Notice is hereby given that a General Meeting of Aurora Labs Limited (ACN 601 164 505) (**Company**) will be held at Room 1, Technology Park Function Centre, 2 Brodie Hall Drive, Bentley, Western Australia 6102 at **10.00am (WST) on Tuesday, 17 April 2018.**

The Explanatory Statement, which accompanies and forms part of this Notice, describes the various matters to be considered.

AGENDA

Resolution 1: Ratification of issue of New Shares to Placement Participants

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue by the Company of 6,250,000 New Shares at an issue price of \$0.80 each under the Placement on 2 March 2018, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 2: Approval to issue New Options to Placement Participants

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue by the Company of up to 3,125,000 free-attaching New Options exercisable at \$1.00 each within 2 years of issue to Placement Participants (or their nominees), in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 3: Approval to issue New Shares and New Options under the Security Purchase Plan and Shortfall Offer

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue by the Company of up to 3,750,000 New Shares at an issue price of \$0.80 each, together with 1,875,000 free-attaching New Options exercisable at \$1.00 each within 2 years of issue, under the Security Purchase Plan and Shortfall Offer, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 4: Approval to issue remaining New Shares and New Options following close of Shortfall Offer

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue by the Company of any remaining New Shares and New Options not subscribed for under the Shortfall Offer, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 5: Approval to issue New Shares and New Options under the Security Purchase Plan and Shortfall Offer to a Director – Norman (Mel) Ashton

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue by the Company of up to 50,000 New Shares at an issue price of \$0.80 each and 25,000 free-attaching New Options exercisable at \$1.00 each within 2 years of issue, to Mr Norman (Mel) Ashton (or his nominee), a Related Party of the Company, under the Security Purchase Plan and Shortfall Offer, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 6: Approval to issue New Shares and New Options under the Security Purchase Plan to a Director – John (Nathan) Henry

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue by the Company of up to 18,750 New Shares at an issue price of \$0.80 each and 9,375 free-attaching New Options exercisable at \$1.00 each within 2 years of issue, to Mr John (Nathan) Henry (or his nominee), a Related Party of the Company, under the Security Purchase Plan, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 7: Approval to issue New Options to the Lead Manager – Hunter Capital

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue by the Company of 500,000 New Options exercisable at \$1.00 each within 2 years of issue to Hunter Capital Advisors Pty Ltd, pursuant to the Lead Manager Mandate, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 8: Issue of Employee Options to Director under Employee Incentive Plan – Paul Kristensen

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of up to 100,000 Employee Options to Mr Paul Kristensen (or his nominee) under the Employee Incentive Plan, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 9: Issue of Employee Options to Director under Employee Incentive Plan – Norman (Mel) Ashton

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of up to 100,000 Employee Options to Mr Norman (Mel) Ashton (or his nominee) under the Employee Incentive Plan, in the manner and on the terms and conditions set out in the Explanatory Statement.”

By order of the Board

Mathew Whyte

Non-Executive Director & Company Secretary

14 March 2018

Voting Exclusions

For the purposes of Listing Rule 14.11, the following voting exclusion statements apply to the Resolutions.

The Company will disregard any votes cast on the following Resolutions by or on behalf of the following parties.

Resolution	Excluded Parties
Resolution 1	A Placement Participant and their Associates.
Resolution 2	A Placement Participant and their Associates, and a person who will obtain a material benefit as a result of the proposed Placement.
Resolution 3	Any proposed underwriter or sub-underwriter of the Security Purchase Plan or the Shortfall Offer, and their respective Associates.
Resolution 4	Any proposed underwriter or sub-underwriter of the Security Purchase Plan or the Shortfall Offer, and their respective Associates.
Resolution 5	Norman (Mel) Ashton and his Associates.
Resolution 6	John (Nathan) Henry and his Associates.
Resolution 7	Hunter Capital and its Associates, and a person who will obtain a material benefit as a result of the proposed Placement.
Resolution 8	Any of the Directors and their respective Associates.
Resolution 9	Any of the Directors and their respective Associates.

However, the Company need not disregard a vote on a Resolution, if it is cast by:

- the person as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form; or
- the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Proxy Appointment, Voting and Meeting Instructions

Lodgement of a Proxy Form

A Proxy Form (and any power of attorney or other authority under which it is signed) must be received at an address below by **10.00am (WST) on Sunday, 15 April 2018**. A Proxy Form received after that time will not be valid.

Proxy Forms should be addressed to the Company Secretary of Aurora Labs Limited and may be lodged as follows:

by hand: 2/79 Bushland Ridge, Bibra Lake, Western Australia 6163

by post: PO Box 1531, Bibra Lake DC, Western Australia 6965

by e-mail: enquiries@auroralabs3d.com

Appointment of a proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder.

If you wish to appoint the Chairperson as your proxy, mark the appropriate box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairperson please write the name of that person in the space provided on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairperson will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, you may photocopy the Proxy Form or an additional Proxy Form may be obtained by telephoning the Company on +61 8 9434 1934.

To appoint a second proxy you must, on each Proxy Form, state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary, that director.

Votes on Resolution

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolution by inserting the percentage or number of Shares you wish to vote in the appropriate boxes. If you do not mark any of the boxes next to a Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Resolution, your vote will be invalid.

Key Management Personnel proxies

A member of Key Management Personnel and their Closely Related Parties (other than the Chairperson) will not be able to vote your proxy on Resolutions 8 or 9 (Employee Options to Directors) unless you have directed them how to vote.

The Chairperson can cast votes on Resolutions 8 or 9 as your proxy if you direct him or her how to vote, or if you expressly authorise him or her to vote at his or her discretion by marking the box on the Proxy Form.

Chairperson voting of undirected proxies

At the date of the Notice, the Chairperson intends to vote all undirected proxies **FOR** the Resolution to the extent permitted. In exceptional cases the Chairperson's intentions may change subsequently and in this event, the Company will make an announcement to the market.

Voting entitlement (snapshot date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **5.00pm (WST) on Sunday, 15 April 2018**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

Questions from Shareholders

At the Meeting the Chairperson will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company.

In addition to asking questions at the Meeting, written questions to the Board about the management of the Company may be submitted by no later than **5.00pm (WST) on Thursday, 12 April 2018** in the same manner as outlined above for lodgement of Proxy Forms.

Copies of written questions will be available at the Meeting.

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting.

Capitalised terms in this Explanatory Statement are defined in the Glossary or otherwise in the Explanatory Statement.

