

Aurora Labs Limited
ACN 601 164 505



**NOTICE OF GENERAL MEETING,
EXPLANATORY STATEMENT &
PROXY FORM**

Venue

Technology Park Function Centre
Room 4, 2 Brodie Hall Drive,
Bentley, Western Australia 6102

Time and Date

10am (WST) on Monday, 12 June 2017

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.

For personal use only

Contents

| Item | Page |
|---|------|
| Notice of General Meeting | 1 |
| Proxy appointment and voting instructions | 4 |
| Explanatory Statement | 6 |
| Glossary | 20 |
| Schedule – Terms of Employee Options | 22 |
| Proxy Form | 26 |

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 | 10am (WST) on Saturday, 10 June 2017 |
| Snapshot date for eligibility to vote | 5.00pm (WST) on Saturday, 10 June 2017 |
| General Meeting | 10am (WST) on Monday, 12 June 2017 |

For personal use only

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 Technology Park Function Centre, Room 4, 2 Brodie Hall Drive, Bentley, Western Australia at **10am (WST) on Monday, 12 June 2017**.

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

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

AGENDA

Resolution 1: Ratification of Shares issued under Placement

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

“That for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify and approve the prior issue of 2,800,000 Shares at an issue price of \$2.50 each under the Placement, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 2: Grant of Tranche 1 Employee Options to Director – Mr David James Budge

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

“That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 115,000 Tranche 1 Employee Options to Mr David James Budge (and/or his nominee), being a Related Party of the Company, under the Employee Incentive Plan, in the manner and on the terms and conditions set out in the Explanatory Statement”.

Resolution 3: Grant of Tranche 1 Employee Options to Director – Mr John Nathan Henry

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

“That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 140,000 Tranche 1 Employee Options to Mr John Nathan Henry (and/or his nominee), being a Related Party of the Company, under the Employee Incentive Plan, in the manner and on the terms and conditions set out in the Explanatory Statement”.

For personal use only

Resolution 4: Grant of Tranche 2 Employee Options to Director – Mr David James Budge

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

“That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 165,000 Tranche 2 Employee Options to Mr David James Budge (and/or his nominee) being a Related Party of the Company, under the Employee Incentive Plan, in the manner and on the terms and conditions set out in the Explanatory Statement”.

Resolution 5: Issue of Tranche 2 Employee Options to Director – Mr John Nathan Henry

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

“That, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 125,000 Tranche 2 Employee Options to Mr John Nathan Henry (and/or his nominee), being a Related Party of the Company, under the Employee Incentive Plan, in the manner and on the terms and conditions set out in the Explanatory Statement”.

By order of the Board

Mathew Whyte
Company Secretary
10 May 2017

For personal use only

Voting Exclusions

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

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

| Resolution | Excluded Parties |
|--------------|---|
| Resolution 1 | A person who participated in the Placement. |
| Resolution 2 | Any Director who is eligible to participate in the Company's Employee Incentive Plan. |
| Resolution 3 | Any Director who is eligible to participate in the Company's Employee Incentive Plan. |
| Resolution 4 | Any Director who is eligible to participate in the Company's Employee Incentive Plan. |
| Resolution 5 | Any Director who is eligible to participate in the Company's Employee Incentive Plan. |

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

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

For personal use only

Proxy Appointment, Voting and Meeting Instructions

Lodgement of a 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 **10am (WST) on Saturday, 10 June 2017**, being not more 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: 12A Ambitious Link, Bibra Lake, Western Australia 6163

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

By email: enquiries@auroralabs3d.com

Appointment of a proxy

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

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

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

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

Corporate Shareholders

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

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

Votes on 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.

Key Management Personnel proxies

Members of the Key Management Personnel (except for the Chairperson) and their Closely Related Parties are not able to vote your proxy on Resolutions 2 to 5 (inclusive) unless you have specifically directed them how to vote. This exclusion does not apply to the Chairperson if his or her appointment as proxy expressly authorises him or her to vote on matters of Key Management Personnel remuneration.

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

Chairperson voting of undirected proxies

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

The Proxy Form expressly authorises the Chairperson to exercise undirected proxies on all Resolutions, including Resolutions 2 to 5 even though these Resolutions are connected directly or indirectly with the remuneration of members of Key Management Personnel.

Voting entitlement (snapshot date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **5.00pm (WST) on Saturday, 10 June 2017**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with

the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

Defined terms

Capitalised terms used in the Notice and the Explanatory Statement are defined in the Glossary.

Questions from Shareholders

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

In addition to asking questions at the Meeting, written questions to the Board about the management of the Company may be submitted by no later than **10am (WST) on Monday, 5 June 2017** in the same manner as outlined above for lodgement of Proxy Forms.

Copies of written questions will be available at the Meeting.

For personal use only

Explanatory Statement

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

1. Resolution 1: Ratification of Shares issued under Placement

1.1 Background

On 24 February 2017, the Company announced completion of a placement of 2,800,000 Shares (**Placement Shares**) to various sophisticated and professional investors (for the purposes of section 708 of the Corporations Act) to raise \$7,000,000 (before costs) (**Placement**).

The Placement was managed by Bell Potter Securities (**Lead Manager**).

Resolution 1 seeks ratification and approval by Shareholders of the prior issue of the Placement Shares, all of which were issued pursuant to the Company's 15% issuing capacity under Listing Rule 7.1.

