



Aurora LabsTM

Notice of 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

10:30am (WST)
Thursday 9 April 2020

IMPORTANT NOTE

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

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Important Dates

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

| Event | Date |
|--|-------------------------------------|
| Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded | 10:30am (WST) Tuesday 7 April 2020 |
| Snapshot date for eligibility to vote | 5:00pm (WST) Tuesday 7 April 2020 |
| General Meeting | 10:30am (WST) Thursday 9 April 2020 |

Defined Terms

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

Notice of General Meeting

Notice is hereby given that a 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 Thursday 9 April 2020.

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

AGENDA

Resolution 1 – Ratification of Placement Shares (Listing Rule 7.1)

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

“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue by the Company of 2,598,030 Placement Shares pursuant to its Listing Rule 7.1 placement capacity at an issue price of \$0.14 each under the Placement on 13 February 2020, on the terms and conditions described in the Explanatory Statement.”

Resolution 2 – Ratification of Placement Shares (Listing Rule 7.1A)

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

“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue by the Company of 10,401,970 Placement Shares pursuant to its Listing Rule 7.1A placement capacity at an issue price of \$0.14 each under the Placement on 13 February 2020, on the terms and conditions described in the Explanatory Statement.”

Resolution 3 – Ratification of Adviser Shares

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 260,000 Adviser Shares pursuant to its Listing Rule 7.1 placement capacity in lieu of services performed at a deemed issue price of \$0.14 on 13 February 2020, on the terms and conditions described in the Explanatory Statement.”

Resolution 4 – Approval to place and issue Shares

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 12,744,926 Shares 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 \$0.14 per Share, to non-Related Parties, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 5 – Approval to Grant Options to Mr Terry Stinson under Employee Incentive Plan

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

“That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 500,000 Director Options having an exercise price of 200% of the closing price of the Company’s shares on the day immediately prior to grant, and expiring 24 months from grant, to Mr Terry Stinson, 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 of Redemption and Cancellation of Class C Performance Shares

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 6 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.

By order of the Board

Mathew Whyte
Company Secretary

5 March 2020

Voting Prohibitions and Exclusion Statements

Corporations Act voting prohibitions

Pursuant to section 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 6 | Votes may not be cast in favour of Resolution 6 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. |

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 1 | A person who participated in the Placement. |
| Resolution 2 | A person who participated in the Placement. |
| Resolution 3 | A person who participated in the Placement. |
| Resolution 4 | 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 5 | A person referred to in Listing Rule 10.14.1, 10.14.2, or 10.14.3 who is eligible to participate in the Employee Incentive Plan. |

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

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Meeting Chairperson as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Meeting Chairperson to vote on the resolution as the Meeting Chairperson decides; or
- a holder acting solely in a nominee, trustee, custodial, or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Proxy Appointment, Voting and Meeting Instructions

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 Tuesday 9 April 2020**, being not less 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: Automic Group, Level 5, 126 Philip Street, Sydney NSW 2000

by post: Automic Group, GPO Box 5193, Sydney NSW 2001

by e-mail: meetings@automicgroup.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 Resolution 6 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.

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.

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 Tuesday 7 April 2020**. 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.

Explanatory Statement

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

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

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

1. Resolutions 1—3 – Ratification of Placement Shares

1.1 Background

On 13 February 2020, the Company announced that it had completed a placement (**Placement**) to a new cornerstone Exempt Investor, being a nominee entity of Mr Tjeerd Barthen, a Dutch entrepreneur who founded a successful healthcare business that was ultimately acquired by management and private equity. The Placement consisted of the issue of 13,000,000 Shares at an issue price of \$0.14 each to raise approximately \$1.82 million before costs (**Placement Shares**).

Neither Mr Barthen nor his nominee entity (Barthen Beheer BC, reg number Netherlands KvK 28069613) is a Related Party of the Company.