1. Background to Capital Raising

1.1 Placement

On 26 February 2018, the Company announced that it had completed a book-build for a placement to various unrelated sophisticated and professional investors (as defined in the Corporations Act) of 6,250,000 New Shares at an issue price of \$0.80 each to raise up to \$5,000,000 (before costs) (**Placement**).

Each Placement Participant is entitled to subscribe for one free-attaching New Option for every 2 Shares subscribed under the Placement, totaling 3,125,000 free-attaching New Options. The issue of New Options under the Placement is subject to Shareholder approval under Resolution 2.

The New Shares offered under the Placement were issued on Friday, 2 March 2018 using the Company's placement capacity under Listing Rule 7.1. Subsequent ratification of this issue by Shareholders is sought under Resolution 1.

The Placement was managed by Hunter Capital.

1.2 Security Purchase Plan and Shortfall Offer

On 26 February 2018, the Company announced that it proposed to conduct a security purchase plan to raise up to \$3,000,000 (before costs) by the issue of up to 3,750,000 New Shares at an issue price of \$0.80 each, together with 1,875,000 New Options, on the basis of one free-attaching New Option for every two New Shares subscribed (**Security Purchase Plan**).

Participation in the Security Purchase Plan is limited to those persons who are resident in Australia or New Zealand and who were registered as a holder of Shares on the Record Date (**Eligible Shareholders**).

Each Eligible Shareholder is entitled to subscribe for up to \$15,000 of New Shares (together with free-attaching New Options) under the Security Purchase Plan, being up to 18,750 New Shares and 9,375 New Options per Eligible Shareholder .

To the extent that any New Shares and New Options offered under the Security Purchase Plan are not subscribed for by Eligible Shareholders, those Securities (**Shortfall**) will be offered to investors under a separate offer (**Shortfall Offer**).

1.3 Prospectus

The offer of Securities under the Security Purchase Plan and Shortfall Offer is to be made pursuant to the Company's prospectus dated 7 March 2018 (**Prospectus**).

The Company is not able to avail itself of the prospectus relief under ASIC Class Order 09/425 – *Share and interest purchase plans* which permits the issue of a simpler offer document, as the Company is not solely offering Shares under the Security Purchase Plan.

The Prospectus is available on the Company's website (www.auroralabs3d.com) and the ASX announcements platform (<https://www.asx.com.au/asx/statistics/announcements.do>) using the Company's ASX code 'A3D'.

1.4 **Proposed participation of Directors in the Security Purchase Plan and Shortfall Offer**

Non-Executive Director Mr Mel Ashton has advised the Board that, subject to Resolution 5 being approved, he proposes to apply for New Shares and New Options under the Security Purchase Plan and the Shortfall Offer. Please refer to Section 5 below for further details in this regard.

Executive Director Mr Nathan Henry has advised the Board that, subject to Resolution 6 being approved, he may apply for New Shares and New Options under the Security Purchase Plan. Please refer to Section 5 below for further details in this regard.

2. **Resolution 1: Ratification of issue of New Shares to Placement Participants**

2.1 **Background**

Resolution 1 is an ordinary resolution seeking ratification and approval by Shareholders of the prior issue of New Shares pursuant to the Placement.

A summary of the Placement is outlined in Section 1.1.

The Company issued the New Shares to Placement Participants without Shareholder approval using the Company's 15% issuing capacity under Listing Rule 7.1.

If Resolution 1 is approved, the Company's issuing capacity under Listing Rule 7.1 will be restored allowing the Company to issue further Equity Securities representing up to an aggregate of 15% of the Company's issued capital in the next 12 months.

2.2 **Applicable Listing Rules**

Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by a company during the previous 12 months, exceed 15% of the number of Equity Securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of Equity Securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's shareholders subsequently approve it.

2.3 **Listing Rule information requirements**

In accordance with the disclosure requirements of Listing Rule 7.5, the following information is provided in relation to Resolution 1:

(a) **Number of securities issued**

6,250,000 New Shares were issued under the Placement.

(b) **The price at which the securities were issued**

The New Shares were issued at \$0.80 each raising \$5,000,000 (before costs).

(c) **The terms of the securities**

The New Shares were fully paid ordinary shares that ranked equally with all existing Shares then on issue.

(d) **The names of the persons to whom the securities were issued or the basis on which those persons were determined**

The New Shares were issued to the Placement Participants, being various investors identified by the Company and by the lead manager to the Placement, Hunter Capital.

None of the Placement Participants were Related Parties of the Company.

Each Placement Participant was a sophisticated or professional investor for the purposes of the Corporations Act, being an investor to whom securities may be issued without a prospectus or other disclosure document.

(e) **The use or intended use of the funds raised**

As announced by the Company to ASX on 26 February 2018 and as further detailed in the Prospectus, the Company intends to use the funds raised from the Placement to accelerate the development of the Company's large format printing technology, which will operate in its medium and large format printers, and for general working capital purposes.

2.4 **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1 as it will refresh the Company's issuing capacity under Listing Rule 7.1 and give the Company the flexibility to raise additional working capital through the offer and issue of Equity Securities, if and as required.

3. **Resolution 2: Approval to issue New Options to Placement Participants**

3.1 **Background**

Resolution 2 is an ordinary resolution seeking approval of Shareholders to issue free-attaching New Options to Placement Participants.

A summary of the Placement is outlined in Section 1.1.

As announced by the Company to ASX on 26 February 2018, each Placement Participant received an entitlement to subscribe for one free-attaching New Option for every 2 New Shares subscribed under the Placement. This entitlement was made subject to the Company obtaining Shareholder approval for the issue of such New Options.

Placement Participants will receive the offer to subscribe for their respective New Option entitlements under the Prospectus.

3.2 **Applicable Listing Rules**

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1. Listing Rule 7.1 is described in Section 2.2 above.

The effect of Resolution 2, if passed, will be that the New Options to be offered and issued under the Placement will be excluded from (i.e. will not use) the Company's 15% issuing capacity under Listing Rule 7.1. This will allow the Company to issue the New Options and provide flexibility during the next 12 month period to issue further Equity Securities in order to raise additional working capital, if and as required.

3.3 Listing Rule information requirements

In accordance with the disclosure requirements of Listing Rule 7.3, the following information is provided in relation to Resolution 2:

(a) **Number of securities to be issued**

A maximum of 3,125,000 New Options will be issued to Placement Participants.

(b) **The date by which the securities will be issued**

The New Options will be issued as soon as possible and, in any event, within 3 months after the date of the Meeting (or such later date as permitted by the Listing Rules).

It is intended that the issue of New Options will occur on one date.