Each of the investors under the Placement subscribed for their Shares under institutional placement confirmation letters issued by the Lead Manager. Each of the letters incorporated the standard form Master Equity Capital Market (ECM) Terms (30 March 2016 edition) published by the Australian Financial Markets Association and were otherwise on substantially the same terms and conditions.

Further details of the Placement can be found in the Company's ASX announcement titled "Aurora Completes Successful \$7M Placement" dated 24 February 2017 which is available on the ASX announcements platform (<http://www.asx.com.au/asx/statistics/announcements.do>) using the Company's code 'A3D'.

1.2 Listing Rules

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

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's shareholders subsequently approve it. Such approval replenishes the company's 15% capacity and enables it to issue further Equity Securities up to that limit.

If Resolution 1 is approved by Shareholders, the Placement Shares will not be included in the Company's issuing capacity calculation for the purpose of Listing Rule 7.1.

1.3 Specific information required by Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to Shareholders in relation to Resolution 1 for the purposes of obtaining approval under Listing Rule 7.4:

(a) **Number of securities issued**

2,800,000 Shares were issued.

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

The Placement Shares were issued at an issue price of \$2.50 each to raise a total of \$7,000,000 (before costs).

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

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

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

The Placement Shares were issued to various investors identified by the Company and the Lead Manager, none of which were related parties of the Company for the purposes of the Listing Rules.

Each investor was a 'sophisticated investor' (for the purposes section 708(8) to (10) of the Corporations Act) or a 'professional investor' (for the purposes of section 708(11) of the Corporations Act).

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

As announced by the Company to ASX on 24 February 2017, the primary purpose of the Placement was to accelerate the development and testing of the Company's innovative medium and large format printers and to provide general working capital for the Company.

1.4 Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1 as it will replenish the Company's capacity to issue Equity Securities within the limit set out in Listing Rule 7.1.

The Directors consider the ability to issue Equity Securities under Listing Rule 7.1 is important as it provides the Company with the flexibility to conduct capital raisings if required (often on short notice) and to issue securities in satisfaction of financial obligations so as to preserve the Company's cash reserves.

2. Resolutions 2 and 3: Issue of Tranche 1 Employee Options to Directors – Messrs David James Budge and John Nathan Henry

2.1 Background

Resolutions 2 and 3 seek Shareholder approval under Chapter 2E of the Corporations Act and Listing Rule 10.14 to grant the following Tranche 1 Employee Options under the terms of the Employee Incentive Plan:

- (a) 115,000 Tranche 1 Employee Options to Mr David James Budge (or his nominee); and
- (b) 140,000 Tranche 1 Employee Options to Mr John Nathan Henry (or his nominee).

The Directors (other than Messrs Budge and Henry) approved the grant of the Tranche 1 Employee Options to Messrs Budge and Henry on or about 22 November 2016, subject to Shareholder approval being obtained. At this time, the Board granted 225,000 identical Options to non-related employees of the Company under the Employee Incentive Plan.

For personal use only

The Directors (other than Messrs Budge and Henry) consider that this grant of Tranche 1 Employee Options to Messrs Budge and Henry will be a cost effective and efficient reward for the Company to make to appropriately incentivise Messrs Budge and Henry's continued performance, and is consistent with the strategic goals and targets of the Company.

A copy of the Employee Incentive Plan is available on the ASX website (www.asx.com.au) using the Company's ASX code 'A3D' and also on the Company's website (<http://auroralabs3d.com>).

The terms and conditions of the Tranche 1 Employee Options are set out in the Schedule.

2.2 Chapter 2E of the Corporations Act

Section 208 of the Corporations Act (set out in Chapter 2E) prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions set out in sections 210 to 216 of the Corporations Act; or
- (b) prior Shareholder approval is obtained for the giving of the financial benefit, and the financial benefit is given within 15 months of the date of approval.

The grant of Tranche 1 Employee Options to Messrs Budge and Henry constitutes the giving of a financial benefit. Further, Messrs Budge and Henry are both Related Parties of the Company by virtue of being Directors.

At the time of agreeing to grant the Tranche 1 Employee Options in November 2016, the Directors (other than Messrs Budge and Henry) considered that the grant would constitute reasonable remuneration within the exception set out in section 211(1) of the Corporations Act.

Notwithstanding this, the Directors (other than Messrs Budge and Henry) consider that it is appropriate for Shareholders to approve the grant of the Tranche 1 Employee Options in light of the time which has elapsed since considering the matter in mid-November 2016 and the substantial changes that have occurred to the price of Shares traded on ASX (briefly reaching a high of \$5.39 on 30 November 2016).

2.3 Listing Rules

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

Messrs Budge and Henry are both Directors and are therefore Related Parties of the Company. Accordingly, Shareholder approval is required for the grant of the Tranche 1 Employee Options.

If Resolutions 2 and 3 are approved, then approval is not required under Listing Rule 7.1 (outlined at Section 1.2 above) or Listing Rule 10.11 which prohibits the issue of Equity Securities to Related Parties without first obtaining shareholder approval. Accordingly, the Tranche 1 Employee Options granted to Messrs Budge and Henry will not be included in the Company's issuing capacity calculation for the purpose of Listing Rule 7.1.

