



**Aurora Labs**<sup>TM</sup>

## Notice of Annual General Meeting, Explanatory Statement and Proxy Form

Aurora Labs Ltd  
ACN 601 164 505

### **Venue**

Seminar Room 3, Technology Park Function Centre  
Brodie Hall Drive, Bentley, Western Australia

### **Time and Date**

10:30 am (WST)  
Friday, 13 December 2019

#### **IMPORTANT NOTE**

The Notice of Annual 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 accountant, solicitor or other professional adviser prior to voting.

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## Important Dates

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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	10:30am (WST) Wednesday, 11 December 2019
Snapshot date for eligibility to vote	5:00pm (WST) Wednesday, 11 December 2019
Annual General Meeting	10:30am (WST) Friday, 13 December 2019

## Defined Terms

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

# Notice of Annual General Meeting

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Notice is hereby given that an Annual General Meeting of Aurora Labs Ltd (ACN 601 164 505) (**Company**) will be held at Seminar Room 3, Technology Park Function Centre, Brodie Hall Drive, Bentley, Western Australia at 10:30am (WST) on Friday, 13 December 2019.

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

## AGENDA

### Financial Statements and Reports

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To receive and consider the annual financial report, Directors' report and Auditor's report of the Company for the financial year ended 30 June 2019, as contained in the Company's 2019 Annual Report.

### Resolution 1 – Adoption of Remuneration Report

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

*“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2019, as contained in the Company's 2019 Annual Report, be adopted by the Company.”*

**Note:** The vote on Resolution 1 is advisory only and does not bind the Directors of the Company.

### Resolution 2 – Re-Election of Mr John (Nathan) Henry as a Director

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

*“That for the purpose of clause 12.3(c) of the Company's Constitution and for all other purposes, Mr John (Nathan) Henry, a Director who retires in accordance with clauses 12.3(c) and (e) of the Company's Constitution and, being eligible, offers himself for re-election, is re-elected as a Director.”*

### Resolution 3 – Approval to Increase Non-Executive Director Fee Limit

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

*“That for the purpose of clause 12.5(a) of the Company's Constitution, Listing Rule 10.17, and for all other purposes, the maximum aggregate amount of remuneration that non-executive Directors may be paid by the Company for their services as Directors in a financial year be increased from \$250,000 to \$500,000.”*

### Resolution 4 – Approval to Grant Performance Rights to Mr John (Nathan) Henry under Employee Incentive Plan

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

*“That for the purposes of sections 195(4) and 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 50,000 Director Performance Rights to Mr John (Nathan) Henry, a Director of the Company, or his nominee, under the Employee Incentive Plan, in the manner and on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 5 – Approval to Grant Performance Rights to Mr Paul Kristensen under Employee Incentive Plan**

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

*“That for the purposes of sections 195(4) and 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 50,000 Director Performance Rights to Mr Paul Kristensen, a Director of the Company, or his nominee, under the Employee Incentive Plan, in the manner and on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 6 – Approval to Grant Performance Rights to Mr Norman (Mel) Ashton under Employee Incentive Plan**

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

*“That for the purposes of sections 195(4) and 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 80,000 Director Performance Rights to Mr Norman (Mel) Ashton, a Director of the Company, or his nominee, under the Employee Incentive Plan, in the manner and on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 7 – Approval to Grant Performance Rights to Mr Mathew Whyte under Employee Incentive Plan**

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

*“That for the purposes of sections 195(4) and 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 50,000 Director Performance Rights to Mr Mathew Whyte, a Director of the Company, or his nominee, under the Employee Incentive Plan, in the manner and on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 8 – Approval to Grant Executive Options to Mr David Budge under Employee Incentive Plan**

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

*“That for the purpose of section 208 of the Corporations, Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of:*

- (a) 1,000,000 Tranche 1 Executive Options exercisable at \$0.50 each and expiring 24 months from the date of grant; and*
- (b) 1,000,000 Tranche 2 Executive Options exercisable at \$0.75 each and expiring 48 months from the date of grant,*

*to Mr David Budge, the Managing Director of the Company, or his nominee, under the Employee Incentive Plan, on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 9 – Approval of Selective Capital Reduction – Class C Performance Shares**

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

*“That for the purpose of sections 256B and 256C of the Corporations Act and for all other purposes, Shareholders approve the redemption and cancellation of 7,612,500 Class C Performance Shares, by way of a selective capital reduction, on the terms and conditions set out in the Explanatory Statement.”*

**Note:** Resolution 9 is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

## **Resolution 10 – Ratification of Placement Shares**

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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 prior issue by the Company of 6,211,107 Placement Shares pursuant to its Listing Rule 7.1 placement capacity at an issue price of \$0.26 each under the Placement on 6 November 2019, on the terms and conditions described in the Explanatory Statement.”*

## **Resolution 11 – Ratification of Placement Shares**

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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 prior issue by the Company of 8,863,509 Placement Shares pursuant to its Listing Rule 7.1A placement capacity at an issue price of \$0.26 each under the Placement on 6 November 2019, on the terms and conditions described in the Explanatory Statement.”*

## **Resolution 12 – Approval for Mr Paul Kristensen to Participate in the Placement**

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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 of 160,000 Placement Shares at an issue price of \$0.26 each to Mr Paul Kristensen, a Director and the Chairman of the Company, or his nominee under the Placement, on the terms and conditions described in the Explanatory Statement.”*

## **Resolution 13 – Approval for Mr Norman (Mel) Ashton to Participate in the Placement**

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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 of 150,000 Placement Shares at an issue price of \$0.26 each to Mr Norman (Mel) Ashton, a Director of the Company, or his nominee under the Placement, on the terms and conditions described in the Explanatory Statement.”*

## **Resolution 14 – Approval to Grant Broker Options to Blue Ocean Equities**

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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, approval is given for the issue of 750,000 Broker Options, exercisable at \$0.39 on or before 3 years from the date of grant, to Blue Ocean Equities Pty Ltd (or its nominee), in the manner and on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 15 – Approval to Grant Broker Options to Max Capital**

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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, approval is given for the issue of 250,000 Broker Options, exercisable at \$0.39 on or before 3 years from the date of grant, to Max Capital Pty Ltd (or its nominee), in the manner and on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 16 – Approval of Additional Placement Facility**

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

*“That for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

**Note:** Resolution 16 is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

## **Resolution 17 – Amendment to Constitution**

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

*“That for the purposes of sections 136(1) and (2) of the Corporations Act, Listing Rule 15.12, and for all other purposes, with effect from the date of the Meeting, the Company’s Constitution be amended on the basis set out in Schedule 7.”*

**Note:** Resolution 17 is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

## **Resolution 18 – Approval to place and issue Shares**

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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, approval is given for the issue of up to 7,084,000 at an issue price that is the higher of 13.3% below the closing price of Shares traded on ASX immediately before agreeing the terms of placement for those Shares or \$0.26 per Share, to non-Related Parties, 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 and Company Secretary

11 November 2019

# Voting Prohibitions and Exclusion Statements

## Corporations Act voting prohibitions

Pursuant to sections 250BD, 250R(4), 224 and 256C(2)(a) of the Corporations Act, the following voting prohibitions apply with respect to the parties specified in the table below and their respective Associates:

Resolution	Exclusion
Resolution 1	Votes may not be cast by members of Key Management Personnel the details of whose remuneration is included in the Remuneration Report and their Closely Related Parties in any capacity, except as stated below.
Resolution 4	Votes may not be cast by: <ul style="list-style-type: none"> <li>Mr John (Nathan) Henry or any other Related Parties to whom Resolution 4 would permit a financial benefit to be given.</li> <li>Members of Key Management Personnel and their Closely Related Parties in the capacity as proxy, except as stated below.</li> </ul>
Resolution 5	Votes may not be cast by: <ul style="list-style-type: none"> <li>Mr Paul Kristensen or any other Related Parties to whom Resolution 5 would permit a financial benefit to be given.</li> <li>Members of Key Management Personnel and their Closely Related Parties in the capacity as proxy, except as stated below.</li> </ul>
Resolution 6	Votes may not be cast by: <ul style="list-style-type: none"> <li>Mr Norman (Mel) Ashton or any other Related Parties to whom Resolution 6 would permit a financial benefit to be given.</li> <li>Members of Key Management Personnel and their Closely Related Parties in the capacity as proxy, except as stated below.</li> </ul>
Resolution 7	Votes may not be cast by: <ul style="list-style-type: none"> <li>Mr Mathew Whyte or any other Related Parties to whom Resolution 7 would permit a financial benefit to be given.</li> <li>Members of Key Management Personnel and their Closely Related Parties in the capacity as proxy, except as stated below.</li> </ul>
Resolution 8	Votes may not be cast by: <ul style="list-style-type: none"> <li>Mr David Budge or any other Related Parties to whom Resolution 8 would permit a financial benefit to be given.</li> <li>Members of Key Management Personnel and their Closely Related Parties in the capacity as proxy, except as stated below.</li> </ul>
Resolution 9	Votes may not be cast in favour of Resolution 9 by a person who is to receive consideration as part of the Selective Capital Reduction or whose liability to pay amounts unpaid on shares is to be reduced.

The voting prohibitions specified in respect of Resolutions 1 or 4 to 9 do not prevent members of Key Management Personnel and their Closely Related Parties from casting a vote on the Resolution as a proxy where the proxy appointment specifies how the proxy is to vote. The Meeting Chairperson may also vote as proxy on these Resolutions in accordance with an express authorisation on the Proxy Form.

Any votes cast on Resolutions 1 or 4 to 9 in contravention of sections 250BD or 250R of the Corporations Act will not be counted in working out a percentage of votes cast or whether the relevant Resolution is approved.

## ASX voting exclusion statements

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

The Company will disregard any votes cast in favour of the following Resolutions by or on behalf of the persons specified in the table below who are excluded from voting or an Associate of those persons:

Resolution	Excluded Parties
Resolution 3	A Director of the Company.
Resolution 4	A Director who is eligible to participate in the Employee Incentive Plan in respect of which the approval is sought, or their nominee.
Resolution 5	A Director who is eligible to participate in the Employee Incentive Plan in respect of which the approval is sought, or their nominee.
Resolution 6	A Director who is eligible to participate in the Employee Incentive Plan in respect of which the approval is sought, or their nominee.
Resolution 7	A Director who is eligible to participate in the Employee Incentive Plan in respect of which the approval is sought, or their nominee.
Resolution 8	A Director who is eligible to participate in the Employee Incentive Plan in respect of which the approval is sought, or their nominee.
Resolution 10	A person who participated in the Placement.
Resolution 11	A person who participated in the Placement.
Resolution 12	A person who is to receive securities in relation to the Company, being Mr Paul Kristensen or his nominee.
Resolution 13	A person who is to receive securities in relation to the Company, being Mr Norman (Mel) Ashton or his nominee.
Resolution 14	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary Shares in the Company), being Blue Ocean Equities Pty Ltd or its nominee.
Resolution 15	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary Shares in the Company), being Max Capital Pty Ltd or its nominee.
Resolution 16	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company).
Resolution 18	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary Shares in the Company).

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

- the person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- the Meeting 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

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## Lodgement of Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address given below by **10:30am (WST) on Wednesday, 11 December 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid. Proxy Forms may be lodged as follows:

*by hand:* Security Transfer Australia at any of the following addresses:

- Level 9, Suite 913, 530 Little Collins Street, Melbourne, Victoria 3000
- 770 Canning Highway, Applecross, Western Australia 6153
- Suite 511, The Trust Building, 155 King Street, Sydney, New South Wales 2000

*by post:* Security Transfer Australia, PO Box 52, Collins Street West, Victoria 8007

*by fax:* +61 (0)8 9315 2233

*by e-mail:* registrar@securitytransfer.com.au

## 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 Meeting 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 Meeting 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 Meeting Chairperson will be your proxy.

If you appoint the Meeting Chairperson as your proxy, he or she can only cast your votes on Resolutions 1 or 4 to 8 if you expressly authorise him or her to do so by marking the box on the Proxy Form.

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 (0)8 9434 1934.

To appoint a second proxy, you must state on each Proxy Form (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.

## Corporate representatives

A body corporate 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.

## Votes on Resolutions

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 Resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

## Voting restrictions that may affect your proxy appointment

Members of the Key Management Personnel (except for the Meeting Chairperson) and their Closely Related Parties are not able to vote your proxy on Resolutions 1 or 4 to 8 unless you have directed them how to vote. This exclusion does not apply to the Meeting Chairperson if his or her appointment as proxy expressly authorises him or her to vote on matters of Key Management Personnel remuneration.

If you intend to appoint the Meeting Chairperson, a Director or any other member of Key Management Personnel or any of their Closely Related Parties as your proxy, you are encouraged to direct them how to vote on all the Resolutions.

## Meeting Chairperson voting of undirected proxies

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

The Proxy Form expressly authorises the Meeting Chairperson to exercise undirected proxies on all Resolutions including Resolutions 1 or 4 to 8 even though these Resolutions are connected directly or indirectly with the remuneration of a member of Key Management Personnel.

## Voting eligibility (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 Wednesday 11 December 2019**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## Questions from Shareholders

The Meeting Chairperson will allow a reasonable opportunity at the Meeting for Shareholders to ask questions or make comments on the management of the Company and the Remuneration Report.

A representative of HLB Mann Judd, as the Auditor responsible for preparing the Auditor's report for the year ended 30 June 2019 (contained in the 2019 Annual Report), will attend the Meeting. The Meeting Chairperson will also allow a reasonable opportunity for Shareholders to ask the Auditor questions about:

- the conduct of the audit;
- the preparation and content of the Auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

To assist the Board and the Auditor in responding to any questions that you may have, please submit any questions to the Company by **Friday, 6 December 2019** in the same manner as outlined above for lodgement of Proxy Forms.

As required under section 250PA of the Corporations Act, the Company will make available at the Meeting those questions directed to the Auditor received in writing at least 5 business days prior to the Meeting, being questions which the Auditor considers relevant to the content of the Auditor's report or the conduct of the audit of the 2019 Annual Report. The Meeting Chairperson will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

# Explanatory Statement

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

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary or otherwise in the Explanatory Statement.

## 1. Annual Financial Report

The Corporations Act requires that the annual financial statements, Directors' report and Auditor's report of the Company for the year ended 30 June 2019 be tabled at the Meeting. These reports are contained in the 2019 Annual Report.

Neither the Corporations Act nor the Constitution requires a vote of Shareholders on these reports. However, Shareholders will be given reasonable opportunity to raise questions on these reports and ask questions of the Auditor.

The 2019 Annual Report is available on its website – <https://auroralabs3d.com/a3d/#/investors/financial-reporting>

## 2. Resolution 1 – Adoption of Remuneration Report

### 2.1 Background

Resolution 1 is an advisory only resolution to approve the Remuneration Report.

The Remuneration Report is set out in the Directors' report which forms part of the 2019 Annual Report.

The Corporations Act requires the Company to put a resolution to Shareholders that the Remuneration Report be adopted. Section 250R(3) of the Corporations Act specifies that the vote on Resolution 1 is **advisory only** and does not bind the Directors or the Company.

Accordingly, failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report. However, the Board will take the outcome of the vote into consideration when considering the remuneration policy.

The Company encourages all Shareholders to cast their votes on Resolution 1.

### 2.2 Spill meeting

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Company's remuneration report at two consecutive annual general meetings of the Company, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a **Spill Resolution**) that a further meeting be held within 90 days at which all of the offices of Director are vacated (other than the office of Managing Director) and each such office will be put to a vote.

At the Company's 2018 annual general meeting, the votes cast against the 2018 remuneration report represented less than 25% of the total votes cast. Accordingly, a Spill Resolution will not under any circumstances be required for this Meeting.

A voting exclusion applies to Resolution 1 on the terms set out in the Notice. Key Management Personnel and their Closely Related Parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Meeting Chairperson and expressly authorises the Meeting Chairperson to exercise the proxy. The Meeting Chairperson will use any such proxies to vote in favour of Resolution 1.

### 2.3 Directors' recommendation

The Directors decline to make a recommendation as to how Shareholders should vote in respect of Resolution 1 as they each hold a material personal interest in the outcome of the Resolution.

### **3. Resolution 2 – Re-Election of Mr John (Nathan) Henry as a Director**

#### **3.1 Background**

Resolution 2 is an ordinary resolution seeking Shareholder approval for the re-election of Mr John (Nathan) Henry.

In accordance with clause 12.3(c) of the Constitution, at every annual general meeting of the Company, one third of the Directors (other than the Managing Director) for the time being must retire from office and are eligible for re-election. Clause 12.3(e) the Constitution provides that the Directors to retire are:

- those who have been longest in office since their appointment or last re-appointment; or
- if the Directors have been in office for an equal length of time, by agreement.

Mr Henry is an executive Director of the Company who was last elected by Shareholders at the Company's 2017 annual general meeting on 29 November 2017.

Mr Henry retires by rotation for the purposes of clause 12.3(c) of the Constitution and, being eligible, submits himself for re-election.

If Resolution 2 is not passed, Mr Henry will no longer be a Director of the Company.

#### **3.2 Biography**

Mr Henry is an executive Director of the Company having been first appointed on 23 November 2015, prior to the Company's initial public offering and admission to ASX.

Mr Henry has held senior management roles for over 28 years and has been involved across all levels of strategic planning, divisional financial reporting and senior corporate accountability up to board level. His roles have covered the full spectrum of responsibility including process and business model development, new business development, technology implementation and roll out through distributed networks, market research and writing of business plans.

Mr Henry has experience with ISO certification, equipment purchasing recommendations, workflow planning, skilled employee recruitment, securing approved vendor list (AVL) status and marketing plans. He has previously developed and led sales teams for market leading companies both in Australia and the USA.

Mr Henry is responsible for developing the strategy and processes required for branding and marketing the Company's products and services. He is responsible for developing advertising materials, overseeing web design and social media campaigns as well as monitoring the metrics for these modes of communication and marketing.

The Directors (excluding Mr Henry) do not consider Mr Henry to be 'independent' for the purposes of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition) due to him being employed in an executive position by the Company.

#### **3.3 Directors' recommendations**

The Directors (other than Mr Henry who has a material personal interest in the outcome of the Resolution and declines to make a recommendation) support the re-election of Mr Henry and recommend that Shareholders vote in favour of Resolution 2.