(c) **The issue price of the securities**

The New Options are to be issued as free-attaching options on the basis of one New Option for every 2 New Shares subscribed under the Placement. Accordingly, the issue price of the New Options is nil.

(d) **The name of the person to whom the securities will be issued**

The New Options will be offered and issued to the Placement Participants, being various investors identified by the Company and by the lead manager to the Placement, Hunter Capital.

None of the Placement Participants are Related Parties of the Company.

Each Placement Participant is a sophisticated or professional investor for the purposes of the Corporations Act, being an investor to whom securities may be issued without a prospectus or other disclosure document.

(e) **The terms of the securities**

Each New Option will be exercisable at \$1.00 within 2 years of issue and will otherwise be issued on the terms and conditions set out in Schedule 1 of this Explanatory Statement.

The Shares issued on the exercise of the New Options will be fully paid ordinary shares that rank equally with all existing Shares.

The Company will apply for quotation of the New Options, and of any Shares that may be issued on their exercise.

(f) **The use or intended use of the funds raised**

The New Options will be issued as free-attaching options to Placement Participants. Accordingly, the Company will not receive any cash consideration for the issue of the New Options.

The funds received on exercise of New Options (i.e. up to \$3,125,000) will be applied to the Company's working capital requirements at that time.

3.4 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2 as it will enable the Company to provide the Placement Participants with their entitlement to receive New Options under the terms of the Placement. It will also preserve the Company's issuing capacity under

Listing Rule 7.1, giving it the flexibility to raise additional working capital through the offer and issue of Equity Securities, if and as required.

4. Resolutions 3 and 4: Approval to issue New Shares and New Options under the Security Purchase Plan and Shortfall Offer, and approval to issue any remaining New Shares and New Options

4.1 Background

Resolution 3 is an ordinary resolution seeking the approval of Shareholders to issue New Shares and New Options under the Security Purchase Plan and the Shortfall Offer.

Resolution 4 is an ordinary resolution seeking the approval of Shareholders to issue any remaining New Shares and New Options that are not subscribed for under the Shortfall Offer (i.e. any New Shares and New Options that are not subscribed for under the Shortfall Offer).

A summary of the Security Purchase Plan and the Shortfall Offer is outlined in Section 1.2.

4.2 Applicable Listing Rules

The Company is not conducting the Security Purchase Plan under ASIC Class Order 09/425 – *Share and interest purchase plans* which permits the issue of a simpler offer document.

Consequently, the New Shares and New Options to be issued under the Security Purchase Plan do not fall within the exception to Listing Rule 7.1 provided under Listing Rule 7.2 (exception 15) for security purchase plans conducted under Class Order 09/425.

Therefore, Resolutions 3 and 4 seek Shareholder approval pursuant to Listing Rule 7.1. Listing Rule 7.1 is described in Section 2.2 above.

The effect of Resolutions 3 and 4, if passed, will be that the New Shares and New Options to be offered and issued under the Security Purchase Plan and the Shortfall Offer, and any remaining New Shares and New Options under the Shortfall Offer which are subsequently issued by the Company, will be excluded from (i.e. will not use) the Company's 15% issuing capacity under Listing Rule 7.1. This will allow the Company to issue these New Shares and New Options, whilst providing flexibility during the next 12 month period to issue further Equity Securities in order to raise additional working capital, if and as required.

4.3 Listing Rule information requirements

In accordance with the disclosure requirements of Listing Rule 7.3, the following information is provided in relation to Resolutions 3 and 4:

(a) **Number of securities to be issued**

(b) **A maximum of 3,750,000 New Shares and 1,875,000 New Options will be issued under the Security Purchase Plan and the Shortfall Offer. The date by which the securities will be issued**

The New Shares and New Options will be issued as soon as possible and, in any event, within:

- 3 months of the date of the Prospectus (or such later period as permitted by the Corporations Act); and
- 3 months after the date of the Meeting (or such later date as permitted by the Listing Rules).

It is intended that the issue of New Shares and New Options will occur on one date.

(c) **The issue price of the securities**

The New Shares will be issued at \$0.80 each to raise up to a total of \$3,000,000 (before costs). This price reflects a discount of approximately:

- 14% to the volume weighted average price (**VWAP**) of Aurora's shares traded on ASX over 30 days prior to 21 February 2018 (i.e. the last trading day prior to announcement of the Placement, Security Purchase Plan and Shortfall Offer), being \$0.93; and
- 19% to the Company's closing price of \$0.99 on 21 February 2018.

The New Options will be issued as free-attaching options on the basis of one New Option for every 2 New Shares subscribed under the Security Purchase Plan and Shortfall Offer. Accordingly, the issue price of the New Options is nil.

(d) **The name of the person to whom the securities will be issued**

The New Shares and New Options under the Security Purchase Plan will be offered and issued to Eligible Shareholders, being those Shareholders with an Australian or New Zealand address who were registered at 5:00pm on Friday, 23 February 2018 (i.e. the Record Date).

The New Shares and New Options under the Shortfall Offer will be offered and issued to the general public, including Eligible Shareholders.

Any remaining New Shares and New Options under the Shortfall Offer not subscribed for by close of the Shortfall Offer may be issued to investors determined by the Board at its discretion.

Other than Mr Mel Ashton under Resolution 5, and Mr Nathan Henry under Resolution 6, none of the recipients will be Related Parties of the Company.

(e) **The terms of the securities**

Each New Share will be a fully paid ordinary share that ranks equally with all existing Shares.

Each New Option will be exercisable at \$1.00 within 2 years of issue and will otherwise be issued on the terms and conditions set out in Schedule 1 of this Explanatory Statement.

The Shares issued on the exercise of the New Options will be fully paid ordinary shares that rank equally with all existing Shares.

The Company will apply for quotation of the New Shares, New Options, and any Shares that may be issued on the exercise of New Options.

(f) **The use or intended use of the funds raised**

As announced by the Company to ASX on 26 February 2018 and as further detailed in the Prospectus, the Company intends to use the funds raised from the Security Purchase Plan and the Shortfall Offer to accelerate the development of the Company's large format printing technology, which will operate in its medium and large format printers, and for general working capital purposes.

New Options issued under the Security Purchase Plan and the Shortfall Offer will be free-attaching options. Accordingly, the Company will not receive any cash consideration for the issue of those New Options. However, the funds received on exercise of these New Options (i.e. up to \$1,875,000) will be applied to the Company's working capital requirements at that time.