Of the 13,000,000 Placement Shares, 2,598,030 were issued under the Company's placement capacity under Listing Rule 7.1, and the remaining 10,401,970 were issued under the Company's placement capacity under Listing Rule 7.1A.

The Company will pay a fee of 5% of the Placement proceeds (excluding GST) to its corporate adviser Alimter Pty Ltd, which is to be settled by the issue of 260,000 Shares under the Company's placement capacity under Listing Rule 7.1 at the same deemed issue price of \$0.14 per share (**Adviser Shares**), plus \$54,600 in cash. Alimter Pty Ltd is not a Related Party of the Company.

Resolutions 1—3 are ordinary resolutions which seek ratification and approval by Shareholders of the issue of the Placement Shares and the Adviser Shares. Separate resolutions are required for the issue of the Placement Shares and the Adviser Shares, and for issue of the Placement Shares under the Company's discrete placement capacities under Listing Rules 7.1 and 7.1A.

If Resolutions 1, 2, and/or 3 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 1, 2, and/or 3 are not approved, the Company's issuing capacities under Listing Rules 7.1 and 7.1A will not be restored (as applicable).

1.2 Applicable Listing Rules

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully-paid ordinary shares it had on issue at the start of that period. Similarly, a mandate under Listing Rule 7.1A (which the Company received at its annual general meeting of 13 December 2019) grants an "eligible entity" the capacity to issue over any 12-month period an additional 10% of the fully-paid ordinary shares it had on issue at the start of that period.

The Placement did not fit within any of the above-mentioned exceptions and, as it has not yet been approved by the Company's shareholders, it effectively uses up part of the 15% and 10% limits in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further Equity Securities without shareholder approval under Listing Rules 7.1 and 7.1A for the 12-month period following the issue date.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolutions 1—3 seek shareholder approval to the Placement under and for the purposes of Listing Rule 7.4.

If Resolutions 1—3 are passed, the Placement will be excluded in calculating the 15% and 10% limits in Listing Rules 7.1 and 7.1A, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the issue date.

If Resolutions 1—3 are not passed, the Placement will be included in calculating the Company's 15% and 10% limits in Listing Rules 7.1 and 7.1A, effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the issue date.

1.3 Listing Rule information requirements

In accordance with the disclosure requirements of Listing Rule 7.5, the following information is provided in relation to Resolutions 1, 2, and 3:

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

The Placement Shares were issued to Barthen Beheer BC (reg number Netherlands KvK 28069613), a nominee entity of Mr Tjeerd Barthen.

The Adviser Shares were issued to Alimter Pty Ltd (ACN 002 923 686).

(b) **The number and class of securities**

A total of 13,260,000 Shares were issued, consisting of 13,000,000 Placement Shares and 260,000 Adviser Shares. All Shares are fully-paid ordinary shares in the Company which rank equally with all other Shares on issue.

(c) **The date on which the securities were issued**

The Placement Shares and the Adviser Shares were issued on 13 February 2020.

(d) **The price or consideration the entity has received or will receive for the issue**

The Placement Shares were issued for \$0.14 per Share.

The Adviser Shares were issued for nil cash consideration at a deemed issue price of \$0.14 per Share in part-consideration of corporate advisory services performed in relation to the Placement.

(e) **The purpose of the issue, including use or intended use of the funds raised**

As announced to ASX on 13 February 2020, the Company intends to use the Placement proceeds primarily to accelerate commercialisation of rapid manufacturing technology (RMP-1 and large format) machines, and for working capital purposes.

The Adviser Shares were issued in part-consideration of corporate advisory services performed in relation to the Placement. Nil funds were raised by the issue of the Adviser Shares.

1.4 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 1—3 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.

2. Resolution 4 – Approval to place and issue Shares

2.1 Background

Resolution 4 is an ordinary resolution seeking approval of Shareholders for the Company to place and issue up to 12,744,926 Shares to non-Related Party investors (**Additional Placement**).

The purpose of this Resolution to allow the Company to raise additional funds from the Additional Placement whilst preserving its issuing capacity under Listing Rules 7.1 and 7.1A.