### **4. Resolution 3 – Increase in Non-Executive Director Fee Limit**

#### **4.1 Background**

Resolution 3 is an ordinary resolution seeking Shareholder approval to increase the maximum aggregate remuneration that can be paid by the Company to the non-executive Directors in any financial year to \$500,000.

Listing Rule 10.17 and clause 12.5(a) of the Constitution provide that that aggregate remuneration of all non-executive Directors may not exceed the amount fixed by the Company in general meeting for that purpose.

The Company's current non-executive Director remuneration pool of \$250,000 was fixed by Shareholders at a general meeting of the Company held on 8 June 2016.

The Board has reviewed the current maximum aggregate fee limit, which has remained unchanged since prior to the Company's initial public offering and admission to ASX. As part of this review, the Board undertook

benchmarking of non-executive director remuneration with reference to companies of a similar size in Australia, as indicated by market capitalisation, pursuant to the Company's Nomination and Remuneration Policy.

To allow for sufficient capacity to appoint additional non-executive Directors, including overlapping tenures as part of the Board's orderly succession planning, and for future adjustments of non-executive Director fees due to the increased time commitment and workload, the Board considers that an increase in the maximum aggregate fee limit is appropriate and will enable the Company to retain and attract appropriately skilled candidates to the Board of the Company.

If Resolution 3 is not passed, the maximum aggregate remuneration that can be paid by the Company to the non-executive Directors in any financial year will not be increased.

#### 4.2 Requirements of Listing Rule 10.17

Pursuant to Listing Rule 10.17, the following information is provided to Shareholders in relation to Resolution 3:

- the maximum aggregate fee limit for non-executive Directors' remuneration if Resolution 3 is approved will be increased by \$250,000 per financial year;
- the maximum aggregate remuneration that may be paid to non-executive Directors if Resolution 3 is approved will be \$500,000 per financial year; and
- the following securities have been issued to non-executive Directors under Listing Rules 10.11 or 10.14 with Shareholder approval in the last 3 years prior to this Notice:

Date of Issue	Director	Securities Issued
29 November 2017	Mathew Whyte	15,000 Options exercisable at \$0.79 each, on or before 31 August 2020 100,000 Options exercisable at \$0.95 each, on or before 31 July 2020
17 April 2018	Norman (Mel) Ashton	100,000 Options exercisable at \$1.08 each, on or before 31 January 2021
	Paul Kristensen	100,000 Options exercisable at \$1.08 each, on or before 31 January 2021
30 November 2018	Paul Kristensen	50,000 Performance Rights
	Norman (Mel) Ashton	50,000 Performance Rights
	Mathew Whyte	50,000 Performance Rights

#### 4.3 Directors' recommendations

The Directors (other than each of the Company's non-executive Directors, who have a material personal interest in the outcome of Resolution 3 and decline to make a recommendation) recommend that Shareholders vote in favour of Resolution 3 to allow the Company to attract and retain appropriately skilled candidates for non-executive directorships.

## 5. Resolutions 4 to 7 – Grant of Performance Rights to Directors under Employee Incentive Plan

### 5.1 Background

Resolutions 4 to 7 are ordinary resolutions seeking Shareholder approval to grant Director Performance Rights to Messrs John (Nathan) Henry, Paul Kristensen, Norman (Mel) Ashton and Mathew Whyte (or their respective nominees), each being a Director, under the Company's Employee Incentive Plan.

The Company's Employee Incentive Plan Rules are available on the Company's website, <https://auroralabs3d.com/a3d#/investors/corporate-compliance>. A summary of the rules is set out at Schedule 1 to this Explanatory Statement.

If any of Resolutions 4 to 7 are not passed, the relevant Director will not be issued the Director Performance Rights under that defeated Resolution.

## 5.2 Key terms of Director Performance Rights

The key terms of the Director Performance Rights proposed to be granted to Messrs Henry, Kristensen, Ashton and Whyte (or their respective nominees) are set out in the table below:

<b>Plan</b>	The Director Performance Rights are offered, and will be granted, pursuant to the terms of the Employee Incentive Plan (as summarised at Schedule 1).
<b>Number</b>	50,000 Director Performance Rights each for Messrs Henry, Kristensen and Whyte 80,000 Director Performance Rights for Mr Ashton A total of 230,000 Director Performance Rights
<b>Amount payable on grant</b>	Nil.
<b>Grant date</b>	Within 12 months after the date of the Meeting, or such longer period as permitted under the Listing Rules.
<b>Expiry</b>	5 years from the date of grant.
<b>Performance condition</b>	That the VWAP of Shares over at least 10 consecutive trading days equals or exceeds \$0.47, being an amount which is equal to 30% above the closing price of Shares traded on the last trading day before the Director Performance Rights were offered.
<b>Vesting condition</b>	That the performance condition above is satisfied on or before 5 years from the date of grant.
<b>Other terms</b>	The full terms and conditions of the Director Performance Rights are set out in Schedule 2.

## 5.3 Regulatory requirements

### (a) Section 195(1) of the Corporations Act

Section 195(1) of the Corporations Act provides that a director who has a "material personal interest" in a matter being considered at a director's meeting must not be present while the matter is being considered or vote on the matter.

Section 195(4) of the Corporations Act provides that where there are insufficient directors to form a quorum at a directors' meeting because of section 195(1), the directors may call a general meeting of shareholders to consider the matter.

The Directors are unable to form a quorum to consider any matters relating to the issue of Director Performance Rights under Resolutions 4 to 7, as four of the Company's five Directors has a material personal interest in the outcome of the Resolutions. Therefore, the Company is seeking approval under section 195(4) of the Corporations Act to deal with the matter.

### (b) Chapter 2E of the Corporations Act

Section 208 of the Corporations Act (set out in Chapter 2E) requires that, where a public company proposes to give a financial benefit to a Related Party, the public company must:

- obtain the approval of the company's members in accordance with section 208 of the Corporations Act in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Director Performance Rights to Directors constitutes the giving of a financial benefit to a Related Party pursuant to the Corporations Act.

The grant of the Director Performance Rights under Resolutions 4 to 7 may fall within the 'reasonable remuneration' exception under section 211 of the Corporations Act. Notwithstanding this, as the matter affects the majority of Directors, the Board considers it appropriate to seek Shareholder approval for the purposes of section 208 of the Corporations Act.

**(c) Listing Rule requirements**

Listing Rule 10.14 provides that a company must not permit a director and any of his or her Associates to acquire securities under an employee incentive scheme without shareholder approval.

Messrs Henry, Kristensen, Ashton and Whyte are each Directors of the Company. Accordingly, Shareholder approval is required for the grant of the Director Performance Rights.

If approval for Resolutions 4 to 7 is granted under Listing Rule 10.14, approval will not be required under Listing Rule 7.1 or 10.11.

**5.4 Corporations Act information requirements**

Section 219 of the Corporations Act requires that the following information be provided to Shareholders in relation to Resolutions 4 to 7 for the purposes of obtaining approval under section 208 of the Corporations Act:

**(a) Names of the Related Parties**

The Related Parties to whom financial benefits may be given under these Resolutions are:

- Mr John (Nathan) Henry – executive Director;
- Mr Paul Kristensen – non-executive Director and Chairman;
- Mr Norman (Mel) Ashton – non-executive Director; and
- Mr Mathew Whyte – non-executive Director and Company Secretary.

**(b) Nature and value of the financial benefit**

The nature of financial benefit that will be given to the relevant Directors if Resolutions 4 to 7 are approved is the grant of 230,000 Director Performance Rights in aggregate to those Directors (or their nominees) in the proportions set out in the table below.

A valuation of the Director Performance Rights was prepared by BDO Advisory (WA) Pty Ltd on 4 October 2019 which applied the barrier up and in option pricing model.

The valuation applied a number of assumptions and variables, including the following:

- the closing price of Shares traded on ASX on 1 October 2019 was \$0.270;
- a risk-free rate of 0.71% has been adopted;
- a dividend yield rate of nil has been adopted; and
- a volatility factor of 40% has been adopted.

The estimated value of a Director Performance Right pursuant to the valuation is \$0.184.

The table below sets out the estimated value of the Director Performance Rights (and therefore the financial benefit) to be granted to Messrs Henry, Kristensen, Ashton and Whyte applying the above valuation.

Related Party	Number of Director Performance Rights	Total value of Director Performance Rights
John (Nathan) Henry	50,000	\$9,200
Paul Kristensen	50,000	\$9,200
Norman (Mel) Ashton	80,000	\$14,720
Mathew Whyte	50,000	\$9,200
<b>TOTAL</b>	<b>230,000</b>	<b>\$42,320</b>

(c) **Remuneration**

The table below sets out the total remuneration paid or payable to Messrs Henry, Kristensen, Ashton and Whyte for the 2018/19 and 2019/20 financial years.

Related Party	2018/19 Financial Year	2019/20 Financial Year
<b>Cash</b>		
John (Nathan) Henry	\$251,850	\$251,850
Paul Kristensen	\$76,650	\$76,650
Norman (Mel) Ashton	\$88,100	\$140,650
Mathew Whyte	\$168,252	\$168,252
<b>Non-cash</b>		
John (Nathan) Henry	50,000 Performance Rights having an estimated value of \$24,150	50,000 Director Performance Rights having an estimated value of \$9,200
Paul Kristensen	50,000 Performance Rights having an estimated value of \$24,150	50,000 Director Performance Rights having an estimated value of \$9,200
Norman (Mel) Ashton	50,000 Performance Rights having an estimated value of \$24,150	80,000 Director Performance Rights having an estimated value of \$14,720
Mathew Whyte	50,000 Performance Rights having an estimated value of \$24,150	50,000 Director Performance Rights having an estimated value of \$9,200

**Notes:**

1. The Performance Rights granted in the 2018/19 financial year had an estimated value of \$0.483 each as at 30 November 2018. Please refer to page 14 of the 2019 Annual Report for further details in this regard.
2. The remuneration for the 2019/2020 financial year includes the value of the proposed Director Performance Rights to be considered under Resolutions 4 to 7.
3. The remuneration in the table above is inclusive of motor vehicle payments and superannuation entitlements.

(d) **Security holdings**

The table below sets out the securities and rights in the Company in which each of Messrs Henry, Kristensen, Ashton and Whyte have a direct or indirect interest at the date of the Notice. The table does not include the Director Performance Rights to be considered at the Meeting.

<b>Related Party</b>	<b>Securities/rights</b>
John (Nathan) Henry	1,975,485 Shares. 50,000 Performance Rights. 140,000 Options exercisable at \$2.23 each on or before 30 November 2019. 125,000 Options exercisable at \$3.00 each on or before 31 March 2020. 15,000 Options exercisable at \$0.79 each on or before 31 August 2020.
Paul Kristensen	70,000 Shares. 50,000 Performance Rights. 100,000 Options exercisable at \$1.08 each on or before 31 January 2022.
Norman (Mel) Ashton	320,000 Shares. 50,000 Performance Rights. 100,000 Options exercisable at \$1.08 each on or before 31 January 2022.
Mathew Whyte	50,000 Performance Rights. 50,000 Options exercisable at \$3.00 each and expiring 31 March 2020. 15,000 Options exercisable at \$0.79 each and expiring 31 August 2020. 100,000 Options exercisable at \$0.95 each and expiring 31 July 2020.

**Notes:**

1. Mr Henry holds 153,628 Class C Performance Shares. The performance milestones for these shares were not satisfied and they are to be redeemed and cancelled pursuant to Resolution 9.
2. Mr Kristensen has applied for 160,000 Placement Shares under the Placement. These Placement Shares are the subject of Resolution 12.
3. Mr Ashton has applied for 150,000 Placement Shares under the Placement. These Placement Shares are the subject of Resolution 13.

(e) **Voting interests**

The table below sets out details of the respective voting interests in the Company of Messrs Henry, Kristensen, Ashton and Whyte, including how these interests may change upon the events specified in the table occurring.

<b>Event</b>	<b>New Shares received</b>	<b>Total Shares held after event</b>	<b>Voting power after event</b>
<b>John (Nathan) Henry</b>			
Current position	Nil	1,975,485	1.90%
Exercise of all existing Options / vesting and exercise of all existing Performance Rights	330,000	2,305,485	2.21%
Vesting and exercise of Director Performance Rights the subject of Resolution 4	50,000	2,025,485	1.95%
All existing and potential Shares	380,000	2,355,485	2.26%
<b>Paul Kristensen</b>			
Current position	Nil	70,000	0.07%

Event	New Shares received	Total Shares held after event	Voting power after event
Exercise of all existing Options / vesting and exercise of all existing Performance Rights	150,000	220,000	0.21%
Vesting and exercise of Director Performance Rights the subject of Resolution 5	50,000	120,000	0.12%
Issue of Placement Shares pursuant to Resolution 12	160,000	230,000	0.22%
All existing and potential Shares	360,000	430,000	0.41%
<b>Norman (Mel) Ashton</b>			
Current position	Nil	320,000	0.31%
Exercise of all existing Options / vesting and exercise of all existing Performance Rights	150,000	470,000	0.45%
Vesting and exercise of Director Performance Rights the subject of Resolution 6	80,000	400,000	0.38%
Issue of Placement Shares pursuant to Resolution 13	150,000	470,000	0.45%
All existing and potential Shares	380,000	700,000	0.67%
<b>Mathew Whyte</b>			
Current position	Nil	Nil	0.00%
Exercise of all existing Options / vesting and exercise of all existing Performance Rights	165,000	165,000	0.19%
Vesting and exercise of Director Performance Rights the subject of Resolution 7	50,000	50,000	0.06%
All existing and potential Shares	215,000	215,000	0.24%

**Notes:**

1. Current voting power has been calculated based on the total Shares on issue at the date of the Notice, being 103,709,707.
2. Potential future voting power has been calculated assuming that an additional 310,000 Placement Shares are issued under Resolutions 12 and 13.

(f) **Dilution**

If Resolutions 4 to 7 are approved, a total of 230,000 Director Performance Rights will be granted. On vesting and exercise of a Director Performance Right, the holder will be issued with one Share.

If all Director Performance Rights granted pursuant to Resolutions 4 to 7 vest and are exercised, based on the number of Shares currently on issue (i.e. 103,709,707 Shares), the dilutive effect on the shareholding interests of existing Shareholders would be approximately 0.19%.

(g) **Trading history**

The most recent available data concerning the price of the Company's Shares traded on ASX in the last 6 months is summarised in the table below.

	<b>High</b>	<b>Low</b>	<b>Last</b>
<b>Price</b>	\$0.385	\$0.24	\$0.285
<b>Date</b>	20 May 2019	16 September 2019	8 November 2019

(h) **Funds raised**

The Company will not raise any funds from the Director Performance Rights granted pursuant to Resolutions 4 to 7. These Director Performance Rights are proposed to be granted under the Company's Employee Incentive Plan for nil cash consideration.

(i) **Directors interests in the proposed resolutions**

Mr Henry has a material personal interest in the outcome of Resolution 4 and will be the only Director to receive a benefit from that Resolution.

Mr Kristensen has a material personal interest in the outcome of Resolution 5 and will be the only Director to receive a benefit from that Resolution.

Mr Ashton has a material personal interest in the outcome of Resolution 6 and will be the only Director to receive a benefit from that Resolution.

Mr Whyte has a material personal interest in the outcome of Resolution 7 and will be the only Director to receive a benefit from those Resolutions.

(j) **Any other information**

Other than as set out in this Explanatory Statement, the Directors do not consider there is any further information which the Shareholders would reasonably require in order to decide whether or not to approve Resolutions 4 to 7.

5.5 **Listing Rule information requirements**

Listing Rule 10.15 requires that the following information be provided to Shareholders in relation to Resolutions 4 to 7 for the purposes of obtaining approval under Listing Rule 10.14:

(a) **Relationship of recipient**

The Director Performance Rights will be granted to Messrs Henry, Kristensen, Ashton and Whyte, being Directors of the Company, or their respective nominees.

(b) **Maximum number of securities to be granted or formula to calculate number**

A maximum of 230,000 Director Performance Rights may be granted. Messrs Henry, Kristensen and Whyte are to receive 50,000 Director Performance Rights each. Mr Ashton is to receive 80,000 Director Performance Rights.

(c) **Price at which securities will be granted or formula for calculation of price**

The Director Performance Rights will be granted, and are exercisable following vesting, for nil cash consideration under the terms of the Employee Incentive Plan. Accordingly, funds will not be raised on the grant or exercise of the Director Performance Rights.

(d) **Previous issues of securities to Related Parties under scheme since approval**

The Employee Incentive Plan was last approved by Shareholders at the Company's Annual General Meeting on 30 November 2018.

The Company has granted the following securities under the Employee Incentive Plan to persons referred to in Listing Rule 10.14 since it was last approved by Shareholders:

Recipient	Number and type of security issued	Date of issue
David Budge	50,000 Performance Rights	30 November 2018
John (Nathan) Henry	50,000 Performance Rights	30 November 2018
Paul Kristensen	50,000 Performance Rights	30 November 2018
Mel Ashton	50,000 Performance Rights	30 November 2018
Mathew Whyte	50,000 Performance Rights	30 November 2018

**Note:** Mr Budge may be granted a further 2,000,000 Executive Options if Resolution 8 is approved.

(e) **Related Parties eligible to participate in scheme**

All Directors are eligible to participate in the Employee Incentive Plan. At the date of this Notice, the Directors are:

- Mr Paul Kristensen – non-executive Chairman;
- Mr David Budge – Managing Director;
- Mr John (Nathan) Henry – executive Director;
- Mr Norman (Mel) Ashton – non-executive Director; and
- Mr Mathew Whyte – non-executive Director and Company Secretary.

Refer to item 2 of Schedule 1 for further details of the persons who are eligible to participate in the Employee Incentive Plan.

(f) **Terms of any loans**

The Company has not entered into any arrangements with any participant in the Employee Incentive Plan under which the Company provides any loan for the purposes of acquiring securities under the Employee Incentive Plan.

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

The Director Performance Rights will be granted within 12 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

5.6 **Directors' recommendations**

(a) **Resolution 4 – Grant of Performance Rights to Mr Henry**

Mr Henry has a material personal interest in Resolution 4 and therefore declines to make any voting recommendation to Shareholders.