2.4 Corporations Act information requirements

Section 219 of the Corporations Act requires that the following information be provided to Shareholders in relation to Resolutions 2 and 3 for the purposes of obtaining approval under Section 208 of the Corporations Act:

(a) Names of the Related Parties

The Related Parties are:

- Mr David James Budge – Managing Director of the Company; and

- Mr John Nathan Henry – Executive Director of the Company.

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

The financial benefit is the proposed grant of:

- under Resolution 2 – 115,000 Tranche 1 Employee Options to Mr Budge (or his nominee); and
- under Resolution 3 – 140,000 Tranche 1 Employee Options to Mr Henry (or his nominee).

Each Tranche 1 Employee Option will be granted on the terms set out in the Schedule.

(c) **Value of the financial benefit**

A valuation of the Tranche 1 Employee Options the subject of Resolutions 2 and 3 was prepared by the Company and reviewed by the Company's auditor, HLB Mann Judd, on 26 April 2017 (**Valuation**) which applied the Black-Scholes option pricing model (**Black-Scholes Model**).

The Black-Scholes Model is based on a number of assumptions and variables, including the following:

- the exercise price for each Tranche 1 Employee Option is \$2.23;
- each Tranche 1 Employee Option has an expiry date of 30 November 2019, and it is assumed that the Tranche 1 Employee Options will be exercised immediately prior to the expiry date;
- the closing price of Shares traded on ASX on 21 April 2017 was \$1.50;
- a risk-free rate of 2.09% has been adopted;
- a dividend yield rate of 0% has been adopted;
- a volatility factor of 100% has been adopted; and
- a marketability discount of 30% has been adopted to reflect the fact that the Tranche 1 Employee Options are not freely transferable.

Applying the above assumptions, the value of a Tranche 1 Employee Option is estimated to be approximately \$0.5335.

The table below sets out the estimated financial benefit for each of Messrs Budge and Henry by reference to the above valuation.

| Related Party | Exercise price | Individual value | Number | Total value |
|------------------------|----------------|------------------|---------|------------------|
| Mr David Budge | \$2.23 | \$0.5335 | 115,000 | \$61,348 |
| Mr John (Nathan) Henry | \$2.23 | \$0.5335 | 140,000 | \$74,685 |
| TOTAL | | | | \$136,033 |

Any change in the variables applied in the Black-Scholes Model between the date of the Valuation and the date the Tranche 1 Employee Options are granted may impact on their value.

(d) **Remuneration**

The table below sets out the total remuneration paid or payable to Messrs Budge and Henry for the last financial year and the proposed total remuneration for the current financial year (including the value of the proposed Employee Options to be considered at the Meeting), including superannuation.

| Related Party | 2015/16 Financial Year | 2016/17 Financial Year |
|------------------------|---|--|
| Cash | | |
| Mr David Budge | \$102,424 | \$221,750 |
| Mr John (Nathan) Henry | \$125,036 | \$188,846 |
| Non-cash | | |
| Mr David Budge | 725,000 Options exercisable at \$0.20 on or before 31 December 2018 | 115,000 Tranche 1 Employee Options 165,000 Tranche 2 Employee Options |
| Mr John (Nathan) Henry | 1,693,334 Options exercisable at \$0.20 on or before 31 December 2018 | 140,000 Tranche 1 Employee Options 115,000 Tranche 2 Employee Options |

(e) **Security holdings**

The table below sets out the securities and rights in the Company in which each of Messrs Budge and Henry has a direct or indirect interest at the date of the Notice. The table does not include the Employee Options to be considered at the Meeting.

| Related Party | Shares | Performance Shares | Options |
|------------------------|------------|--|---|
| Mr David Budge | 23,946,785 | 4,420,945 Class A Performance Shares 4,973,563 Class B Performance Shares 5,341,975 Class C Performance Shares | 725,000 Options exercisable at \$0.20 on or before 31 December 2018 |
| Mr John (Nathan) Henry | 982,151 | 153,628 Class A Performance Shares 172,832 Class B Performance Shares 185,634 Class C Performance Shares | 1,693,334 Options exercisable at \$0.20 on or before 31 December 2018 |

Notes:

1. Each Performance Share entitles the holder to be issued one Share on satisfaction of the relevant performance milestones.
2. Each Option entitles the holder to be issued with one Share exercise and payment of the relevant exercise price.

(f) Voting interests

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

| Event | New Shares received | Total Shares held after event | Voting power after event (rounded) |
|--|----------------------------|--------------------------------------|---|
| Mr David Budge | | | |
| Current position | Nil | 23,946,785 | 41.36% |
| Conversion of all existing Performance Shares and exercise of all existing Options | 15,461,483 | 39,408,268 | 53.72% |
| Exercise of all Employee Options to be considered at the Meeting | 280,000 | 24,226,785 | 41.64% |
| Conversion/exercise of all existing or proposed Performance Shares and Options | 15,741,483 | 39,688,268 | 53.89% |
| Mr Nathan Henry | | | |
| Current position | Nil | 982,151 | 1.70% |
| Conversion of all existing Performance Shares and exercise of all existing Options | 265,000 | 1,247,151 | 2.14% |
| Exercise of all Employee Options to be considered at the Meeting | 2,205,428 | 3,187,579 | 5.30% |
| Conversion/exercise of all existing or proposed Performance Shares and Options | 2,470,428 | 3,452,579 | 5.72% |

Notes:

1. Mr Budge has a "substantial holding" for the purposes of the Corporations Act as he controls 5% or more of the voting Shares at the date of the Notice.
2. Mr Budge has a "relevant interest" under the Corporations Act (i.e. an ability to effect control over voting shares) of more than 20% at the date of the Notice. His ability to acquire or otherwise receive additional Shares (including on conversion of Performance Shares and exercise of Options) will be restricted by the takeovers provisions in Chapter 6 of the Corporations Act, subject to certain limited exceptions.