4.4 **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 3 and 4 to:

- enable the Company to conduct the Security Purchase Plan and the Shortfall Offer to raise necessary working capital, including the issue of Securities in relation to the same;
- enable the Company to issue any New Shares and New Options not subscribed for under the Security Purchase Plan and Shortfall Offer without using its 15% issuing capacity under Listing Rule 7.1; and
- provide Eligible Shareholders with the opportunity to participate in and support the Company's capital raising on substantially the same terms as the Placement.

5. **Resolutions 5 and 6: Approval to issue New Shares and New Options under the Security Purchase Plan and / or Shortfall Offer to Directors – Mr Norman (Mel) Ashton and Mr John (Nathan) Henry**

5.1 **Background**

Resolution 5 is an ordinary resolution seeking the approval of Shareholders for the Company to issue New Shares and New Options to Non-Executive Director Mr Mel Ashton (or his nominees) under the Security Purchase Plan and the Shortfall Offer.

Resolution 6 is an ordinary resolution seeking the approval of Shareholders for the Company to issue New Shares and New Options to Executive Director Mr Nathan Henry (or his nominees) under the Security Purchase Plan.

As Messrs Ashton and Henry are Directors, they are Related Parties of the Company. Consequently, their participation in the Security Purchase Plan and, in relation to Mr Ashton, the Shortfall Offer, is subject to Shareholder approval for the purposes of Listing Rule 10.11.

5.2 **Corporations Act requirements**

(a) **Related party financial benefit restrictions**

For a public company to give a financial benefit to a Related Party of the public company, either:

- the public company must first obtain the approval of its shareholders in the manner set out in sections 217 to 227 of the Corporations Act, and give the benefit within 15 months following such approval; or
- the giving of the financial benefit must fall within a prescribed exception set out in sections 210 to 216 of the Corporations Act.

(b) **Arm's length exception**

Section 210 of the Corporations Act provides that shareholder approval is not required to give a financial benefit on terms that:

- would be reasonable in the circumstances if the public company and the related party were dealing at arm's length; or
- are less favourable to the related party than arm's length terms.

The Directors (other than Messrs Ashton and Henry) consider that the proposed issues to Messrs Ashton and Henry are reasonable in the circumstances as the New Shares and New

Options proposed to be issued to Messrs Ashton and Henry (or their respective nominees) are proposed to be issued on the same terms and at the same price as all New Shares and New Options issued to non-Related Parties under the Security Purchase Plan and the Shortfall Offer. Accordingly, the proposed issues reflect arm's length terms.

The Directors (other than Mr Ashton and Mr Henry) have therefore resolved that Shareholder approval is not required for the purposes of section 208 of the Corporations Act as the exception under section 210 of the Corporations Act applies.

5.3 Applicable Listing Rules

Listing Rule 10.11 provides that a company must not issue or agree to issue any Equity Securities (e.g. a New Share), or other securities with rights to conversion to Equity Securities (e.g. a New Option), to a Related Party without shareholder approval.

Messrs Ashton and Henry are each Related Parties of the Company by virtue of being Directors.

As outlined in Section 4.2, the Company is not conducting the Security Purchase Plan under ASIC Class Order 09/425. Consequently, the issue of New Shares and New Options under the Security Purchase Plan do not fall within the exception to Listing Rule 10.11 provided under Listing Rule 10.12 (exception 8) for security purchase plans conducted under Class Order 09/425.

Therefore, Resolutions 5 and 6 seeks Shareholder approval pursuant to Listing Rule 10.11.

5.4 Listing Rule information requirements

Listing Rule 10.13 requires that the following information be provided to Shareholders in relation to Resolutions 5 and 6 for the purposes of obtaining approval under Listing Rule 10.11:

(a) **Name of the related party**

In the case of Resolution 5, Mr Norman (Mel) Ashton or his nominees.

In the case of Resolution 6, Mr John (Nathan) Henry or his nominees.

(b) **Maximum number of securities to be issued**

The maximum number of New Shares and New Options that may be issued is outlined in the table below.

Name	Proposed participation in Security Purchase Plan	Proposed participation in Shortfall Offer
Mel Ashton	New Shares: 18,750 New Options: 9,375 Total subscription amount: \$15,000	New Shares: 31,250 New Options: 15,625 Total subscription amount: \$25,000
Nathan Henry	New Shares: 18,750 New Options: 9,375 Total subscription amount: \$15,000	Nil

As the number of New Shares and New Options available for subscription under the Shortfall Offer is dependent upon the number of like Securities subscribed for under the Security Purchase Plan, Mr Ashton may not receive the full number of New Shares and New Options he subscribes for under the Shortfall Offer.

The New Shares and New Options to be issued to Mr Ashton if Resolution 5 is approved, and Mr Henry if Resolution 6 is approved, form part of, and are not in addition to, the New Shares and New Options to be issued to non-Related Parties under Resolution 3.

(c) **Date by which securities will be issued**

The New Shares and New Options will be issued as soon as possible and, in any event, within:

- 3 months of the date of the Prospectus (or such later period as permitted by the Corporations Act); and
- 1 month after the date of the Meeting (or such later date as permitted by the Listing Rules).

It is intended that the issue of New Shares and New Options will occur on one date.

(d) **Relationship requiring Shareholder approval**

Mr Ashton is a Non-Executive Director of the Company and is therefore a Related Party of the Company.

Mr Henry is an Executive Director of the Company and is therefore a Related Party of the Company.

(e) **Issue price of the securities**

The New Shares will be issued at \$0.80 each to raise up to a total of \$55,000 (before costs).

The New Options will be issued as free-attaching options on the basis of one New Option for every 2 New Shares subscribed under the Security Purchase Plan and Shortfall Offer. Accordingly, the issue price of the New Options is nil.

These terms reflect the same terms applicable to non-Related Party investors under the Security Purchase Plan and the Shortfall Offer.

(f) **Use of (or intended use of) the funds raised**

The Company intends to use the funds raised for the purposes set out in Section 4.3(f) above.

5.5 Directors' recommendation – Resolution 5

The Directors (other than Mr Ashton) recommend that Shareholders vote in favour of Resolution 5 for the reasons outlined in Section 4.4 above.

Mr Ashton has a material personal interest in the outcome of Resolution 5 and therefore declines to make any recommendation as to how Shareholders should vote on that Resolution.

5.6 Directors' recommendation – Resolution 6

The Directors (other than Mr Henry) recommend that Shareholders vote in favour of Resolution 6 for the reasons outlined in Section 4.4 above.

Mr Henry has a material personal interest in the outcome of Resolution 6 and therefore declines to make any recommendation as to how Shareholders should vote on that Resolution.

6. Resolution 7: Approval to issue New Options to the Lead Manager – Hunter Capital

6.1 Background

The Company has appointed Hunter Capital to act the sole lead manager to the Placement.