The Directors (other than Mr Henry) recommend that Shareholders vote in favour of Resolution 4. The Director Performance Rights are performance-based incentives which align the interests Mr Henry with the financial success of the Company, while preserving the Company's cash reserves, allowing those funds to be applied to the Company's operational requirements.

(b) **Resolution 5 – Grant of Performance Rights to Mr Kristensen**

Mr Kristensen has a material personal interest in Resolution 5 and therefore declines to make any voting recommendation to Shareholders.

The Directors (other than Mr Kristensen) recommend that Shareholders vote in favour of Resolution 5 for the reasons outlined in Section 5.6(a) above.

(c) **Resolution 6 – Grant of Performance Rights to Mr Ashton**

Mr Ashton has a material personal interest in Resolution 6 and therefore declines to make any voting recommendation to Shareholders.

The Directors (other than Mr Ashton) recommend that Shareholders vote in favour of Resolution 6 for the reasons outlined in Section 5.6(a) above.

(d) **Resolution 7 – Grant of Performance Rights to Mr Whyte**

Mr Whyte has a material personal interest in Resolution 7 and therefore declines to make any voting recommendations to Shareholders.

The Directors (other than Mr Whyte) recommend that Shareholders vote in favour of Resolution 7 for the reasons outlined in Section 5.6(a) above.

## 6. Resolution 8 – Approval of issue of Executive Options to Mr David Budge

### 6.1 Background

Resolution 8 is an ordinary resolution seeking Shareholder approval to grant 2,000,000 Executive Options to Mr David Budge, the Managing Director of the Company, or his nominee, under the Company's Employee Incentive Plan.

The Company's Employee Incentive Plan Rules are available on the Company's website, <https://auroralabs3d.com/a3d/#/investors/corporate-compliance>. A summary of the rules is set out at Schedule 1 to this Explanatory Statement.

If Resolution 8 is not passed, the Executive Options will not be issued to Mr Budge.

### 6.2 Key terms of Executive Options

The key terms of the Executive Options proposed to be granted to Mr Budge (or his nominee) are set out in the table below:

<b>Plan</b>	The Executive Options are offered, and will be granted, pursuant to the terms of the Employee Incentive Plan (as summarised at Schedule 1).
<b>Number</b>	2,000,000 Executive Options.
<b>Amount payable on grant</b>	Nil.
<b>Grant date</b>	Within 12 months after the date of the Meeting, or such longer period as permitted under the Listing Rules.
<b>Exercise Price</b>	<ul style="list-style-type: none"> <li>1,000,000 Executive Options will be exercisable at \$0.50 (<b>Tranche 1 Executive Options</b>).</li> <li>1,000,000 Executive Options be exercisable at \$0.75 (<b>Tranche 2 Executive Options</b>).</li> </ul>
<b>Performance condition</b>	<ul style="list-style-type: none"> <li>The Tranche 1 Executive Options are subject to a Performance Condition that the published closing price of Company's ordinary Shares on the ASX market is at least \$1.00 on at least one day prior to 24 months from the date of grant.</li> <li>The Tranche 2 Executive Options are subject to a Performance Condition that the published closing price of Company's ordinary Shares on the ASX market is at least \$2.00 on at least one day prior to 48 months from the date of grant.</li> </ul>

<b>Vesting condition</b>	The Executive Options are subject to vesting conditions that: <ul style="list-style-type: none"> <li>the above performance conditions are satisfied; and</li> <li>Mr Budge continues to be employed by the Company or any of its related bodies corporate for at least 12 months from grant.</li> </ul>
<b>Other terms</b>	The full terms and conditions of the Executive Options are set out at Schedule 4.

### 6.3 Corporations Act requirements

The operation of Chapter 2E of the Corporations Act is summarised in Section 5.3(b) above.

The grant of Executive Options to Mr Budge constitutes the giving of a financial benefit to a Related Party pursuant to the Corporations Act.

The Board (other than Mr Budge) considers that the grant of Executive Options to Mr Budge may fall within the 'reasonable remuneration' exception under section 211 of the Corporations Act. Notwithstanding this, the Board (other than Mr Budge) considers it appropriate to seek Shareholder approval for the purposes of section 208 of the Corporations Act.

### 6.4 Listing Rule requirements

Listing Rule 10.14 provides that a company must not permit a director and any of his or her Associates to acquire securities under an employee incentive scheme without shareholder approval.

Mr Budge is the Managing Director of the Company. Accordingly, Shareholder approval is required for the grant of the Executive Options.

If approval for Resolution 8 is granted under Listing Rule 10.14, approval will not be required under Listing Rule 7.1 or 10.11.

### 6.5 Corporations Act information requirements

Section 219 of the Corporations Act requires that the following information be provided to Shareholders in relation to Resolution 8 for the purposes of obtaining approval under section 208 of the Corporations Act:

#### (a) Names of the Related Parties

The Related Party to whom financial benefits may be given under this Resolution is Mr David Budge, Managing Director of the Company.

#### (b) Nature and value of the financial benefit

The nature of financial benefit that will be given to Mr Budge if Resolution 8 is approved is the grant of 2,000,000 Executive Options to him (or his nominee).

A valuation of the Executive Options was prepared by BDO Advisory (WA) Pty Ltd on 4 October 2019 which applied the barrier up and in option pricing model.

The valuation applied a number of assumptions and variables, including the following:

- the closing price of Shares traded on ASX on 1 October 2019 was \$0.27;
- a risk-free rate of 0.68% has been adopted for the Tranche 1 Executive Options, and a risk-free rate of 0.71% has been adopted for the Tranche 2 Executive Options;
- a dividend yield rate of nil% has been adopted; and
- a volatility factor of 90% has been adopted.

The estimated value of a Tranche 1 Executive Option pursuant to the valuation is \$0.082, and the estimated value of a Tranche 2 Executive Option pursuant to the valuation is \$0.112. On this basis, the estimated value of all Executive Options to be granted under Resolution 8 is \$194,000.

(c) **Remuneration**

The table below sets out the total remuneration paid or payable to Mr Budge for the 2018/19 and 2019/20 financial years.

2018/19 Financial Year	2019/20 Financial Year
<b>Cash</b>	
\$276,750	\$368,046
<b>Non-Cash</b>	
50,000 Performance Rights having an estimated value of \$24,150	2,000,000 Executive Options having an estimated value of \$194,000

**Notes:**

1. The Performance Rights granted in the 2018/19 financial year had an estimated value of \$0.483 each as at 30 November 2018. Please refer to page 14 of the 2019 Annual Report for further details in this regard.
2. The remuneration for the 2019/2020 financial year includes the value of the proposed Executive Options to be considered under Resolution 8.
3. The remuneration in the table above is inclusive of motor vehicle payments and superannuation entitlements.

(d) **Security holdings**

Mr Budge has a direct or indirect interest in the following securities and rights in the Company at the date of the Notice (excluding the Executive Options the subject of Resolution 8):

- 23,946,785 Shares;
- 115,000 Options exercisable at \$2.23 each on or before 30 November 2019;
- 165,000 Options exercisable at \$3.00 each on or before 31 March 2020;
- 15,000 Options exercisable at \$0.79 each on or before 31 August 2020; and
- 50,000 Performance Rights expiring on 31 January 2023.

Mr Budge holds 5,341,975 Class C Performance Shares. The performance milestones for these shares were not satisfied and they are to be redeemed and cancelled pursuant to Resolution 9.

(e) **Voting interests**

The table below sets out details of the voting interests in the Company of Mr Budge, including how these interests may change upon the events specified in the table occurring.

Event	New Shares received	Total Shares held after event	Voting power after event
Current position	Nil	23,946,785	23.02%
Exercise of all existing Options / vesting and exercise of all existing Performance Rights	345,000	24,291,785	23.35%
Vesting and exercise of Executive Options the subject of Resolution 8	2,000,000	25,946,785	24.55%

Event	New Shares received	Total Shares held after event	Voting power after event
All existing and potential Shares	2,345,000	26,291,785	24.79%

**Notes:**

1. Mr Budge has a “substantial holding” for the purposes of the Corporations Act as he controls 5% or more of the voting Shares at the date of the Notice.
2. Mr Budge has a “relevant interest” under the Corporations Act (i.e. an ability to effect control over voting shares) of more than 20% at the date of the Notice. His ability to acquire or otherwise receive additional Shares (including on exercise of Performance Rights and Options) will be restricted by the takeover provisions in Chapter 6 of the Corporations Act, which have certain limited exceptions.
3. Current voting power has been calculated based on the total Shares on issue at the date of the Notice, being 103,709,707.
4. Potential future voting power has been calculated assuming that an additional 310,000 Placement Shares are issued under Resolutions 12 and 13.

(f) **Dilution**

If Resolution 8 is approved, a total of 2,000,000 Executive Options will be granted. On vesting and exercise of an Executive Option, the holder will be issued with one Share.

If all Executive Options granted pursuant to Resolution 8 vest and are exercised, based on the number of Shares currently on issue (i.e. 103,709,707 Shares), the dilutive effect on the shareholding interests of existing Shareholders would be approximately 1.89%.

(g) **Trading history**

The most recent available data concerning the price of the Company’s Shares traded on ASX in the last 6 months is summarised in Section 5.4(g) above.

(h) **Funds raised**

The Company will not raise any funds from the grant of the Executive Options under Resolution 8. These Executive Options are proposed to be granted under the Company’s Employee Incentive Plan for nil cash consideration.

The Company may receive up to \$1,250,000 if all Executive Options vest and are exercised for cash. This will comprise an aggregate exercise price for the Tranche 1 Executive Options of \$500,000 and \$750,000 for the Tranche 2 Executive Options.

However, the terms of Executive Options allow for a cashless exercise mechanism whereby the holder may set-off the aggregate exercise price payable against the value of the Shares which the holder is entitled to receive upon exercise. The holder may elect to receive Shares equal to the amount by which the aggregate value of Shares is greater than the total exercise price.

(i) **Directors interests in the proposed resolutions**

Mr Budge has a material personal interest in the outcome of Resolution 8 and will be the only Director to receive a benefit from that Resolution.

(j) **Any other information**

Other than as set out in this Explanatory Statement, the Directors do not consider there is any further information which the Shareholders would reasonably require in order to decide whether or not to approve Resolution 8.

**6.6 Listing Rule information requirements**

Listing Rule 10.15 requires that the following information be provided to Shareholders in relation to Resolution 8 for the purposes of obtaining approval under Listing Rule 10.14:

(a) **Relationship of recipient**

The Executive Options will be granted to Mr David Budge, the Managing Director of the Company, or his nominee.

(b) **Maximum number of securities to be granted or formula to calculate number**

A maximum of 2,000,000 Executive Options will be granted.

(c) **Price at which securities will be granted or formula for calculation of price**

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

The Company may receive up to \$1,250,000 if all Executive Options vest and are exercised for cash, comprising \$500,000 from the Tranche 1 Executive Options and \$750,000 for the Tranche 2 Executive Options.

The terms of Executive Options allow for a cashless exercise mechanism whereby the holder may set-off the aggregate exercise price payable against the value of the Shares which the holder is entitled to receive upon exercise. The holder may elect to receive Shares equal to the amount by which the aggregate value of Shares is greater than the total exercise price.

(d) **Previous issues of securities to Related Parties under scheme since approval**

The Employee Incentive Plan was last approved by Shareholders at the Company's Annual General Meeting on 30 November 2018.

The Company has granted the following securities under the Employee Incentive Plan to persons referred to in Listing Rule 10.14 since it was last approved by Shareholders:

<b>Recipient</b>	<b>Number and type of security issued</b>	<b>Date of issue</b>
David Budge	50,000 Performance Rights	30 November 2018
John (Nathan) Henry	50,000 Performance Rights	30 November 2018
Paul Kristensen	50,000 Performance Rights	30 November 2018
Mel Ashton	50,000 Performance Rights	30 November 2018
Mathew Whyte	50,000 Performance Rights	30 November 2018

**Note:** Messrs Henry, Kristensen, and Whyte may be granted a further 50,000 Director Performance Rights, and Mr Ashton a further 80,000 Director Performance Rights if Resolutions 4 to 7 are approved.

(e) **Related Parties eligible to participate in scheme**

All Directors are eligible to participate in the Employee Incentive Plan. At the date of this Notice, the Directors are:

- Mr Paul Kristensen – non-executive Chairman;
- Mr David Budge – Managing Director;
- Mr John (Nathan) Henry – executive Director;
- Mr Norman (Mel) Ashton – non-executive Director; and
- Mr Mathew Whyte – non-executive Director and Company Secretary.

Refer to item 2 of Schedule 1 for further details of the persons who are eligible to participate in the Employee Incentive Plan.

(f) **Terms of any loans**

The Company has not entered into any arrangements with any participant in the Employee Incentive Plan under which the Company provides any loan for the purposes of acquiring securities under the Employee Incentive Plan.

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

The Executive Options will be granted as soon as possible after receipt of approval but in any event within 12 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

6.7 **Directors' recommendations**

The Directors (other than Mr Budge who has a material personal interest in the outcome of the Resolution and declines to make a recommendation) recommend that Shareholders vote in favour of Resolution 8. The Executive Options are performance-based incentives which align the interests Mr Budge with the financial success of the Company, while preserving the Company's cash reserves, allowing those funds to be applied to the Company's operational requirements.

## 7. **Resolution 9 – Approval of Redemption and Cancellation of Class C Performance Shares**

7.1 **Background**

Resolution 9 is a special resolution which seeks Shareholder approval for the redemption and cancellation of all 7,612,500 Class C Performance Shares in accordance with their terms (**Selective Capital Reduction**).

The terms and conditions of the Class C Performance Shares:

- were disclosed in the Company's initial public offering prospectus dated 9 June 2016, and are set out at Schedule 3; and
- provide (amongst other things) that each Class C Performance Share:
  - will convert into a Share if the Company (or an entity controlled by the Company) has cumulative revenue of \$7,250,000 before 30 June 2019 (**Performance Milestone**); and
  - would be automatically redeemed by the Company for the sum of \$0.00001 if the Performance Milestone is not satisfied.

As announced to ASX on 12 July 2019, the Performance Milestone was not satisfied. Accordingly, the Class C Performance Shares were to be automatically redeemed and cancelled by the Company in accordance with their terms of issue.

Notwithstanding that the terms of the Class C Performance Shares provide for automatic redemption, the approval of Shareholders under Resolution 9 is sought to ensure that the redemption and cancellation of the Class C Performance Shares satisfies all applicable legal requirements under the Corporations Act.

The Company has offered to pay to each holder of a Class C Performance Share a redemption price of \$0.00001 per share, totalling \$76.125, or sought their consent to waive their entitlement to receive such amount. As at the date of this Notice, the Company has:

- received nil requests for payment of redemption amounts; and
- received written waivers for redemption amounts representing \$63.81.

The Company is seeking to confirm the position of the remaining holders of Class C Performance Shares in relation to redemption amounts representing \$12.315.

Resolution 9 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote on the Resolution (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The cancellation of the Class C Performance Shares is conditional upon the holders of those shares approving the cancellation by special resolution at a separate special meeting to be held on 13 December 2019.

## 7.2 Corporations Act provisions for capital reductions

Section 256B of the Corporations Act provides that a company may reduce its capital in a way that is not otherwise authorised by law if the reduction:

- is fair and reasonable to the shareholders as a whole;
- does not materially prejudice the company's ability to pay its creditors; and
- is approved by shareholders in accordance with section 256C of the Corporations Act.

The Corporations Act regime for reductions of capital are intended to protect the interests of shareholders and creditors by:

- addressing the risk of the transaction leading to the company's insolvency;
- seeking to ensure fairness between the shareholders of the company; and
- requiring the company to disclose all material information.

Section 256C of the Corporations Act provides that a company may make a selective capital reduction if it is approved by a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced.

Further, a selective capital reduction which has the effect of cancelling shares must also be approved by a special resolution at a meeting of the holders of the shares to be cancelled.

A notice of meeting must contain all information known to a company that is material to the decision on how to vote on a reduction of capital, provided that the company does not have to disclose information if it would be unreasonable to require it to do so because the company has previously disclosed the information to shareholders.

## 7.3 Selective Capital Reduction fair and reasonable

The Directors (other than Messrs David Budge and John (Nathan) Henry who have a material personal interest in Resolution 9 as holders of Class C Performance Shares) believe that the Selective Capital Reduction is fair and reasonable to Shareholders for the following reasons:

- as the Performance Milestone was not satisfied by the Company, the Class C Performance Shares are to be automatically redeemed by the Company in accordance with their terms of issue which have been previously disclosed to Shareholders in the Company's initial public offering prospectus dated 9 June 2016;
- the Selective Capital Reduction will not materially prejudice the Company's ability to pay its creditors and will have a negligible financial effect on the Company;
- the Selective Capital Reduction will reduce the cash reserves of the Company by a negligible amount (no more than \$76.125, after accounting for payment waivers received from holders of Class C Performance Shares); and
- the Directors (other than Messrs Budge and Henry) do not consider that there are any material disadvantages to the Company undertaking the Selective Capital Reduction.

## 7.4 Listing Rule 7.20

Pursuant to Listing Rule 7.20, the Company is required to notify Shareholders of the effect of any reorganisation of its capital. The Company considers the Selective Capital Reduction to be a reorganisation of its capital for the purposes of Listing Rule 7.20.

For the purposes of Shareholders approving the Selective Capital Reduction, the following information is provided to Shareholders as required by Listing Rule 7.20:

- the Selective Capital Reduction will result in the cancellation of 7,612,500 Class C Performance Shares, but will otherwise not have any impact on the Company's capital structure;

- the Selective Capital Reduction does not involve any fractional entitlements, as it involves the redemption and cancellation of all Class C Performance Shares; and
- the Selective Capital Reduction will not have any effect on any convertible securities of the Company on issue as at the date of the Selective Capital Reduction (including Options and Performance Rights).

## 7.5 Indicative timetable

The table below sets out the indicative timetable for the Selective Capital Reduction. The dates in the table are indicative only may change, subject to ASX requirements.