(g) **Dilution**

If Resolutions 2 and 3 are approved, a total of 255,000 Tranche 1 Employee Options will be issued each of which may be exercised for the holder to be issued with one Share.

The dilutive effect on the shareholding interests of existing Shareholders if all Tranche 1 Employee Options were exercised would be approximately 0.44%, assuming that the number of Shares currently on issue (57,900,000) does not change.

(h) **Exercise**

The market price of Shares during the period of the Tranche 1 Employee Options will normally determine whether or not the Tranche 1 Employee Options are exercised.

At the time any Tranche 1 Employee Options are exercised and Shares are issued pursuant to the same, Shares may be trading on ASX at a price which is higher than the exercise price of the Tranche 1 Employee Options.

(i) **Trading history**

The most recent available data concerning the price of the Company's Shares traded on ASX since the Company's admission in August 2016 is summarised in the table below.

| | High | Low | Last |
|-------|------------------|----------------|------------|
| Price | \$5.39 | \$0.44 | \$1.49 |
| Date | 30 November 2016 | 16 August 2016 | 9 May 2017 |

(j) **Funds raised**

The Company will not raise any funds from the issue of Tranche 1 Employee Options under Resolutions 2 or 3. These Options are issued under the Employee Incentive Plan.

If all of Tranche 1 Employee Options to be granted are exercised, the Company will raise \$568,650. These funds will be applied to the general working capital requirements of the Company at that time.

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

Mr Budge has a material personal interest in the outcome of Resolution 2 and will be the only Director to receive a benefit from that Resolution.

Mr Henry has a material personal interest in the outcome of Resolution 3 and will be the only Director to receive a benefit from that Resolution.

(l) **Any other information**

The Employee Options are primarily issued for the following purposes:

- as part of an employment package with the Company to attract and retain quality executives and employees;
- as a reward for executives and employees exceeding Company deliverables; and

For personal use only

- as a reward for employees who have come up with innovative ideas that are deemed to be beneficial to the Company and its business operations.

Other than as set out in this Explanatory Statement, the Directors (other than Messrs Budge and Henry) do not consider there is any further information which the Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to approve Resolutions 2 and 3.

2.5 Listing Rule information requirements

Listing Rule 10.15 requires that the following information be provided to Shareholders in relation to Resolutions 2 and 3 for the purposes of obtaining approval under Listing Rule 10.14:

(a) Maximum number of securities to be granted

The maximum number of Tranche 1 Employee Options to be granted pursuant to Resolutions 2 and 3 is 255,000 Tranche 1 Employee Options as follows:

- under Resolution 2 – 115,000 Tranche 1 Employee Options to Mr Budge (or his nominee); and
- under Resolution 3 – 140,000 Tranche 1 Employee Options to Mr Henry (or his nominee).

(b) Price of the securities

The Tranche 1 Employee Options will be granted for nil cash consideration under the terms of the Employee Incentive Plan. Accordingly, funds will not be raised on grant.

Each Tranche 1 Employee Options will be exercisable at \$2.23. The exercise price for the Tranche 1 Employee Options was set at approximately 12.5% above the closing price of Shares traded on ASX on 21 November 2016, being \$1.98.

At the time of agreeing to grant the Tranche 1 Employee Options (i.e. November 2016), the Directors (other than Messrs Budge and Henry) considered this exercise price to be fair and reasonable in the circumstances.

The exercise price of \$2.23 is approximately 49.7% above the closing price of Shares traded on ASX on 9 May 2017 (i.e. \$1.49), being the date immediately prior to the Notice. Accordingly, the Directors (other than Messrs Budge and Henry) consider that this price remains fair and reasonable in the circumstances.

(c) Names of the persons who have received securities under the Employee Incentive Plan since its last approval

The Employee Incentive Plan was adopted by the Company prior to its admission to ASX on 12 August 2016 and was summarised in its initial public offering prospectus dated 9 June 2016. Accordingly, the plan has not been approved by Shareholders.

The Company has not issued any securities or granted any rights under the Employee Incentive Plan to persons referred to in Listing Rule 10.14 since its admission to ASX.

(d) Persons eligible to participate in the Employee Incentive Plan

As at the date of the Notice, the persons referred to in Listing Rule 10.14 who are entitled to participate in the Employee Incentive Plan (i.e. a Director, an Associate of a Director, or a person whose relationship with the Company, a Director or an Associate of a Director is, in ASX's opinion, such that approval should be obtained) are:

- Mr Paul Kehoe – Non-Executive Chairman;

For personal use only

- Mr David James Budge – Managing Director;
- Mr John Nathan Henry – Executive Director; and
- Mr Hendrikus Herman – Non-Executive Director.

(e) **Terms of any loans**

The Company has not provided any loans in respect of the issue of the Tranche 1 Employee Options to Messrs Budge or Henry.

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

If Resolutions 2 and 3 are approved, the Company intends to grant the Tranche 1 Employee Options to Messrs Budge and Henry as soon as practicable following the Meeting. In any event, it will not grant the Options later than 12 months after the date of the Meeting.