Resolution 7 is an ordinary resolution seeking the approval of Shareholders for the Company to issue up to 500,000 New Options to Hunter Capital in consideration for it acting as lead manager to the Placement.

In consideration for its services, Hunter Capital is entitled to be paid or issued (as applicable) the following pursuant to its mandate with the Company (**Lead Manager Mandate**):

- a placement fee of 6% of the total amount raised from Placement Participants introduced to the Company by Hunter Capital, plus GST;
- a placement fee of 2% of the total amount raised from Placement Participants that were not introduced to the Company by Hunter Capital, plus GST;
- 500,000 New Options; and
- reimbursement of Hunter Capital's reasonable costs, professional fees and expenses in relation to management of the Placement.

The Company has included an offer of the above New Options to Hunter Capital (or its nominees) in its Prospectus.

6.2 Applicable Listing Rules

Resolution 7 seeks Shareholder approval pursuant to Listing Rule 7.1. Listing Rule 7.1 is described in Section 2.2 above.

The effect of Resolution 7, if passed, will be that the New Options to be offered and issued to Hunter Capital will be excluded from (i.e. will not use) the Company's 15% issuing capacity under Listing Rule 7.1. This will allow the Company to issue these New Options, whilst providing flexibility during the next 12 month period to issue further Equity Securities in order to raise additional working capital, if and as required.

6.3 Listing Rule information requirements

In accordance with the disclosure requirements of Listing Rule 7.3, the following information is provided in relation to Resolution 7:

(a) Number of securities to be issued

A maximum of 500,000 New Options will be issued to Hunter Capital or its nominees.

(b) The date by which the securities will be issued

The New Options will be issued as soon as possible and, in any event, within:

- 3 months of the date of the Prospectus (or such later period as permitted by the Corporations Act); and
- 3 months after the date of the Meeting (or such later date as permitted by the Listing Rules).

It is intended that the issue of New Options will occur on one date.

(c) **The issue price of the securities**

The New Options will be issued as part of the fees payable to Hunter Capital under the Lead Manager Mandate. Accordingly, the issue price of the New Options is nil.

(d) **The name of the person to whom the securities will be issued**

The New Options will be issued to Hunter Capital or its nominees, each a sophisticated or professional investor for the purposes of the Corporations Act, being an investor to whom securities may be issued without a prospectus or other disclosure document.

Hunter Capital is not a Related Party of the Company. Further, none of Hunter Capital's nominees will be Related Parties of the Company.

(e) **The terms of the securities**

Each New Option will be exercisable at \$1.00 within 2 years of issue and will otherwise be issued on the terms and conditions set out in Schedule 1 of this Explanatory Statement.

The Shares issued on the exercise of the New Options will be fully paid ordinary shares that rank equally with all existing Shares.

The Company will apply for quotation of the New Options and any Shares that may be issued on the exercise of New Options.

(f) **The use or intended use of the funds raised**

The Company will not receive any cash consideration for the issue of the New Options. However, the funds received on exercise of these New Options (i.e. up to \$500,000) will be applied to the Company's working capital requirements at that time.

6.4 **Directors' recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 7 to allow the Company to satisfy its contractual obligation under the Lead Manager Mandate to issue the New Options to Hunter Capital.

7. **Resolutions 8 and 9: Approval to issue Employee Options to Directors – Paul Kristensen and Norman (Mel) Ashton**

7.1 **Background**

Resolutions 8 and 9 are ordinary resolutions seeking the approval of Shareholders for the Company to issue Employee Options to Non-Executive Chairman Mr Paul Kristensen and Non-Executive Director Mr Mel Ashton.

The Employee Options will be issued on the terms and conditions set out in Schedule 2 of this Explanatory Statement and otherwise pursuant to the Company's Employee Incentive Plan (**Plan**) which was adopted by the Company prior to its admission to the Official List of ASX.

7.2 **Summary of rules**

The full rules of the Plan (**Rules**) are available on the Company's website (<http://auroralabs3d.com/corporate-compliance/>).

The following is a non-exhaustive summary of the Rules:

- (a) The Plan is governed by the Rules.
- (b) Under the Plan, the Company may issue options (**Plan Options**) to subscribe for Shares or performance rights entitling the holder to be issued Shares (**Plan Rights**) on terms and conditions set by the Board at its discretion.
- (c) The purpose of the Plan is:
 - (i) to establish a method by which eligible persons can participate in the future growth and profitability of the Company;
 - (ii) to provide an incentive and reward for eligible persons for their contribution to the Company; and
 - (iii) to attract and retain a high standard of managerial and technical personnel for the benefit of the Company.
- (d) The following persons can participate in the Plan if the Board makes them an offer to do so:
 - (i) a full-time or part-time employee, including an executive and non-executive Director of the Company or its related bodies corporate; and
 - (ii) a contractor or a casual employee of the Company or its related bodies corporate where the employee or contractor is, or might reasonably be expected to be, engaged to work the pro-rata equivalent of 40% or more of a comparable full-time position.
- (e) Plan Options and Plan Rights (collectively **Awards**) issued under the Plan are subject to the terms and conditions set out in the Rules, which include:
 - (i) *Vesting Conditions* – which are time-based criteria, requirements or conditions (as specified in the offer and determined by the Board) which must be met prior to Awards vesting in a participant, which the Board may throughout the course of the period between the issue of an Award and its vesting, waive or accelerate as the Board considers reasonably appropriate;
 - (ii) *Performance Conditions* – which are conditions relating to the performance of the Company and its related bodies corporate (and the manner in which those conditions will be tested) as specified in an offer and determined by the Board; and
 - (iii) *Exercise Conditions* – which are criteria, requirements or conditions, as determined by the Board or under the Plan, which must be met (notwithstanding the satisfaction of any Vesting Conditions and/or Performance Conditions) prior to a participant being entitled to exercise vested Options.
- (f) In accordance with ASIC Class Order 14/1000, the total Awards that may be issued under the Plan will not exceed 5% of the total number of Shares on issue. In calculating this limit, Awards issued to participants under the Plan other than in reliance upon this Class Order are discounted.
- (g) Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies to the Plan except to the extent an offer of Awards provides otherwise.
- (h) The Board has the unfettered and absolute discretion to administer the Plan.
- (i) Awards issued under the Plan are not transferable and will not be quoted on the ASX, but the Company will apply for quotation of Shares issued upon the exercise or vesting of Awards.