As at the date of this Notice, the Company has not yet committed to undertaking the Additional Placement, nor has identified the potential placees under the Additional Placement.

2.2 **Applicable Listing Rules**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully-paid ordinary shares it had on issue at the start of that period.

The Additional Placement does not fit within any of the above-mentioned exceptions. While the Additional Placement would not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain shareholder approval under Listing Rule 7.1. To do this, the Company is asking shareholders to approve the Additional Placement under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing Equity Securities without shareholder approval set out in Listing Rule 7.1.

To this end, Resolution 4 seeks shareholder approval to the Additional Placement under and for the purposes of Listing Rule 7.1.

If Resolution 4 is approved, the Additional Placement can proceed without using up any of the Company's 15% limit on issuing Equity Securities without shareholder approval under Listing Rule 7.1.

If Resolution 4 is not approved, Additional Placement can still proceed, but it will reduce, to that extent, the Company's capacity to issue Equity Securities without shareholder approval under Listing Rule 7.1 for 12 months following the issue.

2.3 **Listing Rule information requirements**

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

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

As at the date of this Notice, the Company has not yet identified the potential placees under the Additional Placement.

The placees will be identified by the Board, potentially working in conjunction with advisors to be retained for the purposes of the Additional Placement. All such investors will be Exempt Investors.

The placees under the Additional Placement will not be:

- Related Parties of the Company;
- members of the Company's key management personnel;
- substantial holders in the Company;
- advisers to the Company; or
- associated with any of the above,

where such person would be issued with more than 1% of the Company's current issued capital.

(b) **Number and class of securities to be issued**

Up to 12,744,926 fully-paid ordinary shares may be issued.

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

The Company will issue any Shares under the Additional Placement within 3 months after the date of the Meeting.

(d) **The price or other consideration the Company will receive for the securities**

The Shares will be issued for cash consideration at the higher of:

- a discount of 13.3% to the closing price of the Company's Shares traded on ASX immediately before agreeing the terms of placement for those Shares with an investor; and
- \$0.14 per Share, being the price at which Placement Shares (discussed in section 1) were issued.

(e) **The purpose of the issue, including the intended use of any 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, and for working capital purposes.

2.4 **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4 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.

3. Resolution 5 – Approval to Grant Options to Mr Terry Stinson under Employee Incentive Plan

3.1 **Background**

Resolution 5 is an ordinary resolution seeking Shareholder approval to grant options to Mr Terry Stinson (a Director of the Company) or his nominee, under the Company's Employee Incentive Plan.

Mr Stinson was appointed as a Director of the Company by casual appointment on 26 February 2020. As part of his remuneration package, it is proposed that Mr Stinson be issued with the Director Options, subject to Shareholder approval under this Resolution 5.

The Company's Employee Incentive Plan Rules are available on the Company's website, <http://auroralabs3d.com/corporate-compliance/>. A summary of the rules is set out in Schedule 2.

If Resolution 5 is not passed, Mr Stinson will not be issued the Director Options.

3.2 **Key terms of Director Options**

The Director Options to be issued to Mr Stinson under Resolution 5 will have an exercise price of 200% of the closing price of the Company's shares on the day immediately prior to their grant, and an expiry date of 24 months from the date of grant.

The Director Options are subject to the following "vesting conditions" under the Employee Incentive Plan Rules:

- (a) in relation to all 500,000 Director Options —the Company's Shareholders approve the grant of the Director Options under this Resolution; and
- (b) in relation to 250,000 Director Options only—Mr Stinson continues in office as a director of the Company for at least for at least 12 months from the date of grant.

An option will only vest and become exercisable following the satisfaction of the vesting conditions.

To the extent permitted by the ASX Listing Rules, the Company's Board of Directors may waive or extend the period of time within which the Vesting Conditions may be satisfied, at the Board's absolute discretion

The full terms and conditions of the Director Options are set out in Schedule 3.