Event	Target Date
Filing Notice with ASIC and Form 2560.	Thursday, 12 November 2019
Despatch Notice to Shareholders.	Wednesday, 13 November 2019
Annual General Meeting. Notification to ASX that approval has been received. File Form 2205 with ASIC.	Friday, 13 December 2019
Notification to ASX of expiry of 14 days from filing of Form 2205 with ASIC. Cancellation of Class C Performance Shares.	Friday, 27 December 2019
Despatch of notifications to holders of Class C Performance Share that cancellation has been implemented.	Thursday, 2 January 2020

## 7.6 Directors' recommendation

The Directors (other than Messrs Budge and Henry who each have a material personal interest in the outcome of the Resolution and decline to make a recommendation) recommend that Shareholders vote in favour of Resolution 9 to enable the Company to complete the process for redemption and cancellation of the Class C Performance Shares.

## 8. Resolutions 10 and 11 – Ratification of Placement Shares

### 8.1 Background

On 30 October 2019, the Company announced that it had completed a bookbuild for a placement (**Placement**) to various Exempt Investors (**Placement Participants**) of 15,384,616 Shares at an issue price of \$0.26 each to raise approximately \$4,000,000 (before costs) (**Placement Shares**).

15,074,616 Placement Shares were issued to non-Related Party applicants on 6 November 2019 pursuant to the Company's placement capacities under Listing Rules 7.1 and 7.1A. The remaining 310,000 Placement Shares are proposed to be issued to Mr Paul Kristensen and Mr Norman (Mel) Ashton, Directors of the Company, and are the subject of Resolutions 12 and 13.

Blue Ocean Equities Pty Ltd acted as lead manager to the Placement.

Resolutions 10 and 11 are ordinary resolutions which separately seek ratification and approval by Shareholders of the prior issue of the Placement Shares to non-Related Party Placement Participants under the Placement pursuant to the Company's placement capacities under Listing Rules 7.1 and 7.1A respectively.

If Resolutions 10 and/or 11 are approved, the Company's issuing capacities under Listing Rules 7.1 and 7.1A will be restored (as applicable). This will allow the Company to issue further Equity Securities representing up to 15% of the Company's issued capital under Listing Rule 7.1 and 10% of the Company's issued capital under Listing Rule 7.1A in the next 12 months.

If Resolutions 10 and/or 11 is not approved, the Company's issuing capacities under Listing Rules 7.1 and 7.1A will not be restored (as applicable).

## 8.2 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.

Further, Listing Rule 7.1A provides that an “eligible entity” may issue up to 10% of its issued share capital without shareholder approval in the 12-month period following its annual general meeting, provided that shareholder approval is obtained by special resolution to do so at the annual general meeting. This issuing capacity is in addition to the capacity under Listing Rule 7.1.

An “eligible entity” under the Listing Rules is an entity that is not included in the S&P/ASX 300 index and has a market capitalisation of \$300 million or less. The Company satisfied these criteria.

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.

Issues made without shareholder approval in accordance with Listing Rule 7.1A can also be ratified under Listing Rule 7.4.

## 8.3 Listing Rule information requirements

In accordance with the disclosure requirements of Listing Rule 7.5, the following information is provided in relation to Resolutions 10 and 11:

### (a) Number of securities issued

15,074,616 Placement Shares were issued under the Placement to non-Related Parties. This comprised:

- 6,211,107 under Listing Rule 7.1 (these Placement Shares are the subject of Resolution 10); and
- 8,863,509 under Listing Rule 7.1A (these Placement Shares are the subject of Resolution 11).

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

The Placement Shares were issued for \$0.26 per share.

### (c) The terms of the securities

The Placement Shares were fully paid ordinary shares that rank equally with all existing Shares on issue.

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

The Shares were issued to the Placement Participants, being professional and sophisticated clients of Blue Ocean Equities Pty Ltd, which acted as lead manager to the Placement.

The Placement Participants are Exempt Investors, being investors to whom securities may be issued without a prospectus or other disclosure document.

None of the Placement Participants are Related Parties of the Company. Mr Paul Kristensen and Mr Normal (Mel) Ashton, each a Director of the Company, have conditionally subscribed for Placement Shares the subject of Resolutions 12 and 13.

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

As announced to ASX on 30 October 2019, the funds raised by the issue of the Shares will primarily be applied to accelerate commercialisation of the Company’s rapid manufacturing technology (RMP-1 and large format) machines, powder development and for working capital.

#### 8.4 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 10 and 11 as they will refresh the Company's issuing capacities under Listing Rules 7.1 and 7.1A respectively and give the Company the flexibility to raise additional working capital through the offer and issue of Equity Securities, if and as required.

### 9. Resolutions 12 and 13 – Approval for Mr Paul Kristensen and Mr Norman (Mel) Ashton to Participate in the Placement

#### 9.1 Background

Resolutions 12 and 13 are ordinary resolutions which seek the approval of Shareholders for the Company to issue Placement Shares to Mr Paul Kristensen and Mr Norman (Mel) Ashton (or their respective nominees) under the Placement.

The Placement is described above at Section 8.1. Mr Paul Kristensen and Mr Norman (Mel) Ashton have subscribed for Placement Shares on the same terms as the Placement Participants.

As Mr Kristensen and Mr Ashton are Directors, they are Related Parties of the Company. Consequently, their participation in the Placement is conditional upon Shareholder approval being obtained for the purposes of Listing Rule 10.11.

If Shareholder approval under either of Resolutions 12 and 13 is not granted, Mr Kristensen and Mr Ashton will not be able to participate under the Placement (as applicable).

#### 9.2 Corporations Act requirements

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

As outlined in Section 5.3(b), 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 Mr Kristensen and Mr Ashton) consider that the proposed issue of Placement Shares to Mr Kristensen and Mr Ashton is reasonable in the circumstances, as they are proposed to be issued on the same terms and at the same price as all Placement Shares issued to non-Related Parties under the Placement. Accordingly, the proposed issues reflect arm's length terms.

The Directors (other than Mr Kristensen and Mr 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 210 of the Corporations Act applies.

#### 9.3 Applicable Listing Rules

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

Both Mr Kristensen and Mr Ashton are Related Parties of the Company by virtue of being Directors.

Therefore, Resolutions 12 and 13 seek Shareholder approval pursuant to Listing Rule 10.11.

If approval for Resolutions 12 and 13 are granted under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

#### 9.4 Listing Rule information requirements

Listing Rule 10.13 requires that the following information be provided to Shareholders in relation to Resolutions 12 and 13 for the purposes of obtaining approval under Listing Rule 10.11:

(a) **Name of the Related Parties**

Mr Paul Kristensen or his nominee and Mr Norman (Mel) Ashton or his nominee.

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

Mr Kristensen has subscribed for 160,000 Placement Shares under the Placement.

Mr Ashton has subscribed for 150,000 Placement Shares under the Placement.

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

The Placement Shares will be issued as soon as possible after the receipt of shareholder approval and, in any event, within 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 Placement Shares will occur on one date.

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

The Placement Shares will be issued at \$0.26 each.

These terms reflect the same terms applicable to non-Related Party Placement Participants under the Placement.

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

As announced to ASX on 30 October 2019, the funds raised by the issue of the Shares will primarily be applied to accelerate commercialisation of the Company's rapid manufacturing technology (RMP-1 and large format) machines, powder development and for working capital.

#### 9.5 Directors' recommendation

(a) **Resolution 12 – Approval for Mr Paul Kristensen to Participate in the Placement**

Mr Kristensen has a material personal interest in Resolution 12 and therefore declines to make any voting recommendation to Shareholders.

The Directors (other than Mr Kristensen) recommend that Shareholders vote in favour of Resolution 12.

(b) **Resolution 13 – Approval for Mr Norman (Mel) Ashton to Participate in the Placement**

Mr Ashton has a material personal interest in Resolution 13 and therefore declines to make any voting recommendation to Shareholders.

The Directors (other than Mr Ashton) recommend that Shareholders vote in favour of Resolution 13.

## 10. Resolution 14 – Approval to grant Broker Options to Blue Ocean Equities

### 10.1 Background

As outlined in Section 8.1, Blue Ocean Equities Pty Ltd (ABN 53 151 186 935) (**Blue Ocean**) acted as lead manager to the Placement.

In consideration for providing its lead manager services, Blue Ocean is entitled to be paid or granted pursuant to its capital raising mandate:

- a management fee equivalent to 2.5% of the total proceeds raised and received under the Offer;
- a selling fee equivalent to 2.5% of the total proceeds raised and received under the Offer;
- subject to Shareholder approval under this Resolution, 750,000 options (**Broker Options**); and
- reimbursement of its reasonable out-of-pocket expenses incurred in relation to the Placement.

The Company is contractually required to seek Shareholder approval for the grant the Broker Options to Blue Ocean and, if such approval is obtained, to grant the Broker Options.

Resolution 14 is an ordinary resolution seeking approval of Shareholders to grant Broker Options to Blue Ocean.

If Resolution 14 is not approved, the Company may be required to pay Blue Ocean a cash payment in lieu of the Broker Options.

## 10.2 **Applicable Listing Rules**

Listing Rule 7.1 provides that shareholder approval 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.

If Resolution 14 is approved, the Broker Options will be exempt from the 15% limit under Listing Rule 7.1, thereby preserving the Company's issuing capacity under that rule.

## 10.3 **Listing Rule information requirements**

In accordance with the disclosure requirements of Listing Rule 7.3, the following information is provided in relation to Resolution 14:

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

750,000 Broker Options are to be granted.

### (b) **The date or dates on or by which the entity will issue the securities**

The Company will grant the Broker Options to Blue Ocean on one date within 3 months after the date of the Meeting.

The Company anticipates granting the Broker Options on the day of, or immediately following, the Meeting.

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

The Broker Options will be granted for nil cash consideration in consideration for services performed by Blue Ocean as lead manager to the Placement.

### (d) **The names of the persons to whom the securities will be issued or the basis on which those persons will be identified or selected**

The Broker Options will be granted to Blue Ocean or its nominees.

Blue Ocean is not a Related Party of the Company, and meets the requirements of being a professional investor for the purposes of the Corporations Act as it is an Australian financial services licensee. Therefore, securities may be issued or granted to Blue Ocean without a prospectus or other disclosure document.

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

Each Broker Option has an exercise price of \$0.39, an expiry date of 3 years from the date of grant, and is otherwise granted on the terms set out in Schedule 5.

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

The Company will not raise any funds from the granted of Broker Options to Blue Ocean.

If all such Broker Options are exercised, the Company will receive \$292,500 in exercise fees. These funds will be applied to the Company's operational and working capital requirements at that time.

#### 10.4 **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 14 as it will enable the Company to grant the Broker Options in satisfaction of its obligations under the Blue Ocean mandate, and will preserve the Company's cash reserves.

### 11. **Resolution 15 – Approval to grant Broker Options to Max Capital**

#### 11.1 **Background**

On 29 August 2018, the Company entered into a consultancy services agreement with Max Capital Pty Ltd (ACN 152 214 956) (**Max Capital**) under which Max Capital agreed to provide corporate advisory services to the Company (**Advisory Agreement**).

In accordance with the terms of the Advisory Agreement, Max Capital agreed to provide ongoing corporate advisory services to the Company for a period of 6 months commencing on 1 August 2018. These services included:

- introducing Australian-based stockbroking groups that may be suitable partners for the Company with respect to research and capital raising initiatives;
- assisting the Company with investor relations and communications; and
- providing corporate advice to the Company, including in relation not capital raising activities.

In October 2018, the Company engaged Max Capital to assist with the Placement. For these services, Max Capital is entitled to receive:

- a success fee on the Placement equal to 0.75% of the amount raised from Placement Participants introduced by Max Capital; and
- 250,000 Broker Options.

Resolution 15 is an ordinary resolution seeking approval of Shareholders to grant Broker Options to Max Capital.

If Resolution 15 is not approved, the Company may be required to pay Max Capital a cash payment in lieu of the Broker Options.

#### 11.2 **Applicable Listing Rules**

Listing Rule 7.1 provides that shareholder approval 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.

If Resolution 15 is approved, the Broker Options will be exempt from the 15% limit under Listing Rule 7.1, thereby preserving the Company's issuing capacity under that rule.

#### 11.3 **Listing Rule information requirements**

In accordance with the disclosure requirements of Listing Rule 7.3, the following information is provided in relation to Resolution 14:

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

250,000 Broker Options are to be granted.

(b) **The date or dates on or by which the entity will issue the securities**

The Company will grant the Broker Options to Max Capital on one date within 3 months after the date of the Meeting.

The Company anticipates granting the Broker Options on the day of, or immediately following, the Meeting.

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

The Broker Options will be granted for nil cash consideration in consideration for services performed by Max Capital as lead manager to the Placement.

(d) **The names of the persons to whom the securities will be issued or the basis on which those persons will be identified or selected**

The Broker Options will be granted to Max Capital or its nominees.

Max Capital is not a Related Party of the Company, and meets the requirements of being a professional investor for the purposes of the Corporations Act as it is an Australian financial services licensee. Therefore, securities may be issued or granted to Max Capital without a prospectus or other disclosure document.

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

Each Broker Option has an exercise price of \$0.39, an expiry date of 3 years from the date of grant, and is otherwise granted on the terms set out in Schedule 5.

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

The Company will not raise any funds from the granted of Broker Options to Max Capital.

If all such Broker Options are exercised, the Company will receive \$97,500 in exercise fees. These funds will be applied to the Company's operational and working capital requirements at that time.

11.4 **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 15 as it will enable the Company to grant the Broker Options in satisfaction of its obligations under its contract with Max Capital and will preserve the Company's cash reserves.

## 12. Resolution 16 – Approval of Additional Placement Facility

12.1 **Background**

Resolution 16 seeks Shareholder approval for an additional issuing capacity under Listing Rule 7.1A (**Additional Placement Facility**).

If approved, Resolution 16 would enable the Company to issue additional Equity Securities (calculated below) over a 12-month period without obtaining Shareholder approval.

If Resolution 16 is not approved, the Company will not be able to issue Equity Securities under the Additional Placement Facility.

Resolution 16 is a special resolution. It must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

12.2 **Applicable Listing Rules**

Listing Rule 7.1A permits eligible entities that have obtained the approval of shareholders by special resolution at an annual general meeting, to issue additional an additional 10% of its issued capital, over a 12-month period.

The Company is an eligible entity (being an entity with a market capitalisation of \$300 million or less and which is not included in the S&P/ASX 300 index) and seeks Shareholder approval under this Resolution for the Additional Placement Facility.

12.3 **Requirements of Listing Rule 7.1A**

(a) **Quoted securities**

Any Equity Securities issued under the Additional Placement Facility must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company has two classes of Equity Securities quoted on ASX, being:

- fully paid ordinary Shares; and
- Options exercisable at \$1.00 on or before 17 April 2020.

**(b) Number of Equity Securities that may be issued**

Listing Rule 7.1 permits the Company to issue Equity Securities equal to approximately 15% of the Company's issued capital over a 12-month period without Shareholder approval.

The Additional Placement Facility under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The exact number of additional Equity Securities that the Company may issue under the Additional Placement Facility is not fixed but is calculated under a formula prescribed by the Listing Rules (set out below).

At the date of this Notice, the Company has 103,709,707 Shares on issue.

**(c) Formula for Additional Placement Facility**

If this Resolution 16 is approved, the Company may issue or agree to issue, during the 12-month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

$$\text{Additional Placement Capacity} = (A \times D) - E$$

where:

- A** = the number of fully paid ordinary securities on issue 12 months before the issue date or date of agreement to issue:
- plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
  - plus the number of partly paid ordinary securities that became fully paid in the 12 months;
  - plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4; and
  - less the number of fully paid ordinary securities cancelled in the 12 months;
- D** = 10%; and
- E** = the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

**12.4 Listing Rule information requirements**

Listing Rule 7.3A requires that the following information be provided to Shareholders in relation to Resolution 16 for the purposes of obtaining approval under Listing Rule 7.1A:

**(a) Minimum price at which Equity Securities may be issued**

The issue price of any Equity Security under the Additional Placement Facility will not be less than 75% of the VWAP for securities in the same class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the securities are to be issued is agreed; or
- if the securities are not issued within 5 trading days of the date above, the date on which the securities are issued.

(b) **Risk of economic and voting dilution**

If Resolution 16 is approved and the Company issues securities under the Additional Placement Facility, then there is a risk to existing Shareholders of economic and voting dilution, including the risk that:

- the market price for Equity Securities in the same class may be significantly lower on the issue date of the new Equity Securities than on the date of this Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price for Equity Securities in the same class on the issue date or the new Equity Securities may be issued in consideration for the acquisition of a new asset.

The table below identifies the potential dilution to existing Shareholders following the issue of Equity Securities under the Additional Placement Facility (based on the formula set out above) using different variables for the number of issued Shares and the market price of Shares.

The numbers are calculated on the basis of the closing market price of Shares as at 6 November 2019 and the current number of Shares on issue.

Variable A in Listing Rule 7.1A		Issue price		
		\$0.28 (market price)	\$0.21 (25% decrease in market price)	\$0.14 (50% decrease in market price)
<b>Current issued capital</b> A = 103,709,707	<b>Shares issued under LR 7.1A</b>	10,370,970	10,370,970	10,370,970
	<b>Voting dilution</b>	10%	10%	10%
	<b>Funds raised</b>	\$2,903,872	\$2,177,904	\$1,451,936
	<b>Economic dilution</b>	0%	2.27%	4.55%
<b>50% increase in issued capital</b> A = 155,564,560	<b>Shares issued under LR 7.1A</b>	15,556,456	15,556,456	15,556,456
	<b>Voting dilution</b>	10%	10%	10%
	<b>Funds raised</b>	\$4,355,808	\$3,266,856	\$2,177,904
	<b>Economic dilution</b>	0%	2.27%	4.55%

Variable A in Listing Rule 7.1A		Issue price		
		\$0.28 (market price)	\$0.21 (25% decrease in market price)	\$0.14 (50% decrease in market price)
100% increase in current issued capital A = 207,419,414	Shares issued under LR 7.1A	20,741,941	20,741,941	20,741,941
	Voting dilution	10%	10%	10%
	Funds raised	\$5,807,743	\$4,355,808	\$2,903,872
	Economic dilution	0%	2.27%	4.55%

**Notes:**

The above table has been prepared on the following assumptions:

1. the Company issues the maximum number of Equity Securities available under the Additional Placement Facility;
2. existing Shareholders' holdings do not change from the date of this Meeting to the date of the issue under the Additional Placement Facility;
3. the Company issues Shares only and does not issue other types of Equity Securities (such as Options) under the Additional Placement Facility;
4. the impact of placements under Listing Rule 7.1 or following the exercise of Options is not included in the calculations; and
5. Economic dilution (ED) is calculated using the following formula:

$$ED = (MP - (NMC / TS)) / MP$$

where:

**MP** = the market price of shares traded on ASX, expressed in dollars;

**MC** = market capitalisation prior to issue of Equity Securities, being the MP multiplied by the number of shares on issue;

**NMC** = notional market capitalisation, being the market capitalisation plus the NSV;

**NSV** = new security value, being the number of new Equity Securities multiplied by the issue price of those Equity Securities; and

**TS** = total shares on issue following new Equity Security issue.

**(c) Date by which Equity Securities may be issued**

Equity Securities may be issued under the Additional Placement Facility for 12 months after this Meeting (i.e. until 12 December 2020).