2.6 **Directors' recommendations**

(a) **Resolution 2**

The Directors (other than Mr Budge) recommend that Shareholders vote in favour of Resolution 2.

The Directors (other than Mr Budge) consider that the issue of Tranche 1 Employee Options to Mr Budge (or his nominee):

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

Mr Budge has a material personal interest in Resolution 2 and therefore declines to make any voting recommendation to Shareholders.

(b) **Resolution 3**

The Directors (other than Mr Henry) recommend that Shareholders vote in favour of Resolution 3.

The Directors (other than Mr Henry) consider that the issue of Tranche 1 Employee Options to Mr Henry (or his nominee):

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

Mr Henry has a material personal interest in Resolution 3 and therefore declines to make any voting recommendation to Shareholders.

For personal use only

3. Resolutions 4 and 5: Issue of Tranche 2 Employee Options to Directors – Messrs David James Budge and John Nathan Henry

3.1 Background

Resolutions 4 and 5 seek Shareholder approval under Chapter 2E of the Corporations Act and Listing Rule 10.14 to grant the following Tranche 2 Employee Options under the terms of the Employee Incentive Plan:

- (a) 165,000 Tranche 2 Employee Options to Mr David James Budge (or his nominee); and
- (b) 125,000 Tranche 2 Employee Options to Mr John Nathan Henry (or his nominee).

As with the Tranche 1 Employee Options, the Directors (other than Messrs Budge and Henry) consider that this grant of Tranche 2 Employee Options to Messrs Budge and Henry will be a cost effective and efficient reward for the Company to make to appropriately incentivise Messrs Budge and Henry's continued performance, and is consistent with the strategic goals and targets of the Company.

The terms and conditions of the Employee Options are set out in the Schedule.

3.2 Corporations Act and Listing Rule requirements

For the reasons outlined in Section 2.2 and 2.3 above, the grant of the Tranche 2 Employee Options requires approval under:

- (a) section 208 of the Corporations Act as the giving of financial benefits to Related Parties; and
- (b) Listing Rule 10.14, as the grant of securities to Related Parties under an employee incentive scheme.

If Resolutions 4 and 5 are approved, then approval is not required under Listing Rule 7.1 (outlined at Section 1.2 above) or Listing Rule 10.11 (outlined at Section 2.3 above). Accordingly, the Tranche 2 Employee Options granted to Messrs Budge and Henry will not be included in the Company's issuing capacity calculation for the purpose of Listing Rule 7.1.

3.3 Corporations Act information requirements

Section 219 of the Corporations Act requires that the following information be provided to Shareholders in relation to Resolutions 4 and 5 for the purposes of obtaining approval under Section 208:

(a) Names of the Related Parties

The Related Parties are:

- Mr David James Budge – Managing Director of the Company; and
- Mr John Nathan Henry – Executive Director of the Company.

(b) Nature of the financial benefit

The financial benefit is the proposed grant of:

- under Resolution 4 – 165,000 Tranche 2 Employee Options to Mr Budge (or his nominee); and
- under Resolution 5 – 125,000 Tranche 2 Employee Options to Mr Henry (or his nominee).

Each Tranche 2 Employee Option will be granted on the terms set out in the Schedule.

(c) **Value of the financial benefit**

A valuation of the Tranche 2 Employee Options the subject of Resolutions 4 and 5 was prepared by the Company and reviewed by the Company's auditor, HLB Mann Judd, on 26 April 2017 (**Valuation**) which applied the Black-Scholes option pricing model (**Black-Scholes Model**).

The Black-Scholes Model is based on a number of assumptions and variables, including the following:

- the exercise price for each Tranche 2 Employee Option is \$3.00;
- each Tranche 2 Employee Option has an expiry date of 31 March 2020, and it is assumed that the Tranche 1 Employee Options will be exercised immediately prior to the expiry date;
- the closing price of Shares traded on ASX on 21 April 2017 was \$1.50;
- a risk-free rate of 2.09% has been adopted;
- a dividend yield rate of 0% has been adopted;
- a volatility factor of 100% has been adopted; and
- a marketability discount of 30% has been adopted to reflect the fact that the Tranche 2 Employee Options are not freely transferable.

Applying the above assumptions, the value of a Tranche 2 Employee Option is estimated to be approximately \$0.5053.

The table below sets out the estimated financial benefit for each of Messrs Budge and Henry by reference to the above valuation.

| Related Party | Exercise price | Individual value | Number | Total value |
|------------------------|----------------|------------------|---------|------------------|
| Mr David Budge | \$3.00 | \$0.5053 | 165,000 | \$83,373 |
| Mr John (Nathan) Henry | \$3.00 | \$0.5053 | 125,000 | \$63,162 |
| TOTAL | | | | \$146,535 |

Any change in the variables applied in the Black-Scholes Model between the date of the Valuation and the date the Tranche 2 Employee Options are granted may impact on their value.

(d) **Remuneration**

Please refer to Section 2.4(d) above for details of Messrs Budge and Henry's remuneration.

(e) **Security holdings**

Please refer to Section 2.4(e) above for details of Messrs Budge and Henry's interests in the Company's securities.

For personal use only

(f) **Voting interests**

Please refer to section 2.4(f) above for details of Messrs Budge and Henry's voting interests.