3.3 Regulatory requirements

(a) 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 Options to Mr Stinson constitutes the giving of a financial benefit to a Related Party pursuant to the Corporations Act.

The Board, excluding Mr Stinson who has a personal material personal interest in the matter and was excluded from its consideration, considers that the issue of Director Options to Mr Stinson or his nominee falls within the "reasonable remuneration" exception under section 211 of the Corporations Act and therefore Shareholder approval is not required in accordance with section 208 of the Corporations Act.

(b) Listing Rule requirements

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

Mr Stinson is a Director of the Company. Accordingly, Shareholder approval is required for the grant of the options to Mr Stinson.

If approval for Resolution 5 is granted under Listing Rule 10.14, Shareholder approval will not be required under Listing Rule 7.1 or 10.11.

3.4 Listing Rule information requirements

Listing Rule 10.15 requires that the following information be provided to Shareholders in relation to Resolution 5 for the purposes of obtaining approval under Listing Rule 10.14:

(a) Name

The Director Options will be granted to Mr Terry Stinson, being a Director of the Company, or his nominee.

(b) Listing Rule 10.14 category

Mr Stinson falls within Listing Rule 10.14.1 as he is a Director of the Company.

(c) Number and class of securities to be issued

It is proposed that a total of 500,000 Director Options will be issued to Mr Stinson.

(d) Details of current total remuneration package

Pursuant to the terms of his appointment, Mr Stinson is entitled to remuneration of \$50,000 per annum, plus statutory superannuation entitlements.

(e) Securities previously issued to recipient

Mr Stinson has not previously been issued with any securities under the Company's Employee Incentive Plan.

(f) Details of securities

- (i) The Director Options will have an exercise price of 200% of the closing price of the Company's shares on the day immediately prior to their grant, and an expiry date of 24 months from the date of grant. A summary of the terms of the Director Options is set out in section 3.2 and the full terms are set out in Schedule 3.

- (ii) The Board (excepting Mr Stinson) considers that the issue of Director Options to Mr Stinson constitutes reasonable remuneration for his duties as director. In addition, the Director Options are share price-based incentives which align the interests Mr Stinson 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.
- (iii) A valuation of the Director Options was prepared by the Company on 4 March 2020 which applied the Black-scholes option pricing model.

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

- the closing price of Shares traded on ASX on 3 March 2020 (the last trading day prior to the valuation) was \$0.15;
- a risk-free rate of 0.473% has been adopted;
- a dividend yield rate of nil% has been adopted; and
- a volatility factor of 100% has been adopted.

The estimated value of each Director Option pursuant to the valuation is \$0.05353. On this basis, the estimated value of all Director Options to be granted under Resolution 5 is \$26,764.63.

(g) **Date of issue**

The Company will issue the Director Options to Mr Stinson no later than 5 business days from receipt of Shareholder approval under this Resolution 5.

(h) **Price at which securities will be granted**

The Director Options will be granted, for nil cash consideration under the terms of the Employee Incentive Plan. Accordingly, no funds will be raised on the grant of the Director Options.

(i) **Summary of the material terms of the scheme**

A summary of the Employee Incentive Plan is set out in Schedule 2.

(j) **Terms of any loans**

The Company will not provide any loan for the purposes of Mr Stinson acquiring Director Options under the Employee Incentive Plan.

(k) **Statement**

- (i) Details of any securities issued under the Employee Incentive Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- (ii) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Employee Incentive Plan after this Resolution is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under that rule.

3.5 **Directors' recommendation**

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

The Directors (other than Mr Stinson) recommend that Shareholders vote in favour of Resolution 5. The Director Options are share price-based incentives which align the interests Mr Stinson 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.

4. Resolution 6 – Approval of Redemption and Cancellation of Class C Performance Shares

4.1 Background

Resolution 6 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 in Schedule 1; 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 6 is sought to ensure that the redemption and cancellation of the Class C Performance Shares satisfies all applicable legal requirements under the Corporations Act.