However, the approval of the Additional Placement Facility under Resolution 16 will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal of the Company's main undertaking).

**(d) Purpose for which Equity Securities may be issued**

The Company may seek to issue Equity Securities under the Additional Placement Facility for the following purposes:

- cash consideration to fund business growth, to acquire new assets or make investments, to develop the Company's existing assets and operations and for general working capital; and

- non-cash consideration to acquire new assets or make investments; in these circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

**(e) Allocation policy**

The Company's allocation policy for the issue of Equity Securities under the Additional Placement Facility will depend on the prevailing market conditions at the time of the proposed issue. The allottees will be determined on a case-by-case basis having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of the new securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate and other advisors.

As at the date of this Notice, the Company has not identified any proposed allottees of Equity Securities using the Additional Placement Facility. Therefore, no Shareholders will be excluded from voting on Resolution 16. However, the eventual allottees may include existing substantial Shareholders, other Shareholders and/or new investors.

None of the allottees will be a Related Party or an Associate of a Related Party of the Company, except as permitted under Listing Rule 7.2. Existing Shareholders may or may not be entitled to subscribe for Equity Securities under the Additional Placement Facility and it is possible that their shareholding will be diluted.

If the Additional Placement Facility is used to acquire new assets or investments, then it is likely that the allottees will be the vendors of these assets/investments.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities under the Additional Placement Facility.

**(f) Additional information on issued securities**

Shareholders approved an Additional Placement Facility at the Company's 2018 annual general meeting.

The total number of Equity Securities issued in the 12 months before this Meeting is 35,926,936. This represents approximately 53% of the total number of Equity Securities on issue at the commencement of that 12-month period (being 67,782,771 Equity Securities).

The details for each separate issue of Equity Securities issued during the 12 months before this Meeting are set out in Schedule 6.

**12.5 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 16 as it will give the Company the flexibility to raise and fund necessary working capital whilst preserving the Company's cash reserves.

**13. Resolution 17 – Amendment to Constitution**

**13.1 Background**

Resolution 17 seeks Shareholder to amend certain provisions of the Company's Constitution to comply with proposed new Listing Rule requirements of ASX.

Resolution 17 is a special resolution. It must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

If Resolution 17 is not approved, the Company's Constitution will not be amended.

## 13.2 Proposed changes to Listing Rule 15.12

As part of a larger suite of amendments to the Listing Rules, ASX has announced that it intends to streamline the rules governing “restricted securities” with effect from 1 December 2019.

Restricted securities are securities of a company which are subject to ASX imposed escrow restrictions which prohibit (among other things) transferring the relevant securities for a specified escrow period.

Under the proposed Listing Rule changes, ASX is introducing a two-tiered escrow regime whereby ASX will:

- still require formal restriction agreements to be executed by certain more significant holders and their controllers, such as related parties, promoters, substantial holders, service providers and their Associates;
- permit entities to rely on provisions in their constitutions to impose escrow restrictions on less significant holders of restricted securities and to give a pro forma notice to those holders advising them of those restrictions.

The changes also require that a listed entity’s constitution contain specified provisions regarding restricted securities as set out in Listing Rule 15.12 (as amended) for so long as it has restricted securities on issue.

Currently, Listing Rule 15.12 states that a listed entity’s constitution must provide for the provisions set out in that rule, relating to restricted securities and ASX’s escrow regime. The Company’s Constitution contains the required provisions in clauses 9.2(b), 9.5(d), 11.12(h), and 16.1(g).

Notwithstanding that the Company does not currently have any restricted securities on issue, and it is not currently anticipated that any restricted securities may be issued, the Board considers it prudent to amend the Constitution to reflect changes to Listing Rule 15.12 in case of any future requirement to issue restricted securities arises.

## 13.3 Reference amendments

In addition, the Company has identified certain clause cross-referencing errors within the Constitution. The Board proposes to rectify these errors in the Constitution.

## 13.4 Applicable Corporations Act provisions

Section 136 (2) of the Corporations Act provide that a company may modify its constitution by a special resolution of its shareholders.

A special resolution is defined in section 9 of the Corporations Act as a resolution passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

## 13.5 Amendments to Constitution

Details of the proposed amendments to the Constitution are set out in Schedule 7.

## 13.6 Directors’ recommendation

The Directors recommend that Shareholders vote in favour of Resolution 17 to ensure that the Company’s Constitution reflects the requirements of ASX for a listed company’s constitution.

# 14. Resolution 18 – Approval to place and issue Shares

## 14.1 Background

As outlined in Section 8, the Company undertook the Placement in late October 2019 to raise approximately \$4,000,000 using its issuing capacities under Listing Rule 7.1 and 7.1A.

The Company still has capacity under Listing Rule 7.1 to issue up to a further 7,084,000 Equity Securities to non-Related Parties without seeking shareholder approval.

Accordingly, the Company may seek to place Shares with non-Related Parties on substantially similar terms to the Placement up to this amount.

Resolution 18 is an ordinary resolution seeking approval of Shareholders for the Company to place and issue up to 7,084,000 Shares to non-Related Party investors.

The purpose of this Resolution to allow the Company to raise additional funds from the placement Shares equal to its remaining Listing Rule 7.1 capacity, whilst preserving that issuing capacity.

#### 14.2 **Applicable Listing Rules**

Listing Rule 7.1 provides that shareholder approval 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.

If Resolution 18 is approved, the issue of Shares will be exempt from the 15% limit under Listing Rule 7.1, thereby preserving the Company's issuing capacity under that rule.

#### 14.3 **Listing Rule information requirements**

In accordance with the disclosure requirements of Listing Rule 7.3, the following information is provided in relation to Resolution 18:

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

Up to 7,084,000 Shares may be issued.

(b) **The date or dates on or by which the entity will issue the securities**

The Company will issue any Shares placed with investors within 3 months after the date of the Meeting. The issue will occur on one day.

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

The Shares will be issued at the higher of:

- a discount of 13.3% to the closing price of Shares traded on ASX immediately before agreeing the terms of placement for those Shares with an investor; and
- \$0.26 per Share, being the price at which Placement Shares were issued.

(d) **The names of the persons to whom the securities will be issued or the basis on which those persons will be identified or selected**

The Shares will be issued to non-Related Party investors identified by the Company or its advisors, Blue Ocean or Max Capital. All such investors will be Exempt Investors.

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

The Shares will be fully paid ordinary shares that will, at the time of issue, rank equally with all existing Shares then on issue.

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

Funds raised by the issue of the Shares will be applied on the same basis as the funds raised from the Placement, being primarily to accelerate commercialisation of the Company's rapid manufacturing technology (RMP-1 and large format) machines, powder development and for working capital.

#### 14.4 **Potential dilutive effect**

The table below sets out example scenarios for the placement of Shares if Resolution 18 is approved. It shows the potential funds raised and potential dilutive effect on Shareholders from such scenarios.

Shares issued	Estimated Dilution	Estimated Funds Raised			
		\$0.26	\$0.30	\$0.40	\$0.50
1,000,000	0.96%	\$260,000.00	\$300,000.00	\$400,000.00	\$500,000.00
2,000,000	1.89%	\$520,000.00	\$600,000.00	\$800,000.00	\$1,000,000.00

3,000,000	2.81%	\$780,000.00	\$900,000.00	\$1,200,000.00	\$1,500,000.00
4,000,000	3.71%	\$1,040,000.00	\$1,200,000.00	\$1,600,000.00	\$2,000,000.00
5,000,000	4.60%	\$1,300,000.00	\$1,500,000.00	\$2,000,000.00	\$2,500,000.00
6,000,000	5.47%	\$1,560,000.00	\$1,800,000.00	\$2,400,000.00	\$3,000,000.00
7,084,000	6.39%	\$1,841,840.00	\$2,125,200.00	\$2,833,600.00	\$3,542,000.00

#### 14.5 **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 18 as it will enable the Company to raise funds from the placement of Shares to non-Related Party investors whilst preserving its remaining issuing capacity under Listing Rule 7.1. This will give the Company the flexibility to raise additional working capital through the offer and issue of Equity Securities, if and as required.

# Glossary

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

<b>2019 Annual Report</b>	The annual report of the Company for the financial year ended 30 June 2019, including the annual financial report, the Directors' report and the Auditor's report.
<b>Additional Placement Facility</b>	Has the meaning given to that term on Section 12.1 of this Explanatory Statement.
<b>Annual General Meeting or Meeting</b>	The annual general meeting of Shareholders or any adjournment thereof, convened by this Notice.
<b>Associate</b>	Has the meaning given to that term in the Listing Rules.
<b>ASX</b>	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires.
<b>Auditor</b>	The auditor of the Company, being HLB Mann Judd at the date of the Notice.
<b>Board</b>	The Company's Board of Directors.
<b>Broker Options</b>	Has the meaning given to that term in Section 10.1.
<b>Class C Performance Share</b>	A performance share issued by the Company on the terms specified in Schedule 3.
<b>Closely Related Parties</b>	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"><li>(a) a spouse or child of the member;</li><li>(b) a child of the member's spouse;</li><li>(c) a dependent of the member or the member's spouse;</li><li>(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;</li><li>(e) a company the member controls; or</li><li>(f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) (currently none are prescribed).</li></ul>
<b>Company</b>	Aurora Labs Limited (ACN 601 164 505).
<b>Company Secretary</b>	The Company Secretary of the Company at the time of the Meeting.
<b>Constitution</b>	The Constitution of the Company as at the date of this Notice.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of the Company.
<b>Director Performance Right</b>	A Performance Right granted on the terms and conditions specified Schedule 2.
<b>Employee Incentive Plan</b>	The employee incentive plan of the Company adopted by the Board on 12 August 2016 (as amended on 13 March 2017 and 26 July 2017) and approved by Shareholders on 30 November 2018.

<b>Equity Security</b>	Has the meaning given to that term in Listing Rule 19.12, being: <ul style="list-style-type: none"> <li>(a) a share;</li> <li>(b) a unit;</li> <li>(c) a right to a share or unit or option;</li> <li>(d) an option over an issued or unissued security;</li> <li>(e) a convertible security;</li> <li>(f) any security that ASX decides to classify as an equity security;</li> <li>(g) but not a security that ASX decides to classify as a debt security.</li> </ul>
<b>Executive Option</b>	An Option granted on the terms and conditions specified in Schedule 4.
<b>Exempt Investor</b>	A person to whom securities may be offered and issued without disclosure under Chapter 6D of the Corporations Act, as specified in sections 708, 708A or 708AA (as applicable) of the Corporations Act.
<b>Explanatory Statement</b>	This explanatory statement which accompanies and forms part of the Notice of Meeting.
<b>Glossary</b>	This glossary of terms.
<b>Key Management Personnel</b>	Has the same meaning as the definition of that term in section 9 of the Corporations Act, being those persons details of whose remuneration are included in the Remuneration Report having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
<b>Listing Rules</b>	The listing rules of ASX, as amended from time to time.
<b>Meeting Chairperson</b>	The chairperson of the Meeting.
<b>Notice or Notice of Annual General Meeting</b>	The notice of Annual General Meeting which accompanies this Explanatory Statement.
<b>Option</b>	An option to subscribe for a Share.
<b>Performance Right</b>	right to be issued a Share on the satisfaction of specified performance milestones.
<b>Placement</b>	Has the meaning given to that term in Section 8.1.
<b>Placement Participants</b>	Has the meaning given to that term in Section 8.1.
<b>Placement Shares</b>	Has the meaning given to that term in Section 8.1.
<b>Proxy Form</b>	The proxy form accompanying the Notice.
<b>Related Body Corporate</b>	Has the same meaning as given to that term in the Corporations Act.
<b>Related Party</b>	Has the same meaning as given to that term in the Corporations Act.
<b>Remuneration Report</b>	The remuneration report of the Company for the period ended 30 June 2019, appearing in the Director's report as set out in the 2019 Annual Report.
<b>Resolution</b>	A resolution set out in the Notice.
<b>Section</b>	A section of this Notice.
<b>Selective Capital Reduction</b>	Has the meaning given to that term in Section 7.1.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	A registered holder of a Share.

<b>Tranche 1 Executive Options</b>	Has the meaning given to that term in Section 6.2.
<b>Tranche 2 Executive Options</b>	Has the meaning given to that term in Section 6.2.
<b>VWAP</b>	The volume weighted average sale prices of Shares sold on ASX during the specified period, excluding any transaction defined in the ASX Operating Rules as 'special', crossings prior to the commencement of normal trading, crossings during the after-hours adjust phase and any overseas trades or exchange traded option exercises.
<b>WST</b>	Australian Western Standard Time, being the time in Perth, Western Australia.

# Schedule 1 – Summary of Employee Incentive Plan Terms

The Company has established an employee incentive plan (**Plan**) which is governed by the Employee Incentive Plan Rules (**Rules**).

The material terms of the Plan are summarised as follows:

- 1. Purpose:** The purpose of the Plan is:
  - (a) to establish a method by which eligible persons can participate in the future growth and profitability of the Company;
  - (b) to provide an incentive and reward for eligible persons for their contribution to the Company; and
  - (c) to attract and retain a high standard of managerial and technical personnel for the benefit of the Company.
- 2. Participation:** The following persons can participate in the Plan if the Board makes them an offer to do so:
  - (a) a full-time or part-time employee, including an executive and non-executive Director of the Company or its Related Bodies Corporate;
  - (b) a contractor of the Company or its Related Bodies Corporate;
  - (c) 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; and
  - (d) a person to whom an offer of Awards has been made, but whose acceptance of the offer is conditional upon the person becoming one of the above.
- 3. Grant of Awards:** Pursuant to the Employee Incentive Plan, the Board may grant any of the following incentives (**Awards**), in accordance with the Rules and otherwise on terms and conditions set by the Board at its discretion:
  - (a) Options to subscribe for Shares; and
  - (b) Performance Rights entitling the holder to be issued Shares.
- 4. Vesting, performance and exercise conditions:** Options and Performance Rights may be subject to the following conditions:
  - (a) **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 grant of an Award and its vesting, waive or accelerate as the Board considers reasonably appropriate;
  - (b) **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
  - (c) **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.
- 5. 5% limit:** 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.
- 6. Taxation matters:** Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies to the Plan except to the extent an offer provides otherwise.
- 7. Board discretions:** The Board has broad discretions under the Employee Incentive Plan, including (without limitation) as to:
  - (a) the timing of making an offer to participate in the Employee Incentive Plan;

- (b) identifying persons eligible to participate in the Employee Incentive Plan;
- (c) the terms of issue of Options and Performance Rights (including vesting conditions, performance hurdles and exercise conditions if any); and
- (d) the periods during which Awards may be exercised.

**8. Awards not to be quoted:** The Awards will not be quoted on the ASX. However, application will be made to the ASX for official quotation of Shares issued on the exercise of Awards, if the Shares are listed on the ASX at that time.

**9. Shares issued on exercise of Awards:**

- (a) Subject to any applicable vesting conditions, performance hurdles and exercise conditions:
  - (i) each Option entitles the holder to subscribe for and be issued with one Share; and
  - (ii) each Performance Right entitles the holder to subscribe for and be issued with one Share.
- (b) Shares issued pursuant to the exercise of Awards will in all respects rank equally and carry the same rights and entitlements as other Shares on issue.
- (c) Holders of Awards have no rights to vote at meetings of the Company or receive dividends until Shares are allotted on the exercise of Awards pursuant to the Employee Incentive Plan.

**10. Lapse of Awards:**

- (a) Unless the Directors in their absolute discretion determine otherwise, Awards will automatically lapse and be forfeited if, prior to the satisfaction of an exercise condition or vesting condition:
  - (i) the holder resigns employment or terminates engagement with the Company;
  - (ii) the holder is dismissed from employment or engagement with the Company for:
    - A. material breach of contract or negligence;
    - B. conduct justifying termination without notice;
  - (iii) the holder ceases employment or engagement with the Company and breaches any post-termination restraint;
  - (iv) the holder is ineligible to hold his or her office pursuant to the Corporations Act; or
  - (v) any performance milestones applicable to the Awards are not satisfied – if a portion are satisfied, then a proportionate number of Awards may continue at the Board's discretion.
- (b) Awards will not lapse and be forfeited if the holder ceases employment or engagement with the Company due to death or permanent disablement, retirement or redundancy, or where the Board determines that the Awards continue.

**11. Restrictions on transfer:** An Award holder is not able to sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Awards, or agree to do any of those things without the prior consent of the Board or unless such disposal is required by law.

**12. Participation rights of Award holders:** Holders of Awards will only be permitted to participate in an issue of new Shares by the Company if they exercise their Options or Performance Rights (as applicable) before the record date for the relevant issue.

**13. Adjustment of Awards:** In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Awards to which each Award holder is entitled or the exercise price or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Awards which are not conferred on Shareholders.

14. **Takeovers:** In the event of a takeover bid, certain capital reorganisations or transactions occurring that give rise to certain changes of control of the Company, restrictions on the exercise of an Award may lapse so that Award holders are able to participate in the relevant transaction.
15. **Amending the Employee Incentive Plan:** Subject to and in accordance with the Listing Rules, the Board (without the necessity of obtaining prior or subsequent consent of Shareholders) may from time to time amend all or any provisions of the Employee Incentive Plan.

## Schedule 2 – Terms of Director Performance Rights

The terms and conditions of the Director Performance Rights are set out below. These terms are subject to, and should be read in accordance with, the Company's Employee Incentive Plan Rules (**Plan Rules**).