(g) **Dilution**

If Resolutions 4 and 5 are approved, a total of 290,000 Tranche 2 Employee Options will be issued each of which may be exercised for the holder to be issued with one Share.

The dilutive effect on the shareholding interests of existing Shareholders if all Tranche 2 Employee Options were exercised would be approximately 0.50%, assuming that the number of Shares currently on issue (57,900,000) does not change.

(h) **Exercise**

The market price of Shares during the period of the Tranche 2 Employee Options will normally determine whether or not the Tranche 2 Employee Options are exercised.

At the time any Tranche 2 Employee Options are exercised and Shares are issued pursuant to the same, Shares may be trading on ASX at a price which is higher than the exercise price of the Tranche 2 Employee Options.

(i) **Trading history**

Please refer to Section 2.4(i) above for details of the Company's trading history.

(j) **Funds raised**

The Company will not raise any funds from the issue of Tranche 2 Employee Options under Resolutions 4 or 5. These Options are issued under the Employee Incentive Plan.

If all of Tranche 2 Employee Options to be granted are exercised, the Company will raise \$870,000. These funds will be applied to the general working capital requirements of the Company at that time.

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

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

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

(l) **Any other information**

Other than as set out in this Explanatory Statement, the Directors (other than Messrs Budge and Henry) do not consider there is any further information which the Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to approve Resolutions 4 and 5.

3.4 **Listing Rule information requirements**

Listing Rule 10.15 requires that the following information be provided to Shareholders in relation to Resolutions 4 and 5 for the purposes of obtaining approval under Listing Rule 10.14:

For personal use only

(a) **Maximum number of securities to be granted**

The maximum number of Tranche 2 Employee Options to be granted pursuant to Resolutions 4 and 5 is 290,000 Tranche 2 Employee Options as follows:

- under Resolution 4 – 165,000 Tranche 2 Employee Options to Mr Budge (or his nominee); and
- under Resolution 5 – 125,000 Tranche 2 Employee Options to Mr Henry (or his nominee).

(b) **Price of the securities**

The Tranche 2 Employee Options will be granted for nil cash consideration under the terms of the Employee Incentive Plan. Accordingly, funds will not be raised on grant.

Each Tranche 2 Employee Options will be exercisable at \$3.00. The exercise price for the Tranche 2 Employee Options was set at approximately 12.5% above the volume weighted average price of Shares traded on ASX over the five trading days up to and including 10 March 2017, being \$2.68.

The exercise price of \$3.00 is approximately 101.3% above the closing price of Shares traded on ASX on 9 May 2017 (i.e. \$1.49), being the date immediately prior to the Notice. Accordingly, the Directors (other than Messrs Budge and Henry) consider that this price remains fair and reasonable in the circumstances.

(c) **Names of the persons who have received securities under the Employee Incentive Plan since its last approval**

The Company has not issued any securities or granted any rights under the Employee Incentive Plan to persons referred to in Listing Rule 10.14 since its admission to ASX. Refer to Section 2.5(c) above for further details.

(d) **Persons eligible to participate in the Employee Incentive Plan**

As at the date of the Notice, the persons referred to in Listing Rule 10.14 who are entitled to participate in the Employee Incentive Plan are the current Directors. Refer to Section 2.5(d) above for further details.

(e) **Terms of any loans**

The Company has not provided any loans in respect of the issue of the Tranche 2 Employee Options to Messrs Budge or Henry.

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

If Resolutions 4 and 5 are approved, the Company intends to grant the Tranche 2 Employee Options to Messrs Budge and Henry as soon as practicable following the Meeting. In any event, it will not grant the Options later than 12 months after the date of the Meeting.

3.5 **Directors' recommendations**

(a) **Resolution 4**

The Directors (other than Mr Budge) recommend that Shareholders vote in favour of Resolution 4 as the Tranche 2 Employee Options provide a form of remuneration which:

- aligns the interests of Mr Budge with the financial success of the Company, in that exercise of the Options would generally only be warranted by an increase of the price of Shares traded on ASX to above the exercise price; and

For personal use only

- preserves the cash reserves of the Company.

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

(b) **Resolution 5**

The Directors (other than Mr Henry) recommend that Shareholders vote in favour of Resolution 5 as the Tranche 2 Employee Options provide a form of remuneration which:

- aligns the interests of Mr Henry with the financial success of the Company, in that exercise of the Options would generally only be warranted by an increase of the price of Shares traded on ASX to above the exercise price; and
- preserves the cash reserves of the Company.

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

For personal use only

Glossary

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

| | |
|----------------------------------|--|
| Associate | Has the meaning given to that term in the Corporations Act. |
| ASX | ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires. |
| Board | The Company's Board of Directors. |
| Chairperson | The chairperson of the Meeting. |
| Class A Performance Share | A fully paid Class A Performance Share in the capital of the Company. |
| Class B Performance Share | A fully paid Class B Performance Share in the capital of the Company. |
| Class C Performance Share | A fully paid Class C Performance Share in the capital of the Company. |
| Closely Related Parties | Has same meaning given to it in section 9 of the Corporations Act, being, in relation to a member of Key Management Personnel: <ul style="list-style-type: none">(a) a spouse or child of the member;(b) a child of the member's spouse;(c) a dependent of the member or the member's spouse;(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;(e) a company the member controls; or(f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) (currently none are prescribed). |
| Company | Aurora Labs Limited (ACN 601 164 505). |
| Company Secretary | The Company Secretary of the Company at the time of the Meeting. |
| Constitution | The Constitution of the Company. |
| Corporations Act | <i>Corporations Act 2001</i> (Cth). |
| Director | A director of the Company. |
| Employee Incentive Plan | The Company's Employee Incentive Plan. |
| Employee Option | A Tranche 1 Employee Option or a Tranche 2 Employee Option, as the context requires. |
| Equity Security | Has the meaning given to that term in Listing Rule 19.12, being any of the following but not including a security that ASX decides to classify as a 'debt security': <ul style="list-style-type: none">(a) a share; |