7.3 Corporations Act requirements

(a) Related party financial benefit restrictions

As outlined in Section 5.2, a public company must not provide a financial benefit to a Related Party of the public company unless:

- the public company first obtains the approval of its shareholders; or
- the giving of the financial benefit falls within a prescribed exception set out in sections 210 to 216 of the Corporations Act.

(b) Reasonable remuneration exception

Section 211 of the Corporations Act provides that shareholder approval is not required to give a financial benefit where the benefit constitutes remuneration which would be reasonable given the company's and the Related Party's circumstances.

The Directors (other than Messrs Kristensen and Ashton) consider that, having regard to Messrs Kristensen's and Ashton's respective positions with the Company, the benefit conferred by the proposed issue of Employee Options to them is reasonable in the circumstances.

The Directors (other than Messrs Kristensen and Ashton) have therefore resolved that Shareholder approval is not required for the purposes of section 208 of the Corporations Act as the exception under section 211 of the Corporations Act applies.

7.4 Applicable Listing Rules

Listing Rule 10.14 provides that the approval of shareholders is required before a director (or an Associate of a director) of a company can acquire Securities issued under an employee incentive scheme.

Accordingly, in order for a Director to acquire a beneficial interest in Employee Options and any Shares which may be issued on the vesting or exercise of Employee Options, the Company must first obtain Shareholder approval under Listing Rule 10.14.

If Resolutions 8 and 9 are approved, then approval is not required under Listing Rule 7.1 for the issue of the relevant Employee Options.

7.5 Listing Rule information requirements – Resolution 8 and Resolution 9

In accordance with the disclosure requirements of Listing Rule 10.15, the following information is provided in relation to Resolution 8 and Resolution 9:

(a) Relationship requiring Shareholder approval

Mr Kristensen is the Non-Executive Chairman of the Company.

Mr Ashton is a Non-Executive Director of the Company.

(b) Maximum number of securities to be issued

A maximum of 200,000 Employee Options will be issued, comprising:

- 100,000 Employee Options to Mr Kristensen; and
- 100,000 Employee Options to Mr Ashton.

(c) **Issue price of the securities**

The Employee Options will be issued for nil cash consideration under the terms of the Employee Incentive Plan. Accordingly, funds will not be raised on issue.

Each Employee Option will be exercisable at \$1.08 on or before 31 January 2021. This exercise price represents a premium of approximately 12.5% to the volume weighted average price of Shares traded on ASX over the 5 trading days up to and including 19 January 2018.

(d) **Related Party recipients of securities since last approval**

The Employee Incentive Plan was adopted by the Company prior to its admission to ASX on 12 August 2016 and was summarised in its initial public offering prospectus dated 9 June 2016.

The rules of the plan remain the same, save for a non-material amendment made on 13 March 2017 to enable tax deferral in relation to awards issued under the plan pursuant to subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth).

Accordingly, the Employee Incentive Plan has not been approved by Shareholders.

The Company has issued the following securities under the Employee Incentive Plan to persons referred to in Listing Rule 10.14 since its admission to ASX:

Recipient	Number and type of Security issued	Date of issue
David Budge	115,000 Options exercisable at \$2.23 and expiring on 30 November 2019	12 June 2017
	165,000 Options exercisable at \$3.00 and expiring on 31 March 2020	12 June 2017
	15,000 Options exercisable at \$0.79 and expiring on 31 August 2020	29 November 2017
John (Nathan) Henry	140,000 Options exercisable at \$2.23 and expiring on 30 November 2019	12 June 2017
	125,000 Options exercisable at \$3.00 and expiring on 31 March 2020	12 June 2017
	15,000 Options exercisable at \$0.79 and expiring on 31 August 2020	29 November 2017
Mathew Whyte	50,000 Options exercisable at \$3.00 and expiring on 31 March 2020	14 March 2017
	15,000 Options exercisable at \$0.79 and expiring on 31 August 2020	29 November 2017
	100,000 Options exercisable at \$0.95 and expiring on 31 July 2020	29 November 2017

(e) **Related Parties entitled to participate in Employee Incentive Plan**

As at the date of the Notice, the persons referred to in Listing Rule 10.14 who are entitled to participate in the Employee Incentive Plan are the Directors, being:

- Mr Paul Kristensen – Non-Executive Chairman;
- Mr David Budge – Managing Director;
- Mr Nathan Henry – Executive Director;
- Mr Mel Ashton – Non-Executive Director; and
- Mr Mathew Whyte – Non-Executive Director and Company Secretary.

(f) **Terms of loans**

There are not currently any arrangements or proposed arrangements between the Company and any participant in the Employee Incentive Plan whereby the Company has entered into, or proposes to enter into, any loan with a plan participant for the purposes of acquiring Securities under the plan.

(g) **Date by which securities will be issued**

The Company intends to issue the Employee Options as soon as practicable, and in any event, within 12 months after the date of the Meeting.

7.6 **Directors' recommendation**

The Directors (other than Messrs Kristensen and Ashton) recommend that Shareholders vote in favour of Resolutions 8 and 9.

The Directors (other than Messrs Kristensen and Ashton) consider that the issue of Employee Options to Messrs Kristensen and Ashton (or their nominees):

- aligns the interests of Messrs Kristensen and Ashton with the financial success of the Company, in that exercise of their Employee Options would generally only be warranted by an increase in the market value of Shares to above the exercise price; and
- is a reasonable and appropriate method to provide cost effective and efficient remuneration, as the non-cash form of this benefit will allow the Company to spend a greater portion of its cash reserves on its operation than it would if alternative cash forms of remuneration were given to Messrs Kristensen and Ashton.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Associate	Has the meaning given to that term in the Listing Rules.
ASX	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires.
Board	The Company's Board of Directors.
Chairperson	The chairperson of the Meeting.
Closely Related Party	Has same meaning given to it in section 9 of the Corporations Act, being, in relation to a member of Key Management Personnel: <ul style="list-style-type: none">(a) a spouse or child of the member;(b) a child of the member's spouse;(c) a dependent of the member or the member's spouse;(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;(e) a company the member controls; or(f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) (currently none are prescribed).
Company	Aurora Labs Limited (ACN 601 164 505).
Company Secretary	The Company Secretary of the Company at the time of the Meeting.
Constitution	The Constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Eligible Shareholder	Has the meaning given to that term in Section 1.2.
Employee Incentive Plan	The employee incentive plan adopted by the Company on 12 August 2016.
Employee Option	A new Option exercisable at \$1.08 each on or before 31 January 2021, and otherwise on the terms and conditions set out in Schedule 2 of this Explanatory Statement, issued pursuant to the Employee Incentive Plan.
Equity Securities	Has the meaning given to that term in Listing Rule 19.12, being: <ul style="list-style-type: none">(a) a share;(b) a unit;(c) a right to a share or unit or option;(d) an option over an issued or unissued security;(e) a convertible security;

- (f) any security that ASX decides to classify as an equity security;
- (g) but not a security that ASX decides to classify as a debt security.