### 1. Entitlement

Each Director Performance Right entitles the holder of that Director Performance Right (**Holder**) to subscribe for one fully paid ordinary share in the capital of the Company (**Share**), on and subject to these terms and conditions, the "Offer" (as defined in the Plan Rules) and otherwise pursuant to the Plan Rules.

### 2. Nil cash consideration

Each Director Performance Rights will be granted for nil cash consideration.

### 3. Period of Operation

The Director Performance Rights will come into effect upon grant and operate until 5:00pm (AWST) on the date falling 5 years from grant (**End Date**).

### 4. Performance Condition

Each Director Performance Rights is subject to a "Performance Condition" under the Plan Rules that the volume-weighted average price of the Shares traded on ASX over at least 10 consecutive trading days equals or exceeds \$0.47.

### 5. Vesting Conditions

The Director Performance Rights are subject to a "Vesting Conditions" under the Plan Rules:

- (a) in respect of 50% of the remaining Director Performance Rights, that the "Participant" (defined in the Plan Rules) to whom the Director Performance Rights are offered, whether the Holder or not, has been employed or engaged (as applicable) by the Company or any other of its related bodies corporate for a continuous period of at least 12 months; and
- (b) in respect of 50% of the remaining Director Performance Rights, that the Participant, whether the Holder or not, continues to be employed or engaged (as applicable) by the Company or any other of its related bodies corporate for at least 12 months from the date that the Director Performance Rights are granted or the satisfaction of the Vesting Condition in item 5(a), whichever is the later in time.

### 6. Vesting

Each Director Performance Right will only vest in the Holder and become exercisable following the satisfaction of the Performance Condition and Vesting Conditions.

### 7. Lapse

- 7.1 All Director Performance Rights which have not vested will automatically lapse and will be cancelled on the End Date.
- 7.2 All Director Performance Rights which have vested before the End Date but have not been exercised will be deemed to have been exercised immediately prior to the End Date unless the Holder notifies the Company otherwise in writing.

### 8. Quotation

The Company will not apply for quotation of the Director Performance Rights on ASX.

### 9. Transferability

Director Performance Rights are not transferable other than as permitted under the Plan Rules or with the consent of the Board (at its absolute discretion).

## 10. Exercise

- 10.1 Vested Director Performance Rights may only be exercised by notice in writing to the Company (**Notice of Exercise**), the form of which may be specified in the Offer or otherwise by the Company in writing, on or before the End Date.
- 10.2 Any Notice of Exercise for a Director Performance Right received by the Company will be deemed to be a notice of the exercise of the Director Performance Rights specified in that notice as at the date of receipt. Director Performance Rights may only be exercised in multiples of 500 unless fewer than 500 Director Performance Rights are held, or the Board otherwise agrees.
- 10.3 There is no consideration payable by the Holder upon the exercise of Director Performance Rights, and the Company must issue the relevant number of Shares to the Holder of the Director Performance Rights, update its share register and issue and send to the Holder an updated holding statement within 10 business days after receiving the Notice of Exercise.
- 10.4 The Holder must provide with or at the same time as a Notice of Exercise:
- (a) the "Certificate" (as defined in the Plan Rules) for the Director Performance Rights, or documentary evidence satisfactory to the Board that the Certificate was lost or destroyed; and
  - (b) where required by the Company in accordance with rule 19.2 of the Plan 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 Director Performance Rights.

## 11. Issue of Shares

- 11.1 The Share issued upon exercise of the Director Performance Rights will rank equally in all respects with the Company's ordinary shares.
- 11.2 The Company will apply to the ASX for official quotation of those Shares after they are issued.

## 12. Legal and Shareholder Approvals

- 12.1 The grant and exercise of Director Performance Rights is subject to the Company obtaining all required consents and approvals in relation to the same.
- 12.2 If the exercise of any Director Performance Rights would result in any person being in contravention of section 606 of the *Corporations Act 2001* (Cth) (**Takeover Provision**), then the exercise of those Director Performance Rights will be deferred until such time or times that the exercise would no longer result in the contravention.
- 12.3 Holders must give notification to the Company in writing if they consider that the exercise of the Director Performance Rights may result in the contravention of the Takeover Provision, failing which the Company will be entitled to assume that the exercise of the Director Performance Rights will not result in any person being in contravention of the Takeover Provision.

## 13. Participation in New Issues

A Director Performance Right does not entitle the Holder to any participation rights or entitlements inherent in holding Shares and Holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Director Performance Rights, including by way of bonus issue, rights issue or otherwise.

## 14. Adjustment for Bonus Issues

If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares which must be issued on the exercise of the Director Performance Rights will be increased by the number of Shares which the Holder would have received if the Holder had exercised the Director Performance Rights before the record date for the bonus issue.

## 15. Adjustment for Rights Issue

If the Company makes a pro rata rights issue of Shares to existing shareholders, the number of Director Performance Rights, or Shares to be issued upon the exercise of the Director Performance Rights, will not be adjusted other than to the extent required by the ASX Listing Rules.

## 16. Adjustments for Reorganisation

If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company (**Reorganisation**), then:

- (a) the rights of the Holder (including the number of Director Performance Right to which the Holder is entitled) will be changed to the extent necessary to comply with the ASX 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 directors of the Company and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Holder; and
- (c) the Company must, within a reasonable period, give to the Holder notice of any change to the number of Shares which the Holder is entitled to subscribe for and be issued on exercise of a vested Director Performance Right.

## 17. Secondary Trading Restrictions

17.1 Subject to item 17.2, within 5 trading days of issuing Shares on exercise of vested Director Performance Rights, the Company must lodge with ASX a duly completed notice pursuant to section 708A(5) of the *Corporations Act 2001* (Cth), meeting the requirements of section 708A(6) of the *Corporations Act 2001* (Cth) (**Cleansing Statement**).

17.2 If the Company is unable to issue a Cleansing Statement in relation to any Shares issued on exercise of Director Performance Rights for any reason:

- (a) the Company must within 60 days of receiving the Notice of Exercise for the relevant Director Performance Rights, lodge with the Australian Securities & Investments Commission (**ASIC**) a prospectus prepared in accordance with Chapter 6D of the *Corporations Act 2001* (Cth) offering Shares (**Cleansing Prospectus**); and
- (b) the Company is not required to issue the Shares on exercise of the relevant Director Performance Rights until the Cleansing Prospectus is lodged with ASIC.

## 18. Governing Law

These terms and conditions of the Director Performance Rights, and the rights and obligations of the Holder, are governed by the laws of Western Australia.

## 19. Legal Compliance

If these terms and conditions conflict with or do not comply with the *Corporations Act 2001* (Cth), the ASX Listing Rules or the Company's Constitution, the Holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.

## Schedule 3 – Terms of Class C Performance Shares

1. **Performance Shares:** Each Class C Performance Share is a share in the capital of the Company.
2. **General meetings:** Each Class C Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. Holders have the right to attend general meetings of Shareholders.
3. **No voting rights:** A Class C Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
4. **No dividend rights:** A Class C Performance Share does not entitle the Holder to any dividends.
5. **No rights to return of capital:** A Class C Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
6. **Rights on winding up:** A Class C Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
7. **Not transferable:** A Class C Performance Share is not transferable.
8. **Reorganisation of capital:** If at any time the issued capital of the Company is reconstructed (including a consolidation, subdivision, reduction, cancellation or return of issued share capital), all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
9. **Application to ASX:** The Class C Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Class C Performance Shares into Shares, the Company must within 10 business days apply for the official quotation of the Shares arising from the conversion on ASX.
10. **Participation in entitlements and bonus issues:** A Class C Performance Share does not entitle a Holder (in their capacity as a holder of a Class C Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
11. **Amendments required by ASX:** The terms of the Class C Performance Shares may be amended as necessary by the Board in order to comply with the ASX Listing Rules (if applicable), or any directions of ASX (if applicable) regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
12. **No Other Rights:** A Class C Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
13. **Milestones:** A Class C Performance Share in the relevant class will convert into one Share upon achievement of the Company (or an entity controlled by the Company) having cumulative revenue of A\$7,250,000 before 30 June 2019.
14. **Conversion on change of control:** Notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:
  - (a) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
  - (b) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,
  - (c) that number of Class C Performance Shares that is equal to 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Class C Performance Shares then on issue as well as on a pro rata basis for each Holder. Class C Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

- 15. Redemption if Milestone not achieved:** If the relevant Milestone is not achieved by the required date, then each Class C Performance Share in that class will be automatically redeemed by the Company for the sum of \$0.00001 within 10 Business Days of non-satisfaction of the Milestone.
- 16. Conversion Procedure:** The Company will issue the Holder with a new holding statement for the Share issued upon conversion of a Class C Performance Share within 10 Business Days following the conversion.
- 17. Ranking upon conversion:** The Share into which a Class C Performance Share may convert will rank *pari passu* in all respects with the existing the Company Shares.
- 18. Deferral of conversion:** If the conversion of any Class C Performance Shares (or any part thereof) would result in any person being in contravention of section 606(1) of the Corporations Act (**Takeover Restriction**) then:
- (a) The conversion of those Class C Performance Shares (or any part thereof) will be deferred until such later time or times that the conversion would not result in a contravention of the Takeover Restriction.
  - (b) A Holder may give written notification to the Company if they consider that the conversion of those Class C Performance Shares (or any part thereof) may result in the contravention of the Takeover Restriction, failing which the Company may assume the conversion of those Class C Performance Shares will not result in any person being in contravention of the Takeover Restriction.
  - (c) The Company may (but is not obliged to) by written notice to a Holder, request a Holder to provide the written notice referred to in paragraph 18(b) within 7 days if the Company considers that the conversion of those Class C Performance Shares (or any part thereof) may result in a contravention of the Takeover Restriction. If the Holder does not give notification to the Company within 7 days that they consider the conversion of the Class C Performance Shares (or part thereof) may result in the contravention of the Takeover Restriction, then the Company may assume that the conversion of the Class C Performance Shares (or part thereof) will not result in any person being in contravention of the Takeover Restriction.

# Schedule 4 – Terms of Executive Options

## 1. Employee Incentive Plan

- 1.1 Each premium exercise price option (**Executive Option**) is granted under the Employee Incentive Plan of the Company, on:
- (a) the rules of the Employee Incentive Plan (**Plan Rules**);
  - (b) the “Offer” (as defined in the Plan Rules) pursuant to which the Executive Option is granted; and
  - (c) these terms.
- 1.2 The documents referred to in item 1.1 are to be interpreted in the order of precedence set out in that item such that the provisions of a document higher in precedence prevail to the extent of any conflict or inconsistency with the provisions of any other document lower in precedence.
- 1.3 Capitalised terms which are defined in the Plan Rules have, when used in these terms, the meaning given to them under the Plan Rules, unless expressly stated otherwise.

## 2. Entitlement

Each Executive Option entitles the holder of that Executive Option (**Option Holder**) to subscribe for 1 fully paid ordinary share in the Company (**Share**) at an exercise price of (each an **Exercise Price**):

- (a) in respect of 50% of the Executive Options held by the Option Holder, \$0.50 (**Tranche 1 Executive Options**); and
- (b) in respect of 50% of the Executive Options held by the Option Holder, \$0.75 (**Tranche 2 Executive Options**).

## 3. Term of Executive Options

- 3.1 The expiry date of the Executive Options (**End Date**) will be:
- (a) for Tranche 1 Executive Options, 5.00pm (WST) on the date falling 24 months from the Grant Date; and
  - (b) for Tranche 2 Executive Options, 5.00pm (WST) on the date falling 48 months from the Grant Date.
- 3.2 Each Executive Option may be exercised at any time before 6 months after the relevant End Date.

## 4. Conditions

### 4.1 Defined terms

For the purposes of this item 4:

- (a) **Ordinary Securities**, means the class of “ordinary securities” of the Company for the purposes of the ASX Listing Rules;
- (b) **Grant Date** means the date that the Executive Options are granted.

### 4.2 Performance Condition

The Executive Options are subject to “Performance Conditions” under the Plan Rules as follows:

- (a) in respect of the Tranche 1 Executive Options—that the published closing price of Company’s Ordinary Securities on the ASX market is at least \$1.00 on at least one day before the End Date; and
- (b) in respect of the Tranche 2 Executive Options—that the published closing price of Company’s Ordinary Securities on the ASX market is at least \$2.00 on at least one day before the End Date.

### 4.3 Vesting Conditions

- (a) The Executive Options are subject to the following “Vesting Conditions” under the Plan Rules:

- (i) the satisfaction of the Performance Condition specified in item 4.2; and
  - (ii) the "Participant" (as defined in the Plan Rules) to whom the Executive Options are offered, whether the Option Holder or not, continues to be employed or engaged (as applicable) by the Company or any other of its related bodies corporate, for at least 12 months from Grant Date.
- (b) An Executive Option will only vest in the Option Holder and become exercisable following the satisfaction of the Vesting Conditions.
  - (c) To the extent permitted by the ASX Listing Rules, the Company's Board of Director (Board) may waive or extend the period of time within which the Vesting Conditions may be satisfied, at the Board's absolute discretion.

## 5. Expiry and Cancellation

Subject to item 4.3(c):

- (a) all unvested Executive Options will automatically expire and be cancelled if the Performance Condition is not satisfied; and
- (b) all vested Executive Options which have not been by the relevant End Date will automatically expire and be cancelled.

## 6. Certificate or Holding Statement

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

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

## 7. Transfer

7.1 The Executive Options are:

- (a) not transferable prior to vesting, other than as permitted under the Plan Rules or with the consent of the Board (at its absolute discretion); and
- (b) transferable after vesting, subject to any restrictions on transfer under the *Corporations Act 2001* (Cth) (**Corporations Act**) or the ASX Listing Rules, as applicable.

7.2 The Option Holder may transfer some or all of the Executive Options to the extent permitted by item 7.1(b) at any time before the relevant End Date by:

- (a) a proper transfer in accordance with the ASX Settlement Operating Rules, or any other method permitted by the Corporations Act; or
- (b) a prescribed instrument of transfer.

7.3 An instrument of transfer of an Executive Option must be:

- (a) in writing;
- (b) in any usual form or in any other form approved by the Board 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 Executive Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Executive Option, the right of the transferor to transfer that Executive Option and the proper execution of the instrument of transfer.

## 8. Quotation

- 8.1 The Company will not apply to ASX for official quotation of the Executive Options. The Executive Options will be a class of unquoted securities.
- 8.2 The Company will apply to ASX for official quotation of the Shares issued on exercise of Executive Options in accordance with the ASX Listing Rules.

## 9. Rights of Participation

### 9.1 New issues

- (a) An Executive Option does not confer on the Option Holder any participation or entitlement right inherent in holding Shares or other securities in the Company.
- (b) An Option Holder will not be entitled to participate in any new issue of Shares or other securities in the Company to the Company's shareholders unless and to the extent that the Option Holder has exercised their Executive Options and been issued new Shares before the record date for determining entitlements to the new issue of Shares or securities and participate as a result of holding Shares.
- (c) The Company must give the Option Holder notice of any proposed new issue of Shares or other securities in the Company to the Company's shareholders, in accordance with the ASX Listing Rules.

### 9.2 Bonus or pro rata issues

If the Company makes a bonus issue or pro rata issue of Shares or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) after the grant of the Executive Options, but before the expiry of those Executive Options or the issue of a Share on exercise of the same, then the number of underlying Shares over which the Executive Option is exercisable or the Exercise Price will be adjusted in accordance with the ASX Listing Rules.

## 10. Reorganisations

If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company (**Reorganisation**), then:

- (a) the rights of the Option Holder (including the number of Executive Options to which the Option Holder is entitled and the Exercise Price) will be adjusted in accordance with the ASX Listing Rules applicable at the date 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; and
- (c) the Company must, within a reasonable period, give to the Option Holder notice of any change to the Exercise Price of any Executive Options held by the Option Holder, the number of Shares which the Option Holder is entitled to subscribe for on exercise of an Executive Option, or other changes to the Executive Options as required by the ASX Listing Rules.

## 11. Exercise

- 11.1 To exercise vested Executive Options, the Option Holder must give the Company or its securities registry, at the same time:
- (a) a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of Executive Options being exercised and Shares to be issued;
- (b) either:
- (i) payment of the Exercise Price for the Executive Options the subject of the exercise notice, by way of cheque or by other means of payment approved by the Company; or
- (ii) a written request to use the Cashless Exercise Mechanism under item 12 in respect of all or part of the Executive Options; and
- (c) any certificate for the Executive Options.

- 11.2 The Option Holder may only exercise Executive Options in multiples of 10,000 Options unless the Option Holder exercises all Executive Options held by the Option Holder.
- 11.3 Executive Options will be deemed to have been exercised on the date the exercise notice is lodged with the Company or its securities registry.

## **12. Cashless Exercise Mechanism**

- 12.1 The Option Holder may elect to pay the Exercise Price in respect of any Executive Options by way of cashless exercise mechanism which allows the Option Holder to set-off the aggregate Exercise Price against the number of Shares which the Option Holder is entitled to receive upon exercise of the Executive Options (**Cashless Exercise Mechanism**).
- 12.2 If the Option Holder requests to use the Cashless Exercise Mechanism, the Option Holder will be issued that number of Shares calculated in accordance with the following formula:

$$A = \frac{B \times (C - D)}{C}$$

where:

**A** is the total number of new Shares to be issued to the Option Holder pursuant to the Executive Options the subject of the relevant exercise notice;

**B** is the number of Executive Options the subject of the relevant exercise notice;

**C** is the market value of a Share calculated by reference to the volume-weighted average price of Shares traded on ASX over the 10 trading days prior to exercise; and

**D** is the Exercise Price.

- 12.3 If the market value of Shares calculated under item 12.2 would be less than the Exercise Price, the Option Holder may not use the Cashless Exercise Mechanism.

## **13. New Certificate or Holding Statement After Exercise**

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

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

## **14. Issue of Shares**

- 14.1 Subject to items 12, 15.1, 15.2 and 15.3, the Company must issue the Option Holder the number of Shares specified in a valid application for exercise of Executive Options by the later of:
- (a) 10 days after receiving an application for exercise of Executive Options and payment by the Option Holder of the Exercise Price; and
  - (b) the last Business Day of the calendar month in which the application for exercise of Executive Options and payment by the Option Holder of the Exercise Price is received by the Company.
- 14.2 Subject to the Company's Constitution, all Shares issued on the exercise of Executive 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.