For personal use only

- (b) a unit;
- (c) a right to a share or unit or option;
- (d) an option over an issued or unissued security;
- (e) a convertible security; or
- (f) any security that ASX decides to classify as an equity security.

| | |
|--|--|
| Explanatory Statement | This explanatory statement which accompanies and forms part of the Notice. |
| General Meeting or Meeting | The general meeting of Shareholders or any adjournment of such meeting, convened by the Notice. |
| Glossary | This glossary of terms. |
| Key Management Personnel | Has the same meaning as the definition of that term in section 9 of the Corporations Act and Accounting Standard AASB 124, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise). |
| Listing Rules | The listing rules of ASX, as amended from time to time. |
| Notice or Notice of General Meeting | The notice of General Meeting which accompanies this Explanatory Statement. |
| Option | An option to subscribe for a Share. |
| Placement | The placement by the Company to various sophisticated and professional investors (as those terms are used in section 708 of the Corporations Act) of 2,800,000 Shares at an issue price of \$2.50 each, to raise \$7,000,000 (before costs), as announced by the Company to ASX on 24 February 2017. |
| Placement Shares | The 2,800,000 Shares issued under the Placement. |
| Proxy Form | The proxy form accompanying the Notice. |
| Related Party | Has the meaning given to that term in section 228 of the Corporations Act. |
| Resolution | A resolution set out in the Notice. |
| Section | A section in the Notice. |
| Share | A fully paid ordinary share in the capital of the Company. |
| Shareholder | A holder of a Share. |
| Tranche 1 Employee Option | An Option exercisable at \$2.23 on or before 30 November 2019, and otherwise on the term and conditions set out in the Schedule. |
| Tranche 2 Employee Option | An Option exercisable at \$3.00 on or before 31 March 2020, and otherwise on the term and conditions set out in the Schedule. |
| WST | Australian Western Standard Time, being the time in Perth, Western Australia. |

Schedule – Terms of Employee Options

1. **Employee Incentive Plan:**

- (a) Each Tranche 1 Employee Option and Tranche 2 Employee Option (each an **Employee Option**) is granted pursuant to the Employee Incentive Plan of the Company.
- (b) Terms defined in the rules of the Employee Incentive Plan (**Rules**) will, when used in these Terms of Employee Options, have the same meaning given to those terms under the Rules or the Notice (as the case may be) unless expressly stated otherwise in these Terms of Employee Options.
- (c) Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) will apply (subject to the conditions in that Act) to the Employee Options.

2. **Entitlement:** Each Employee Option entitles the holder (**Option Holder**) to subscribe for 1 Share.

3. **No payment on grant:** The Option Holder is not required to pay any amount on the grant of an Employee Option.

4. **Exercise price:**

The exercise price of each Employee Option (**Exercise Price**) is:

- (a) in the case of Tranche 1 Employee Options, \$2.23; and
- (b) in the case of Tranche 2 Employee Options, \$3.00.

5. **Expiry date:**

Each Employee Option not exercised by 5.00pm (WST) on the following dates (each an **Expiry Date**) will automatically lapse and terminate:

- (a) in the case of Tranche 1 Employee Options, 30 November 2019; and
- (b) in the case of Tranche 2 Employee Options, 31 March 2020.

6. **Certificate or holding statement:** The Company must give the Option Holder a certificate or holding statement stating:

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

7. **Restrictions on dealing and transfer:**

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

8. **Quotation of Employee Options:** The Company will not apply for quotation of any Employee Options.

9. **New issues:** The Option Holder is not entitled to participate in any new issue to the Shareholders of securities in the Company unless they have exercised their Employee Options before the record date

For personal use only

for determining entitlements to the new issue of securities and participate as a result of holding Shares. The Company must give the Option Holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules.

10. **Bonus issues:** If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of the Employee Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Employee Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Employee Option before the record date for determining entitlements to the issue.
11. **Pro rata issues:** If the Company makes a pro rata issue of Shares (except a bonus issue) to Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of the Employee Option before the record date for determining entitlements to the issue, the Exercise Price of each Employee Option will be reduced in accordance with the Listing Rules.
12. **Reorganisation:**
- (a) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Employee Options to which the Option Holder is entitled to and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
 - (b) Any calculations or adjustments which are required to be made will be made by the Company's Board of Directors and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder.
 - (c) The Company must, within a reasonable period, give to the Option Holder notice of any change to the Exercise Price of any Employee Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of an Employee Option.
13. **Exercise Condition:** An Employee Option is not exercisable unless the Participant to which the Employee Option relates remains employed or engaged as a Contractor with a Group Company for at least 12 months from the grant of the Employee Option.
14. **Exercise:**
- (a) Subject to 14(b), an Option Holder may:
 - (i) not exercise an Employee Option during the period (**Restriction Period**) commencing on the date that an Employee Option is granted and expiring on the later of:
 - A. the date that the last Vesting Condition (if any) is satisfied or waived by the Company; and
 - B. the date when the last Exercise Condition (if any) is satisfied or waived by the Company; and
 - (ii) only exercise an Employee Option after the expiry of the Restriction Period but prior to the Expiry Date.
 - (b) Notwithstanding paragraph 14(a), an Employee Option may be exercised:
 - (i) in the Board's absolute discretion, at any time after a Change of Control Event has occurred;
 - (ii) at any time after the announcement of a proposed capital reorganisation referred to in paragraph 12;