Explanatory Statement	This explanatory statement which accompanies and forms part of the Notice of General Meeting.
General Meeting or Meeting	The general meeting of Shareholders convened by this Notice, or any adjournment thereof.
Glossary	This glossary of terms.
Hunter Capital	Hunter Capital Advisors Pty Ltd (ACN 603 930 418), Australian Financial Services Authorised Representative Number: 001239304.
Key Management Personnel	Has the same meaning as the definition of that term in section 9 of the Corporations Act, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
Lead Manager Mandate	Has the meaning given to that term in Section 6.1.
Listing Rules	The listing rules of ASX, as amended from time to time.
New Option	A new Option exercisable at \$1.00 within 2 years of issue, and otherwise on the terms and conditions set out in Schedule 1 of this Explanatory Statement, which the Company may issue to investors under the Placement, Share Purchase Plan or Shortfall Offer.
New Share	A new Share, which the Company may issue to investors under the Placement, Share Purchase Plan or Shortfall Offer.
Notice of General Meeting or Notice	The Notice of General Meeting which accompanies this Explanatory Statement.
Option	An option to subscribe for a Share.
Placement	Has the meaning given to that term in Section 1.1.
Placement Participant	An investor who participated in the Placement.
Prospectus	Has the meaning given to that term in Section 1.3.
Proxy Form	The proxy form accompanying the Notice.
Record Date	The date at which the entitlement of Shareholders to participate in the Security Purchase Plan is determined, being 5.00pm (WST) on Friday, 23 February 2018.
Related Party	Has the same meaning as given to that term in the Listing Rules.
Resolution	A resolution set out in the Notice.
Section	A section of the Explanatory Statement.
Security	Has the meaning given to that term in section 761A of the Corporations Act and includes a Share and an Option.
Security Purchase Plan	Has the meaning given to that term in Section 1.2.

Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A holder of a Share.
Shortfall	Has the meaning given to that term in Section 1.2.
Shortfall Offer	Has the meaning given to that term in Section 1.2.
WST	Australian Western Standard Time being the time in Perth, Western Australia.

Schedule 1 – Terms of New Options

1. Entitlement

Each New Option entitles the holder (**Option Holder**) to subscribe for 1 fully paid ordinary Share in the Company.

2. Exercise price

The exercise price of each New Option is \$1.00 (**Exercise Price**).

3. Expiry date

- (a) Each New Option may be exercised at any time before 5.00pm (WST) on the date falling 2 years from issue (**Expiry Date**).
- (b) A New Option that is not exercised by the Expiry Date will automatically expire.

4. Certificate or holding statement

The Company must give the Option Holder a certificate or holding statement stating:

- (a) the number of New Options issued to the Option Holder;
- (b) the Exercise Price of the New Options; and
- (c) the date of issue of the New Options.

5. Transfer

- (a) The New Options are transferable, subject to any restrictions on transfer under the Corporations Act or the Listing Rules, as applicable.
- (b) Subject to the Corporations Act or the Listing Rules, the Option Holder may transfer some or all of the New Options at any time before the Expiry Date by:
 - (i) a proper ASX Settlement transfer or any other method permitted by the Corporations Act; or
 - (ii) a prescribed instrument of transfer.

6. Instrument of transfer:

An instrument of transfer of a New Option must be:

- (a) in writing;
- (b) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
- (c) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
- (d) delivered to the Company, at the place where the Company's register of Option Holders is kept, together with the certificate (if any) of the New Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that New Option, the right of the transferor to transfer that New Option and the proper execution of the instrument of transfer.

7. Quotation

- (a) The Company will apply to ASX for official quotation of the New Options.
- (b) The Company will apply to ASX for official quotation of Shares issued on exercise of New Options.

8. Rights of participation

(a) New issues

- (i) The Option Holder is not entitled to participate in any new issue to the Company's shareholders of securities in the Company unless they have exercised their New Options before the record date for determining entitlements to the new issue of securities and participate as a result of holding Shares.
- (ii) The Company must give the Option Holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules.

(b) Bonus issues

If the Company makes a bonus issue of Shares or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) (**Bonus Issue**) and a Share has not been issued in respect of the New Option before the record date for determining entitlements to the Bonus Issue, then the number of underlying Shares over which the New Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the New Option before the record date for determining entitlements to the Bonus Issue.

(c) Pro rata issues

If the Company makes a pro rata issue of Shares (except a Bonus Issue) to shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) (**Pro Rata Issue**) and a Share has not been issued in respect of the New Option before the record date for determining entitlements to the Pro Rata Issue, the Exercise Price of each New Option will be reduced in accordance with the Listing Rules.

9. Reorganisation

- (a) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company (**Reorganisation**), then the rights of the Option Holder (including the number of New Options to which the Option Holder is entitled and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the Reorganisation.
- (b) Any calculations or adjustments which are required to be made will be made by the Company's Directors and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder.
- (c) The Company must, within a reasonable period, give to the Option Holder notice of any change to the Exercise Price of any New Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of a New Option.

10. Exercise

- (a) To exercise New Options, the Option Holder must give the Company or its securities registry, at the same time:
 - (i) a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of New Options being exercised and Shares to be issued;

- (ii) payment of the Exercise Price for the Shares, the subject of the exercise notice, by way of bank cheque or by other means of payment, approved by the Company; and
 - (iii) any certificate for the New Options.
- (b) The Option Holder may only exercise New Options in multiples of 10,000 Options unless the Option Holder exercises all Options held by the Option Holder.
- (c) New Options will be deemed to have been exercised on the date the exercise notice is lodged with the Company or its securities registry.

11. Re-issue of certificate or holding statement:

If the Option Holder exercises less than the total number of New Options registered in the Option Holder's name:

- (a) the Option Holder must surrender their New Option certificate (if any); and
- (b) the Company must cancel the Option certificate (if any) and issue the Option Holder a certificate or holding statement stating the remaining number of New Options held by the Option Holder.

12. Issue

- (a) The Company must issue the Option Holder the number of Shares specified in an application for exercise of New Options by the later of:
 - (i) 10 days after receiving an application for exercise of New Options and payment by the Option Holder of the Exercise Price; and
 - (ii) the last Business Day of the calendar month in which the application for exercise of New Options and payment by the Option Holder of the Exercise Price is received by the Company.
- (b) Subject to the Company's Constitution, all Shares issued on the exercise of New Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.