An identical approval was rejected by Shareholders at the Company's annual general meeting of 13 December 2019. The Company notes that the approval under Resolution 6 is sought is for administrative purposes and is a technical prerequisite to the redemption and cancellation of the Class C Performance Shares 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 6 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 Thursday 9 April 2020.

If Resolution 6 is not approved, the Class C Performance Shares will not be redeemed and cancelled.

4.2 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.

4.3 Listing Rule 7.20

The Selective Capital Reduction is a reorganisation of the Company's capital. Therefore, the Company is required to tell Equity Security holders the following information 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).

4.4 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 6 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.

4.5 Indicative timetable

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

| Event | Target Date |
|--|---------------------|
| Filing Notice and Form 2560 with ASIC. | Monday 9 March 2020 |

| | |
|---|------------------------|
| Despatch of Notice to Shareholders. | Tuesday 10 March 2020 |
| General Meeting. Notification to ASX that approval has been received. File Form 2205 with ASIC. | Thursday 9 April 2020 |
| Cancellation of Class C Performance Shares and filing of Form 484 with ASIC. Despatch of notifications to holders of Class C Performance Share that cancellation has been implemented. | Thursday 23 April 2020 |

4.6 **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 6 to enable the Company to complete the process for redemption and cancellation of the Class C Performance Shares. The Directors (other than Messrs Budge and Henry) opine that there can be no prejudice or adverse consequences to Shareholders in approving Resolution 6, which is required for technical purposes under the Corporations Act.

Glossary

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

| | |
|--|---|
| Additional Placement | Has the meaning given to that term in Section 2.1. |
| Adviser Shares | Has the meaning given to that term in Section 1.1. |
| Associate | Has the meaning given to that term in the Listing Rules. |
| ASX | ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires. |
| Board | The Company's Board of Directors. |
| Class C Performance Share | A performance share issued by the Company on the terms specified in Schedule 1. |
| Company | Aurora Labs Limited (ACN 601 164 505). |
| Company Secretary | The Company Secretary of the Company at the time of the Meeting. |
| Corporations Act | <i>Corporations Act 2001</i> (Cth). |
| Director | A director of the Company. |
| Director Options | An option to be issued pursuant to the Employee Incentive Plan on the terms specified in Schedule 3. |
| Employee Incentive Plan | 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. |
| Equity Security | Has the meaning given to that term in Listing Rule 19.12, being: <ul style="list-style-type: none">(a) a share;(b) a unit;(c) an option over an issued or unissued share or unit;(d) a right to an issued or unissued share or unit;(e) an option over, or right to, a security referred to in (c) or (d) above;(f) a convertible security;(g) any security that ASX decides to classify as an Equity Security;(h) but not a security that ASX decides to classify as a debt security. |
| Exempt Investor | 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. |
| Explanatory Statement | This explanatory statement which accompanies and forms part of the Notice of Meeting. |
| General Meeting or Meeting | The general meeting of Shareholders or any resumption thereof, convened by this Notice. |
| Glossary | This glossary of terms. |
| Listing Rules | The listing rules of ASX, as amended from time to time. |
| Meeting Chairperson | The chairperson of the Meeting. |
| Notice or Notice of General Meeting | The notice of General Meeting which accompanies this Explanatory Statement. |
| Placement | Has the meaning given to that term in Section 1.1. |

| | |
|------------------------------------|---|
| Placement Shares | Has the meaning given to that term in Section 1.1. |
| Proxy Form | The proxy form accompanying the Notice. |
| Related Body Corporate | Has the same meaning as given to that term in the Corporations Act. |
| Related Party | Has the same meaning as given to that term in the Corporations Act. |
| Resolution | A resolution set out in the Notice. |
| Section | A section of this Notice. |
| Selective Capital Reduction | Has the meaning given to that term in Section 4.1. |
| Share | A fully-paid ordinary share in the capital of the Company. |
| Shareholder | A registered holder of a Share. |
| WST | 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.