## **15. Legal and Regulatory Requirements**

### **15.1 Approvals**

The exercise of Executive Options is subject to the Company first obtaining all required legal, regulatory and shareholder consents or approvals in relation to the same.

## 15.2 Takeovers

- (a) If the exercise of an Executive Option (or any number of Executive Options) would result in any person contravening section 606 of the Corporations Act (Takeover Restriction), then any purported exercise of those Executive Options (or any part thereof) and related issue of Shares will be:
  - (i) subject to the requirements of section 611 of the Corporations Act; and
  - (ii) deferred until such later time or times as such exercise would not result in a contravention of the Takeover Restriction.
- (b) The Company is entitled to assume that the issue of Shares on the exercise of Executive Options will not result in the Option Holder or any other person being in contravention of the Takeover Restriction, unless the Company has actual notice to the contrary.

## 15.3 Secondary trading restrictions

If the Executive Options are not granted under a prospectus or other disclosure document in accordance with Chapter 6D of the Corporations Act:

- (a) subject to item 15.3(b), within 5 trading days of issuing Shares on exercise of Executive Options, the Company must lodge with ASX a duly completed notice pursuant to section 708A(5) of the Corporations Act, meeting the requirements of section 708A(6) of the Corporations Act (**Cleansing Statement**);
- (b) if the Company is unable to issue a Cleansing Statement in relation to any Shares issued on exercise of Executive Options for any reason:
  - (i) the Company must within 60 days of receiving a valid notice of exercise under item 11, lodge with the Australian Securities & Investments Commission (**ASIC**) a prospectus prepared in accordance with Chapter 6D of the Corporations Act offering Shares (**Cleansing Prospectus**);
  - (ii) as an alternative to lodging a Cleansing Prospectus under item 15.3(b)(i), the Company may, in its discretion, apply to ASIC for relief under section 741 of the Corporations Act to permit the Company to issue a Cleansing Statement (**Relief Application**) notwithstanding that it may not satisfy the requirements set out in section 708A(5) or (6) of the Corporations Act; and
  - (iii) the Company is not required to issue the Shares on exercise of the relevant Executive Options until the Cleansing Prospectus is lodged with ASIC or the Relief Application is granted by ASIC.

## 15.4 Conflict

If these terms conflict with or do not comply with the Corporations Act, the ASX Listing Rules or the Company's Constitution, the Option Holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.

## 15.5 Governing law

These terms of the Executive Options, and the rights and obligations of the Option Holder, are governed by the laws of the State of Western Australia and the Commonwealth of Australia (as applicable).

## Schedule 5 – Terms of Broker Options

### 1. Entitlement

Subject to paragraph 13 below, each Broker Option entitles the holder (**Option Holder**) to subscribe for 1 fully paid ordinary Share in the Company upon exercise of the Broker Option.

### 2. Exercise price

Subject to paragraphs 10 and 12 below, the amount payable upon exercise of each Broker Option is \$0.39 (**Exercise Price**).

### 3. Expiry date

Each Broker Option will expire at 5.00pm (WST) on the date that is three years from the date of grant (**Expiry Date**). A Broker Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

### 4. Exercise Period

The Broker Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

### 5. Notice of Exercise

The Broker Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Broker Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Broker Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

### 6. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Broker Option being exercised in cleared funds (**Exercise Date**).

### 7. Timing of issue of Shares on exercise

(a) Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Broker Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
  - (v) if admitted to the Official List at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the Broker Options.
- (b) If a notice delivered under paragraph 7(a)(iv) above for any reason is not effective to ensure that an offer for the sale of the Shares does not require disclosure to investors, the Company must no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**8. Shares issued on exercise**

Shares issued on exercise of the Broker Options rank equally with the then issued shares of the Company.

**9. Quotation of Shares issued on exercise**

If admitted to the Official List of ASX at the time, the Company will apply for quotation of the Shares issued upon the exercise of the Broker Options.

**10. Reconstruction of capital**

If at any time the Company's issued capital is reconstructed, all rights of the Option Holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

**11. Participation in new issues**

There are no participation rights or entitlements inherent in the Broker Options and the Option Holder will not be entitled to participate in new issued of capital offered to Shareholders during the currency of the Broker Options without exercising the Broker Options.

**12. Adjustment for rights issue**

If the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders, the Exercise Price will be reduced in accordance with the formula set out in Listing Rule 6.22.2.

**13. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Broker Option will be increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Broker Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

**14. Unquoted**

The Company will not apply for quotation of the Broker Options on ASX.

**15. Transferability**

The Broker Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## Schedule 6 – Equity Securities in Past 12 Months

Issue Date	Equity Securities issued	Allottee(s)	Issue price and discount to market price on date of issue	Total cash consideration	Use of funds	Non-cash consideration and current value
6 November 2019	6,211,107 Shares (issued under Listing Rule 7.1 under placement to sophisticated and professional investors)	Various sophisticated and institutional investors who participated in the placement announced by the Company on 30 October 2019.	\$0.26  Discount of \$0.02 to closing market price on date of issue of \$0.28 per share.	\$1,614,888.	Amount raised: \$1,614,888  Amount spent: Nil  Amount remaining: \$1,614,888  Use of funds: The funds will primarily be applied to accelerate commercialisation of rapid manufacturing technology (RMP-1 and large format) machines, powder development, and working capital.	Not applicable.
6 November 2019	8,863,509 Shares (issued under Listing Rule 7.1A under placement to sophisticated and professional investors)	Various sophisticated and institutional investors who participated in the placement announced by the Company on 30 October 2019.	\$0.26  Discount of \$0.02 to closing market price on date of issue of \$0.28 per share.	\$2,304,512.	Amount raised: \$2,304,512  Amount spent: Nil  Amount remaining: \$2,304,512  Use of funds: The funds will primarily be applied to accelerate commercialisation of rapid manufacturing technology (RMP-1 and large format) machines, powder development, and working capital.	Not applicable.
12 July 2019	1,160,634 Performance Rights	Employees of the Company	Nil.	Nil.	Not applicable.	\$214,717. <sup>1</sup>

Issue Date	Equity Securities issued	Allottee(s)	Issue price and discount to market price on date of issue	Total cash consideration	Use of funds	Non-cash consideration and current value
	(issued to employees under the Employee Incentive Plan)					
14 February 2019	13,157,895 Shares  (issued under placement to sophisticated and professional investors)	Various sophisticated and institutional investors who participated in the placement announced by the Company on 11 February 2019.	\$0.38 per Share  Discount of \$0.045 to last closing market price of \$0.425 per share.	\$5,000,000	Amount raised: \$5,000,000  Amount spent: \$4,000,000  Amount remaining: \$1,000,000  Use of funds: The spent funds were used to support acceleration of the development of the Company's Large Format Technology and for general working capital requirements. The remaining funds will be used to support acceleration of the development of the Company's Large Format Technology and for general working capital requirements.	Not applicable
14 February 2019	367,107 Options exercisable at \$0.57 on or before 15 February 2022.  (issued to lead manager to placement)	Blue Ocean Equities Pty Ltd, in consideration for acting as lead manager to the placement announced by the Company on 11 February 2019.	Nil cash consideration, in consideration for services performed.	Nil.	Not applicable.	A valuation of the Options was prepared by the Company on 1 October 2019 which applied the Black-Scholes option pricing model.  The Black-Scholes model is based on a number of assumptions and variables, including the following: <ul style="list-style-type: none"> <li>the exercise price for each Option is \$0.57;</li> <li>each Option has an expiry date of 15 February 2022, and it is assumed that the Options will be exercised immediately prior to the expiry date;</li> </ul>

Issue Date	Equity Securities issued	Allottee(s)	Issue price and discount to market price on date of issue	Total cash consideration	Use of funds	Non-cash consideration and current value
						<ul style="list-style-type: none"> <li>the closing price of the Company's Shares traded on ASX on 1 October 2019 was \$0.27;</li> <li>a risk-free rate of 0.65% has been adopted;</li> <li>a dividend yield rate of 0% has been adopted; and</li> <li>a volatility factor of 90% has been adopted.</li> </ul> <p>The estimated value of an Option pursuant to the valuation is \$0.0906.</p> <p>On this basis, the estimated value of all 367,107 Options is \$33,259.89.</p>
7 January 2019	511,925 Shares (issued on the exercise of Options)	Holder(s) of unquoted Options (exercisable at \$0.20 each on or before 31 December 2018)	Issued at \$0.20 being a discount of \$0.275 to the trading price of \$0.475	\$102,385	<p>Amount raised: \$102,385</p> <p>Amount spent: \$102,385</p> <p>Amount remaining: Nil</p> <p>Use of funds: The funds were used to support acceleration of the development of the Company's Large Format Technology and for general working capital requirements.</p>	Not applicable
24 December 2018	2,945,834 Shares (issued on the exercise of Options)	Holder(s) of unquoted Options (exercisable at \$0.20 each on or before 31 December 2018)	Issued at \$0.20 being a discount of \$0.28 to the trading price of \$0.48	\$589,167	<p>Amount raised: \$589,167</p> <p>Amount spent: \$589,167</p> <p>Amount remaining: Nil</p> <p>Use of funds: The funds were used to support acceleration of the development of the Company's Large Format Technology and for general working capital requirements.</p>	Not applicable

Issue Date	Equity Securities issued	Allottee(s)	Issue price and discount to market price on date of issue	Total cash consideration	Use of funds	Non-cash consideration and current value
12 December 2018	3,073,333 Shares (issued on the exercise of Options)	Holders of unquoted Options (exercisable at \$0.20 each on or before 31 December 2018)	Issued at \$0.20 being a discount of \$0.32 to the trading price of \$0.52	\$614,666	Amount raised: \$614,666 Amount spent: \$614,666 Amount remaining: Nil Use of funds: The funds were used to support acceleration of the development of the Company's Large Format Technology and for general working capital requirements.	Not applicable

**Note 1:** The Performance Rights have been valued in the same manner as the Performance Rights proposed to be issued pursuant to Resolutions 4 – 7 (being \$0.185 each). Refer to section 5.4(b) of the Explanatory Statement for details of the valuation methodology used.

## Schedule 7 – Proposed Amendments to Constitution

Clause of Constitution	Proposed amendment	Explanation
1.3, definition of 'Alternate Director'	<b>Alternate Director</b> means a person for the time being holding office as an alternate director of the Company under clause 12.4.	Correction of a formatting error
1.3, definition of 'Dispose'	<b>Dispose</b> has, in relation to Restricted Securities only, the meaning given to that term under the Listing Rules.	New definition required by new Listing Rule 15.12
1.3, definition of 'Holding Lock'	<b>Holding Lock</b> has the meaning given to that term in the ASX Settlement Operating Rules.	New definition required by new Listing Rule 15.12
1.3, definition of 'Restricted Security'	<b>Restricted Security</b> has the meaning given to that term under the Listing Rules.	New definition required by new Listing Rule 15.12
1.3, definition of 'Restriction Deed'	<b>Restriction Deed</b> has the meaning given to that term under the Listing Rules.	New definition required by new Listing Rule 15.12
2.5	<p><b>2.5 Reductions of capital and buy-backs</b></p> <p>(a) Subject to this clause, the Company may:</p> <p style="margin-left: 40px;">(i) reduce its share capital; and</p> <p style="margin-left: 40px;">(ii) buy-back Shares in itself, on any terms and at any time.</p> <p>(b) The method of distribution of a reduction of the share capital of the Company may include any or all of the payment of cash, the issue of shares, the grant of Company options or other Company securities, the transfer of shares or any other securities in any other body corporate or units in any unit trust or the transfer of any other assets.</p> <p>(c) If a distribution of a reduction of the share capital of the Company includes an issue or transfer of shares in a body corporate, each Member:</p> <p style="margin-left: 40px;">(i) agrees to become a member of that body corporate; and</p> <p style="margin-left: 40px;">(ii) in the case of transfer, appoints the Company and each Director as its agent to execute an instrument of transfer or other document required to transfer those shares to that Member.</p> <p>(d) A holder of Restricted Securities (including a Member) will not be entitled to participate in any return of capital on those Restricted Securities during the escrow period applicable to those Restricted Securities, except as permitted by the Listing Rules or ASX.</p> <p>(e) If a holder of Restricted Securities (including a Member) breaches a Restriction Deed or a provision of this document restricting a Disposal of those Restricted Securities, the holder will not be entitled to any distribution in respect of those Restricted Securities for so long as the breach continues.</p>	Amendment of clause to align with new Listing Rule 15.12
2.7(c)	(c) Subject to clause 2.7(a) the Company must issue to each Member, free of charge and in accordance with the Relevant Regulation, one certificate in respect of each class of Shares registered in the Member's name.	Correction of formatting error

2.7(e)	<p>(e) Subject to clause 2.7(a) the Company must issue a replacement certificate for a Share if:</p> <p>(i) the Company receives and cancels the existing certificate; or</p> <p>(ii) the Company is satisfied that the existing certificate is lost or destroyed, and the Member complies with all conditions set out in the Corporations Act and pays any fee as the Directors resolve.</p>	Correction of formatting error
9.2(b)	<p>(b) A holder of Restricted Securities (including a Member) must not Dispose of, or agree or offer to Dispose of, Restricted Securities during the escrow period applicable to those Restricted Securities, except as permitted by the Listing Rules or ASX.</p>	Amendment of clause to align with new Listing Rule 15.12
9.5	<p><b>9.5 Refusal to register transfers</b></p> <p>(a) Subject to the Relevant Regulation, clause 9.3, this clause 9.5 and clause 4.2(c), the Company must not refuse or fail to register a transfer of Shares.</p> <p>(b) The Company may refuse to register a transfer of Shares where the Relevant Regulation permits the Company to do so.</p> <p>(c) The Company must refuse to register a transfer of Shares where the Relevant Regulation or a law about stamp duty requires the Company to do so.</p> <p>(d) The Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those Restricted Securities, except as permitted by the Listing Rules or ASX.</p> <p>(e) The Company may apply, or may ask ASX Settlement to apply, a Holding Lock (including to prevent a transfer, or to refuse to register a paper-based transfer document) where the Relevant Regulation permits the Company to do so.</p> <p>(f) Without limiting clause 9.5(e), if any Restricted Securities are in the same class (as that term is defined in the Listing Rules) as quoted securities of the Company, the holder of those Restricted Securities (including a Member) will be taken to have agreed in writing that those Restricted Securities are to be kept on the Company's issuer sponsored sub-register and are to have a Holding Lock applied for the duration of the escrow period applicable to those Restricted Securities.</p> <p>(g) The Company must give notice in writing of any refusal to register a transfer of Shares, and the reasons for the refusal, to the person transferring those Shares and the person who lodged the transfer (if not the same person) within 5 Business Days after the date on which the transfer was lodged with the Company.</p> <p>(h) The Company must give notice in writing of any Holding Lock, and the reasons for the Holding Lock, to the Member of those Shares within 5 Business Days after the date on which the Company asked for the Holding Lock.</p> <p>(i) Failure by the Company to give notice under clauses 9.5(f) or 9.5(g) does not invalidate the refusal to register the transfer or the Holding Lock.</p> <p>(j) The powers of the Company under clauses 9.5(b) and 9.5(e) may only be exercised by the Directors.</p>	Amendment of clause to align with new Listing Rule 15.12
11.12(h)	<p>(h) If a holder of Restricted Securities (including a Member) breaches a Restriction Deed or a provision of this document restricting a Disposal of those Restricted Securities, the holder will not be entitled to exercise</p>	Amendment of clause to align with new Listing Rule 15.12

	any voting rights in respect of those Restricted Securities for so long as the breach continues.	
16.1(g)	If a holder of Restricted Securities (including a Member) breaches a Restriction Deed or a provision of this document restricting a Disposal of those Restricted Securities, the holder will not be entitled to any Dividends in respect of those Restricted Securities for so long as the breach continues.	Amendment of clause to align with new Listing Rule 15.12
18.2(b)	(b) The liquidator of the Company may settle any problem concerning a distribution under clause 18 in any way it sees fit. [...]	Correction a of typographical error.

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# AURORA LABS LTD

ACN: 601 164 505

REGISTERED OFFICE:

UNIT 2  
79 BUSHLAND RIDGE  
BIBRA LAKE WA 6163

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«EFT\_REFERENCE\_NUMBER»

«Company\_code» «Sequence\_number»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

SHARE REGISTRY:

Security Transfer Australia Pty Ltd

All Correspondence to:

PO BOX 52

Collins Street West VIC 8007

Suite 913, Exchange Tower

530 Little Collins Street

Melbourne VIC 3000

T: 1300 992 916

E: registrar@securitytransfer.com.au

W: www.securitytransfer.com.au

Code:

A3D

Holder Number:

«HOLDER\_NUM

## PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE  
ONLINE**

Lodge your proxy vote securely at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10:30am WST on Friday 13 December 2019 at Seminar Room 3, Technology Park Function, Brodie Hall Drive, Bentley, Western Australia and at any adjournment of that meeting.

### SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions.

In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	Abstain*	For	Against	Abstain*
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Ratification of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-Election of Mr John (Nathan) Henry as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Ratification of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval to Increase Non-Executive Director Fee Limit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Approval for Mr Paul Kristensen to Participate in the Placement	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval to Grant Performance Rights to Mr John (Nathan) Henry under Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. Approval for Mr Norman (Mel) Ashton to Participate in the Placement	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval to Grant Performance Rights to Mr Paul Kristensen under Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. Approval to Grant Broker Options	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval to Grant Performance Rights to Mr Norman (Mel) Ashton under Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. Approval to Grant Broker Options	<input type="checkbox"/>	<input type="checkbox"/>
7. Approval to Grant Performance Rights to Mr Mathew Whyte under Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16. Approval of Additional Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>
8. Approval to Grant Executive Options to Mr David Budge under Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17. Amendment to Constitution	<input type="checkbox"/>	<input type="checkbox"/>
9. Approval of Selective Capital Reduction - Class C Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18. Approval to place and issue Shares	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:30am WST on Wednesday 11 December 2019.