13. Governing law

These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

14. Amendments required by ASX

These terms and conditions of New Options may be amended as necessary by the Company's Board of Directors in order to comply with the Listing Rules or any directions of ASX (if applicable) regarding the terms and conditions of New Options.

Schedule 2 – Terms of Employee Options

1. Employee Incentive Plan

- (a) Each Employee Option is issued pursuant to the Employee Incentive Plan (**Plan**).
- (b) Terms defined in the rules of the Plan (**Rules**) will, when used in these Terms of Employee Options (**Terms**), have the same meaning given to those terms under the Rules unless expressly stated otherwise in these Terms.
- (c) Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth), will apply (subject to the conditions in that Act) to the Employee Options.

2. Entitlement

Each Employee Option entitles the holder (**Option Holder**) to subscribe for 1 Share in the Company.

3. No payment on issue

The Option Holder is not required to pay any amount on the issue of an Employee Option.

4. Exercise price

The exercise price of each Employee Option is \$1.08 (**Exercise Price**).

5. Expiry date

Each Employee Option not exercised by 5.00pm (WST) on 31 January 2021 (**Expiry Date**) will automatically lapse and terminate.

6. Certificate or holding statement

The Company must give the Option Holder a certificate or holding statement stating:

- (a) the number of Employee Options issued to the Option Holder;
- (b) the Exercise Price of the Employee Options; and
- (c) the date of issue of the Employee Options.

7. Restrictions on dealing and transfer

- (a) An Option Holder must not sell, transfer, mortgage, pledge, charge, grant a security interest over or otherwise dispose of (**Dispose**) any Employee Options, or agree to do any of the same, without the prior consent of the Board, except where such Disposal occurs by force of law.
- (b) The transfer of any Employee Option is subject to any restrictions on transfer under the Corporations Act or the Listing Rules.

8. Quotation of Employee Options

The Company will not apply for quotation of any Employee Options.

9. New issues

The Option Holder is not entitled to participate in any new issue to Shareholders of securities in the Company unless they have exercised their Employee Options before the record date for determining entitlements to the new issue of securities and participate as a result of holding Shares. The Company must give the Option Holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules.

10. Bonus issues

If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of the Employee Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Employee Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Employee Option before the record date for determining entitlements to the issue.

11. Pro rata issues:

If the Company makes a pro rata issue of Shares (except a bonus issue) to Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of the Employee Option before the record date for determining entitlements to the issue, the Exercise Price of each Employee Option will be reduced in accordance with the Listing Rules.

12. Reorganisation

- (a) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Employee Options to which the Option Holder is entitled to and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (b) Any calculations or adjustments which are required to be made will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder.
- (c) The Company must, within a reasonable period, give to the Option Holder notice of any change to the Exercise Price of any Employee Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of an Employee Option.

13. Exercise

- (a) Subject to paragraph 13(b), an Option Holder may:
 - (i) not exercise an Employee Option during the period (**Restriction Period**) commencing on the date that an Employee Option is issued and expiring on the later of:
 - A. the date that the last Vesting Condition (if any) is satisfied or waived by the Company; and
 - B. the date when the last Exercise Condition (if any) is satisfied or waived by the Company; and
 - (ii) only exercise an Employee Option after the expiry of the Restriction Period but prior to the Expiry Date.
- (b) Notwithstanding paragraph 13(a), an Employee Option may be exercised:
 - (i) in the Board's absolute discretion, at any time after a Change of Control Event has occurred;
 - (ii) at any time after the announcement of a proposed capital reorganisation referred to in paragraph 12;
 - (iii) in the Board's absolute discretion, following the occurrence and announcement by the Company of an event that in the opinion of the Board is likely to lead to the Company being removed from the official list of ASX; or
 - (iv) in the Board's absolute discretion, within 12 months, if any of the following occurs in relation to a Participant, in relation to Employee Options held by or on behalf of that Participant:

- A. the illness or incapacity of the Participant necessitating the permanent withdrawal of the Participant from the work force, as accepted to the satisfaction of the Board; or
 - B. any other circumstances which the Board considers should be treated as permanent disablement of the Participant for the purposes of the Plan.
- (c) To exercise Employee Options, the Option Holder must give the Company or its securities registry, at the same time:
- (i) a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of Employee Options being exercised and Shares to be issued;
 - (ii) payment of the Exercise Price for the Employee Options the subject of the exercise notice, by way of bank cheque or by other means of payment, approved by the Company;
 - (iii) the option certificate, or documentary evidence satisfactory to the Board that the option certificate was lost or destroyed; and
 - (iv) where required by the Company in accordance with rule 19.2 of the Rules, payment in full of the amount of Withholding Tax Amount that the Company is required to remit as a result of the exercise of the Employee Option.
- (d) Where the payment received by the Company under paragraph 13(c)(iv), those moneys will be held on behalf of the Participant, and remitted to the appropriate taxing authority by the Company on behalf of the Participant as soon as reasonably practicable.
- (e) The Option Holder may only exercise Employee Options in multiples of 500 Employee Options unless the Option Holder holds less than 500 Options.
- (f) A notice of exercise in relation to any Employee Options only becomes effective when the Company has received the full amount of the Exercise Price for the number of Employee Options specified in the notice, in cleared funds.
- (g) Employee Options will be deemed to have been exercised on the date the exercise notice is lodged with the Board.

14. Re-issue of option certificate or holding statement

If the Option Holder exercises less than the total number of Employee Options registered in the Option Holder's name:

- (a) the Option Holder must surrender their option certificate (if any); and
- (b) the Company must cancel the option certificate (if any) and issue the Option Holder a new option certificate or holding statement stating the remaining number of Employee Options held by the Option Holder.

15. Issue of Shares

Within 10 days after receiving an application for exercise of Employee Options and payment by the Option Holder of the Exercise Price, the Company must issue the Option Holder the number of Shares specified in the application.

16. Equal ranking

Subject to the Company's Constitution, all Shares issued on the exercise of Employee Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary Shares of the Company at the date of issue.

17. Quotation of Shares

The Company will apply to ASX for official quotation of the Shares issued on exercise of Employee Options.

18. Bad Leaver

Each Employee Option that has not been exercised and not expired will automatically lapse and be forfeited if the Participant to which the Employee Option relates ceases employment or engagement as a Contractor with the Group Companies as a Bad Leaver.

19. Good Leaver

An Employee Option will not lapse and be forfeited if the Participant to which the Employee Option relates ceases employment or engagement as a Contractor with any Group Companies as a Good Leaver.

20. Governing law

These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.