Schedule 2 – 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 3 – Terms of Director Options

1. Entitlement

Each Director Option entitles the holder of that Director Option (**Option Holder**) to subscribe for 1 fully paid ordinary share in the Company (**Share**) at an exercise price which is equal to 200% of the closing price of Shares traded on ASX on the day immediately prior to the date that the Director Options are granted.

2. Term of Director Options

2.1 The expiry date of the Director Options will be 5.00pm (WST) on the date falling 24 months from the Grant Date (**End Date**). For the purposes of these terms, "**Grant Date**" means the date that the Director Options are granted.

2.2 Each Director Option may be exercised at any time before the End Date.

3. Conditions

3.1 The Director Options are subject to the following "Vesting Conditions" under the Plan Rules:

- (a) in relation to 500,000 Director Option – the Company's shareholders approve the grant of the Awards under Listing Rule 10.14;
- (b) in relation to 250,000 Director Option – the "Participant" (as defined in the Plan Rules) to whom the Director Options are offered, whether the Option Holder or not, continues in office as a director of the Company for at least for at least 12 months from the date of grant; and

3.2 An Director Option will only vest in the Option Holder and become exercisable following the satisfaction of the Vesting Conditions.

3.3 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.

4. Expiry and Cancellation

Subject to item 3.3:

- (a) all unvested Director Options will automatically expire and be cancelled on the End Date; and
- (b) all vested Director Options which have not been exercised by the relevant End Date will automatically expire and be cancelled.

5. Certificate or Holding Statement

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

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

6. Transfer

6.1 The Director 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.

6.2 The Option Holder may transfer some or all of the Director Options to the extent permitted by item 6.1(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.

6.3 An instrument of transfer of a Director 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 Director Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Director Option, the right of the transferor to transfer that Director Option and the proper execution of the instrument of transfer.

7. Quotation

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

8. Rights of Participation

8.1 New issues

- (a) A Director 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 Director 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.

8.2 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 Director Options, but before the expiry of those Director Options or the issue of a Share on exercise of the same, then the number of underlying Shares over which the Director Option is exercisable or the Exercise Price will be adjusted in accordance with the ASX Listing Rules.

9. 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 Director 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 Director Options held by the Option Holder, the number of Shares which the Option Holder is entitled to subscribe for on exercise of a Director Option, or other changes to the Director Options as required by the ASX Listing Rules.

10. Exercise

- 10.1 To exercise vested Director 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 Director Options being exercised and Shares to be issued;
 - (b) either:
 - (i) payment of the Exercise Price for the Director 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 11 in respect of all or part of the Director Options; and

(c) any certificate for the Director Options.

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

11. Cashless Exercise Mechanism

- 11.1 The Option Holder may elect to pay the Exercise Price in respect of any Director 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 Director Options (**Cashless Exercise Mechanism**).
- 11.2 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 Director Options the subject of the relevant exercise notice;

B is the number of Director 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.

- 11.3 If the market value of Shares calculated under item 11.2 would be less than the Exercise Price, the Option Holder may not use the Cashless Exercise Mechanism.

12. New Certificate or Holding Statement After Exercise

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

- (a) the Option Holder must surrender their certificate for the Director 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 Director Options held by the Option Holder.

13. Issue of Shares

- 13.1 Subject to items 11, 14.1, 14.2 and 14.3, the Company must issue the Option Holder the number of Shares specified in a valid application for exercise of Director Options by the later of:
- (a) 10 days after receiving an application for exercise of Director 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 Director Options and payment by the Option Holder of the Exercise Price is received by the Company.
- 13.2 Subject to the Company's Constitution, all Shares issued on the exercise of Director 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.

14. Legal and Regulatory Requirements

14.1 Approvals

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

14.2 Takeovers

- (a) If the exercise of an Director Option (or any number of Director Options) would result in any person contravening section 606 of the Corporations Act (Takeover Restriction), then any purported exercise of those Director 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 Director 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.