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A3DPX2131219

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My/Our contact details in case of enquiries are:

Name:

Number:

(  )

### 1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

### 2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Members of the Company's Key Management Personnel (except for the Chairperson of the Meeting) and their Closely Related Parties are not able to vote your proxy on Resolutions 1 or 4 to 8 unless you have directed them how to vote. This exclusion does not apply to the Chairperson if his or her appointment as proxy expressly authorises him or her to vote on matters of Key Management Personnel remuneration.

If you intend to appoint the Chairperson, a Director or any other member of Key Management Personnel or any of their Closely Related Parties as your proxy, you are encouraged to direct them how to vote on all the Resolutions.

### 3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

### 4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

### 5. SIGNING INSTRUCTIONS

**Individual:** where the holding is in one name, the Shareholder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

### 6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

#### Security Transfer Australia Pty Ltd

<b>Online</b>	www.securitytransfer.com.au
<b>Postal Address</b>	PO BOX 52 Collins Street West VIC 8007
<b>Street Address</b>	Suite 913, Exchange Tower 530 Little Collins Street Melbourne VIC 3000
<b>Telephone</b>	1300 992 916
<b>Facsimile</b>	+61 8 9315 2233
<b>Email</b>	registrar@securitytransfer.com.au

#### PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.





**Aurora Labs**<sup>TM</sup>

# Notice of Special Meeting of Class C Performance Shareholders, Explanatory Statement and Proxy Form

Aurora Labs Ltd  
ACN 601 164 505

## **Venue**

Seminar Room 3, Technology Park Function Centre  
Brodie Hall Drive, Bentley, Western Australia

## **Time and Date**

10:15am (WST)  
Friday, 13 December 2019

### **IMPORTANT NOTE**

The Notice of Special Meeting of Class C Performance Shareholders, 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 accountant, solicitor or other professional adviser prior to voting.

# Special Meeting of Class C Performance Shareholders

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Notice is hereby given that a Special Meeting of Class C Performance Shareholders of Aurora Labs Ltd (ACN 601 164 505) (**Company**) will be held at Seminar Room 3, Technology Park Function Centre, Brodie Hall Drive, Bentley, Western Australia at 10:15am (WST) on Friday, 13 December 2019.

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

Capitalised terms used in this Notice of Special Meeting of Class C Performance Shareholders will, unless the context otherwise requires, have the same meaning given to them in the glossary at Section 7 of the Explanatory Statement.

## AGENDA

### Resolution: Approval of Selective Capital Reduction – Class C Performance Shares

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

*“That, subject to and conditional on the passing of Resolution 9 at the Annual General Meeting, for the purpose of sections 256B and 256C of the Corporations Act and for all other purposes, Class C Performance Shareholders approve the redemption and cancellation of 7,612,500 Class C Performance Shares, by way of a selective capital reduction, on the terms and conditions set out in the Explanatory Statement.”*

**Note:** The Resolution is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Class C Performance Shareholders entitled to vote on the Resolution.

**By order of the Board**

**Mathew Whyte**  
Non-Executive Director and Company Secretary  
11 November 2019

# Proxy Appointment, Voting and Meeting Instructions

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## Lodgement of Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address given below by **10:15am (WST) on Wednesday, 11 December 2019**, being not later than 48 hours before the commencement of the Special Meeting. Any Proxy Form received after that time will not be valid. Proxy Forms may be lodged as follows:

*by hand:* Security Transfer Australia at any of the following addresses:

- Level 9, Suite 913, 530 Little Collins Street, Melbourne, Victoria 3000
- 770 Canning Highway, Applecross, Western Australia 6153
- Suite 511, The Trust Building, 155 King Street, Sydney, New South Wales 2000

*by post:* Security Transfer Australia, PO Box 52, Collins Street West, Victoria 8007

*by fax:* +61 (0)8 9315 2233

*by e-mail:* [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

## Appointment of a proxy

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

If you wish to appoint the Meeting 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 Meeting 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 Special Meeting, the Meeting Chairperson will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the Special 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 (0)8 9434 1934.

To appoint a second proxy, you must state on each Proxy Form (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 Class C Performance 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.

## Corporate representatives

A body corporate 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 Special Meeting or at the registration desk on the day of the Special Meeting.

### **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 Class C Performance Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

### **Meeting Chairperson voting of undirected proxies**

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

### **Voting eligibility (snapshot date)**

For the purposes of determining voting and attendance entitlements at the Special Meeting, Class C Performance Shares will be taken to be held by the persons who are registered as holding the Class C Performance Shares at **5:00pm (WST) on Wednesday 11 December 2019**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Special Meeting.

# Explanatory Statement

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

The purpose of this Explanatory Statement is to provide Class C Performance Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolution in the accompanying Notice.

This Explanatory Statement should be read in conjunction with the Notice. Capitalised terms in this Explanatory Statement are defined in the Glossary or otherwise in the Explanatory Statement.

## 1. Background

The Resolution is a special resolution which seeks Class C Performance Shareholder approval for the redemption and cancellation of all 7,612,500 Class C Performance Shares in accordance with their terms (**Selective Capital Reduction**).

The terms and conditions of the Class C Performance Shares:

- were disclosed in the Company's initial public offering prospectus dated 9 June 2016, and are set out at Schedule 1; and
- provide (amongst other things) that each Class C Performance Share:
  - will convert into an Ordinary Share if the Company (or an entity controlled by the Company) has cumulative revenue of A\$7,250,000 before 30 June 2019 (**Performance Milestone**); and
  - would be automatically redeemed by the Company for the sum of \$0.00001 if the Performance Milestone is not satisfied.

As announced to ASX on 12 July 2019, the Performance Milestone was not satisfied. Accordingly, the Class C Performance Shares were to be automatically redeemed and cancelled by the Company in accordance with their terms of issue.

Notwithstanding that the terms of the Class C Performance Shares provide for automatic redemption, the approval of Ordinary Shareholders and Class C Performance Shareholders is sought to ensure that the redemption and cancellation of the Class C Performance Shares satisfies all applicable legal requirements under the Corporations Act.

The Company has offered to pay to each holder of a Class C Performance Share a redemption price of \$0.00001 per Class C Performance Share, totalling \$76.125, or sought their consent to waive their entitlement to receive such amount. As at the date of this Notice, the Company has:

- received nil requests for payment of redemption amounts; and
- received written waivers for redemption amounts representing \$63.81.

The Company is seeking to confirm the position of the remaining holders of Class C Performance Shares in relation to redemption amounts representing \$12.315.

The Resolution is a special resolution and therefore requires approval of 75% of the votes cast by Class C Performance Shareholders present and eligible to vote on the Resolution (in person, by proxy, by attorney or, in the case of a corporate Class C Performance Shareholder, by a corporate representative).

The cancellation of the Class C Performance Shares is conditional upon the holders of Ordinary Shares approving the cancellation by special resolution at the Annual General Meeting to be held on 13 December 2019.

The Special Meeting is being held for the purpose of approving the Selective Capital Reduction, and the only parties entitled to attend and vote at the Special Meeting are the Class C Performance Shareholders.

## **2. Corporations Act Requirements**

Section 256B of the Corporations Act provides that a company may reduce its capital in a way that is not otherwise authorised by law if the reduction:

- is fair and reasonable to the shareholders as a whole;
- does not materially prejudice the company's ability to pay its creditors; and
- is approved by shareholders in accordance with section 256C of the Corporations Act.

The Corporations Act regime for reductions of capital are intended to protect the interests of shareholders and creditors by:

- addressing the risk of the transaction leading to the company's insolvency;
- seeking to ensure fairness between the shareholders of the company; and
- requiring the company to disclose all material information.

Section 256C of the Corporations Act provides that a company may make a selective capital reduction if it is approved by a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced.

Further, a selective capital reduction which has the effect of cancelling shares must also be approved by a special resolution at a meeting of the holders of the shares to be cancelled.

A notice of meeting must contain all information known to a company that is material to the decision on how to vote on a reduction of capital, provided that the company does not have to disclose information if it would be unreasonable to require it to do so because the company has previously disclosed the information to shareholders.

## **3. Selective Capital Reduction Fair and Reasonable**

The Directors (other than Messrs David Budge and John (Nathan) Henry who have a material personal interest in the Resolution as holders of Class C Performance Shares) believe that the Selective Capital Reduction is fair and reasonable to Class C Performance Shareholders for the following reasons:

- as the Performance Milestone was not satisfied by the Company, the Class C Performance Shares are to be automatically redeemed by the Company in accordance with their terms of issue which have been previously disclosed to Ordinary and Class C Performance Shareholders in the Company's initial public offering prospectus dated 9 June 2016;
- the Selective Capital Reduction will not materially prejudice the Company's ability to pay its creditors and will have a negligible financial effect on the Company;
- the Selective Capital Reduction will reduce the cash reserves of the Company by a negligible amount (no more than \$76.125, after accounting for payment waivers received from holders of Class C Performance Shares); and
- the Directors (other than Messrs Budge and Henry) do not consider that there are any material disadvantages to the Company undertaking the Selective Capital Reduction.

## 4. Listing Rule 7.20

Pursuant to Listing Rule 7.20, the Company is required to notify Class C Performance Shareholders of the effect of any reorganisation of its capital. The Company considers the Selective Capital Reduction to be a reorganisation of its capital for the purposes of Listing Rule 7.20.

For the purposes of Class C Performance Shareholders approving the Selective Capital Reduction, the following information is provided to Class C Performance Shareholders as required by Listing Rule 7.20:

- the Selective Capital Reduction will result in the cancellation of 7,612,500 Class C Performance Shares, but will otherwise not have any impact on the Company's capital structure;
- the Selective Capital Reduction does not involve any fractional entitlements, as it involves the redemption and cancellation of all Class C Performance Shares; and
- the Selective Capital Reduction will not have any effect on any convertible securities of the Company on issue as at the date of the Selective Capital Reduction (including Options and Performance Rights).

## 5. Indicative Timetable

The table below sets out the indicative timetable for the Selective Capital Reduction. The dates in the table are indicative only may change, subject to ASX requirements.

Event	Target Date
Filing Notice with ASIC and Form 2560.	Thursday, 12 November 2019
Despatch Notice to Class C Performance Shareholders.	Wednesday, 13 November 2019
Special Meeting and Annual General Meeting. Notification to ASX that approval has been received. File Form 2205 with ASIC.	Friday, 13 December 2019
Notification to ASX of expiry of 14 days from filing of Form 2205 with ASIC. Cancellation of Class C Performance Shares.	Friday, 27 December 2019
Despatch of notifications to Class C Performance Shareholders that cancellation has been effected.	Thursday, 2 January 2020

## 6. Directors' Recommendation

The Directors (other than Messrs Budge and Henry who each have a material personal interest in the outcome of the Resolution and decline to make a recommendation) recommend that Class C Performance Shareholders vote in favour of the Resolution to enable the Company to complete the process for redemption and cancellation of the Class C Performance Shares in accordance with their terms.

## 7. Glossary

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

**Annual General Meeting**            The 2019 annual general meeting of Ordinary Shareholders to be held on 13 December 2019.

<b>ASX</b>	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires.
<b>Board</b>	The Company's Board of Directors.
<b>Class C Performance Share</b>	A performance share issued by the Company on the terms specified in the Schedule.
<b>Class C Performance Shareholder</b>	A registered holder of a Class C Performance Share.
<b>Company</b>	Aurora Labs Limited (ACN 601 164 505).
<b>Constitution</b>	The Constitution of the Company as at the date of this Notice.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of the Company.
<b>Explanatory Statement</b>	This explanatory statement which accompanies and forms part of the Notice of Meeting.
<b>Glossary</b>	This glossary of terms.
<b>Listing Rules</b>	The listing rules of ASX, as amended from time to time.
<b>Meeting Chairperson</b>	The chairperson of the Special Meeting.
<b>Notice or Notice of Special Meeting of Class C Performance Shareholders</b>	The notice of special meeting of the Class C Performance Shareholders which accompanies this Explanatory Statement.
<b>Ordinary Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Ordinary Shareholder</b>	A registered holder of an Ordinary Share.
<b>Proxy Form</b>	The proxy form accompanying the Notice.
<b>Resolution</b>	A resolution set out in the Notice.
<b>Section</b>	A section of this Notice.
<b>Selective Capital Reduction</b>	Has the meaning given to that term in Section 1.
<b>Special Meeting</b>	The special meeting of Class C Performance Shareholders or any adjournment thereof, convened by this Notice.
<b>WST</b>	Australian Western Standard Time, being the time in Perth, Western Australia.

## Schedule 1– Terms of Class C Performance Shares

1. **Performance Shares:** Each Class C Performance Share is a share in the capital of the Company.
2. **General meetings:** Each Class C Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. Holders have the right to attend general meetings of Shareholders.
3. **No voting rights:** A Class C Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
4. **No dividend rights:** A Class C Performance Share does not entitle the Holder to any dividends.
5. **No rights to return of capital:** A Class C Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
6. **Rights on winding up:** A Class C Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
7. **Not transferable:** A Class C Performance Share is not transferable.
8. **Reorganisation of capital:** If at any time the issued capital of the Company is reconstructed (including a consolidation, subdivision, reduction, cancellation or return of issued share capital), all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
9. **Application to ASX:** The Class C Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Class C Performance Shares into Shares, the Company must within 10 business days apply for the official quotation of the Shares arising from the conversion on ASX.
10. **Participation in entitlements and bonus issues:** A Class C Performance Share does not entitle a Holder (in their capacity as a holder of a Class C Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
11. **Amendments required by ASX:** The terms of the Class C Performance Shares may be amended as necessary by the Board in order to comply with the ASX Listing Rules (if applicable), or any directions of ASX (if applicable) regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
12. **No Other Rights:** A Class C Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
13. **Milestones:** A Class C Performance Share in the relevant class will convert into one Share upon achievement of the Company (or an entity controlled by the Company) having cumulative revenue of A\$7,250,000 before 30 June 2019.
14. **Conversion on change of control:** Notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:
  - (a) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
  - (b) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,
  - (c) that number of Class C Performance Shares that is equal to 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of

Shares. The conversion will be completed on a pro rata basis across each class of Class C Performance Shares then on issue as well as on a pro rata basis for each Holder. Class C Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

15. **Redemption if Milestone not achieved:** If the relevant Milestone is not achieved by the required date, then each Class C Performance Share in that class will be automatically redeemed by the Company for the sum of \$0.00001 within 10 Business Days of non-satisfaction of the Milestone.
16. **Conversion Procedure:** The Company will issue the Holder with a new holding statement for the Share issued upon conversion of a Class C Performance Share within 10 Business Days following the conversion.
17. **Ranking upon conversion:** The Share into which a Class C Performance Share may convert will rank *pari passu* in all respects with the existing the Company Shares.
18. **Deferral of conversion:** If the conversion of any Class C Performance Shares (or any part thereof) would result in any person being in contravention of section 606(1) of the Corporations Act (**Takeover Restriction**) then:
  - (a) The conversion of those Class C Performance Shares (or any part thereof) will be deferred until such later time or times that the conversion would not result in a contravention of the Takeover Restriction.
  - (b) A Holder may give written notification to the Company if they consider that the conversion of those Class C Performance Shares (or any part thereof) may result in the contravention of the Takeover Restriction, failing which the Company may assume the conversion of those Class C Performance Shares will not result in any person being in contravention of the Takeover Restriction.
  - (c) The Company may (but is not obliged to) by written notice to a Holder, request a Holder to provide the written notice referred to in paragraph 18(b) within 7 days if the Company considers that the conversion of those Class C Performance Shares (or any part thereof) may result in a contravention of the Takeover Restriction. If the Holder does not give notification to the Company within 7 days that they consider the conversion of the Class C Performance Shares (or part thereof) may result in the contravention of the Takeover Restriction, then the Company may assume that the conversion of the Class C Performance Shares (or part thereof) will not result in any person being in contravention of the Takeover Restriction.



# AURORA LABS LTD

ACN: 601 164 505

## REGISTERED OFFICE:

UNIT 2  
79 BUSHLAND RIDGE  
BIBRA LAKE WA 6163



«EFT\_REFERENCE\_NUMBER»

«Company\_code» «Sequence\_number»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

## SHARE REGISTRY:

Security Transfer Australia Pty Ltd

### All Correspondence to:

PO BOX 52  
Collins Street West VIC 8007  
Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000  
T: 1300 992 916  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

Code:

A3D

Holder Number:

«HOLDER\_NUM

## PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE  
ONLINE**

Lodge your proxy vote securely at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson

**OR**

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Special Meeting of Class C Performance Shareholders of the Company to be held at 10:15am WST on Friday 13 December 2019 at Seminar Room 3, Technology Park Function, Brodie Hall Drive, Bentley, Western Australia and at any adjournment of that meeting.

### SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

#### RESOLUTION

1. Approval of Selective Capital Reduction – Class C Performance Shares

**For    Against    Abstain\***

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

**Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:15am WST on Wednesday 11 December 2019.**



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My/Our contact details in case of enquiries are:

Name:

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Number:

( 

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 )

**1. NAME AND ADDRESS**

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

**2. APPOINTMENT OF A PROXY**

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Members of the Company's Key Management Personnel (except for the Chairperson of the Meeting) and their Closely Related Parties are not able to vote your proxy on Resolutions 1 or 4 to 8 unless you have directed them how to vote. This exclusion does not apply to the Chairperson if his or her appointment as proxy expressly authorises him or her to vote on matters of Key Management Personnel remuneration.

If you intend to appoint the Chairperson, a Director or any other member of Key Management Personnel or any of their Closely Related Parties as your proxy, you are encouraged to direct them how to vote on all the Resolutions.

**3. DIRECTING YOUR PROXY HOW TO VOTE**

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

**4. APPOINTMENT OF A SECOND PROXY**

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

**5. SIGNING INSTRUCTIONS**

**Individual:** where the holding is in one name, the Shareholder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

**6. LODGEMENT OF PROXY**

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

**Security Transfer Australia Pty Ltd**

<b>Online</b>	www.securitytransfer.com.au
<b>Postal Address</b>	PO BOX 52 Collins Street West VIC 8007
<b>Street Address</b>	Suite 913, Exchange Tower 530 Little Collins Street Melbourne VIC 3000
<b>Telephone</b>	1300 992 916
<b>Facsimile</b>	+61 8 9315 2233
<b>Email</b>	registrar@securitytransfer.com.au

**PRIVACY STATEMENT**

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