14.3 Secondary trading restrictions

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

- (a) subject to item 14.3(b), within 5 trading days of issuing Shares on exercise of Director 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 Director Options for any reason:
 - (i) the Company must within 60 days of receiving a valid notice of exercise under item 10, 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 14.3(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 Director Options until the Cleansing Prospectus is lodged with ASIC or the Relief Application is granted by ASIC.



Aurora LabsTM

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

10:00am (WST)
Thursday 9 April 2020

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

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 10:00am (WST) on Thursday 9 April 2020.

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

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 6 at the 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
Company Secretary
5 March 2020

Proxy Appointment, Voting and Meeting Instructions

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 **10:00am (WST) on Tuesday 7 April 2020**, being not less 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: Automic Group, Level 5, 126 Philip Street, Sydney NSW 2000

by post: Automic Group, GPO Box 5193, Sydney NSW 2001

by e-mail: meetings@automicgroup.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 Tuesday 7 April 2020**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Special Meeting.

Explanatory Statement

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 in the Schedule; 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.

An identical approval was rejected by ordinary Shareholders at the Company's annual general meeting of 13 December 2019. The Company notes that the approval under Resolution 1 is sought for administrative purposes and is a technical prerequisite to the redemption and cancellation of the Class C Performance Shares 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 General Meeting to be held on Thursday 9 April 2020.

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. Listing Rule Requirements

The Selective Capital Reduction is a reorganisation of the Company's capital. Therefore, the Company is required to tell equity security holders the following information 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).

4. 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.

5. Indicative Timetable

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

| Event | Target Date |
|--|------------------------|
| Filing Notice and Form 2560 with ASIC. | Monday 9 March 2020 |
| Despatch of Notice to Class C Performance Shareholders. | Tuesday 10 March 2020 |
| Special Meeting and General Meeting. Notification to ASX that approval has been received. File Form 2205 with ASIC. | Thursday 9 April 2020 |
| Cancellation of Class C Performance Shares and filing of Form 484 with ASIC. Despatch of notifications to Class C Performance Shareholders that cancellation has been effected. | Thursday 23 April 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. The Directors (other than Messrs Budge and Henry) opine that there can be no prejudice or adverse consequences to Shareholders in approving Resolution 1, which is required for technical purposes under the Corporations Act.

7. Glossary

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

| | |
|----------------------------------|---|
| ASX | ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires. |
| Board | The Company's Board of Directors. |
| Class C Performance Share | A performance share issued by the Company on the terms specified in the Schedule. |

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|--|---|
| Class C Performance Shareholder | A registered holder of a Class C Performance Share. |
| Company | Aurora Labs Limited (ACN 601 164 505). |
| Constitution | The Constitution of the Company as at the date of this Notice. |
| Corporations Act | <i>Corporations Act 2001</i> (Cth). |
| Director | A director of the Company. |
| Explanatory Statement | This explanatory statement which accompanies and forms part of the Notice of Meeting. |
| General Meeting | The general meeting of Ordinary Shareholders to be held on Thursday 9 April 2020. |
| Glossary | This glossary of terms. |
| Listing Rules | The listing rules of ASX, as amended from time to time. |
| Meeting Chairperson | The chairperson of the Special Meeting. |
| Notice or Notice of Special Meeting of Class C Performance Shareholders | The notice of special meeting of the Class C Performance Shareholders which accompanies this Explanatory Statement. |
| Ordinary Share | A fully paid ordinary share in the capital of the Company. |
| Ordinary Shareholder | A registered holder of an Ordinary Share. |
| Proxy Form | The proxy form accompanying the Notice. |
| Resolution | A resolution set out in the Notice. |
| Section | A section of this Notice. |
| Selective Capital Reduction | Has the meaning given to that term in Section 1. |
| Special Meeting | The special meeting of Class C Performance Shareholders or any adjournment thereof, convened by this Notice. |
| WST | Australian Western Standard Time, being the time in Perth, Western Australia. |

Schedule – 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.