- (iii) in the Board's absolute discretion, following the occurrence and announcement by the Company of an event that in the opinion of the Board is likely to lead to the Company being removed from the official list of ASX; or
- (iv) in the Board's absolute discretion, within 12 months, if any of the following occurs in relation to a Participant, in relation to Employee Options held by or on behalf of that Participant:
 - A. the illness or incapacity of the Participant necessitating the permanent withdrawal of the Participant from the work force, as accepted to the satisfaction of the Board; or
 - B. any other circumstances which the Board considers should be treated as permanent disablement of the Participant for the purposes of the Employee Incentive Plan.

- (c) To exercise Employee Options, the Option Holder must give the Company or its securities registry, at the same time:
 - (i) a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of Employee Options being exercised and Shares to be issued;
 - (ii) payment of the Exercise Price for the Employee Options the subject of the exercise notice, by way of bank cheque or by other means of payment, approved by the Company;
 - (iii) the Certificate, or documentary evidence satisfactory to the Board that the Certificate was lost or destroyed; and
 - (iv) where required by the Company in accordance with rule 19.2 of the Rules, payment in full of the amount of Withholding Tax Amount that the Company is required to remit as a result of the exercise of the Employee Option.
- (d) Where a payment is received by the Company under paragraph 14(c)(iv), those moneys will be held on behalf of the Participant, and remitted to the appropriate taxing authority by the Company on behalf of the Participant as soon as reasonably practicable.
- (e) The Option Holder may only exercise Employee Options in multiples of 500 Employee Options unless the Option Holder holds less than 500 Employee Options.
- (f) A notice of exercise in relation to any Employee Options only becomes effective when the Company has received the full amount of the Exercise Price for the number of Employee Options specified in the notice, in cleared funds.
- (g) Employee Options will be deemed to have been exercised on the date the exercise notice is lodged with the Board.

15. Re-issue of certificate or holding statement: If the Option Holder exercises less than the total number of Employee Options registered in the Option Holder's name:

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

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

17. **Equal ranking:** Subject to the Company's Constitution, all Shares issued on the exercise of Employee Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary Shares of the Company at the date of issue.
18. **Quotation of Shares:** The Company will apply to ASX for official quotation of the Shares issued on exercise of Employee Options.
19. **Bad Leaver:** Each Employee Option that has not been exercised and not expired will automatically lapse and be forfeited if the Participant to which the Employee Option relates ceases employment or engagement as a Contractor with the Group Companies as a Bad Leaver.
20. **Good Leaver:** An Employee Option will not lapse and be forfeited if the Participant to which the Employee Option relates ceases employment or engagement as a Contractor with any Group Companies as a Good Leaver.
21. **Governing law:** These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

AURORA LABS LIMITED

ACN 601 164 505

PROXY FORM

[Shareholder Name]
[Shareholder Address]
[Shareholder Address]

I/We (name of Shareholder)

of (address)

being a Shareholder(s) of Aurora Labs Limited ACN 601 164 505 (**Company**) HEREBY APPOINT:

(name).....

of (address)

and/or failing him/her (name)

of (address)

as my/our proxy to act on my/our behalf at the General Meeting of the Company to be held at **10am (WST) on Monday, 12 June 2017 at Technology Park Function Centre, 2 Brodie Hall Drive Bentley, Western Australia (Meeting)** and at any adjournment or postponement of the Meeting. If the person(s) named above is unable or unwilling to act as my/our proxy, or if a person is not named, the chairperson of the Meeting (**Chairperson**) is to be my/our proxy to act on my/our behalf at the Meeting.

Except where I/we have marked a voting box for a Resolution below, I/we authorise my/our proxy to vote or abstain from voting on any Resolution in their discretion.

IMPORTANT NOTES:

- The Company encourages you to direct your proxy to vote for or against the Resolutions or to abstain from voting on each of the Resolutions.
- If the Chairperson is appointed your proxy, the Chairperson intends to vote all undirected proxies **FOR** each Resolution.
- Members of the Key Management Personnel (except for the Chairperson) and their Closely Related Parties are **not** able to vote your proxy on Resolutions 2 to 5 (inclusive) **unless** you have specifically directed them how to vote.
- If you appoint the Chairperson as your proxy, you expressly authorise the Chairperson to vote on matters of Key Management Personnel remuneration.
- Proxy Forms must be returned on or before **10am (WST) on Saturday, 10 June 2017**. Please refer to the 'Proxy Appointment, Voting and Meeting Instruction' section of the Notice of General Meeting for instructions on completion and return of Proxy Forms.

Should you wish to direct your proxy how to vote, please mark FOR, AGAINST or ABSTAIN in the voting boxes below.

I/We direct my/our proxy to vote in the following manner:

| | | For | Against | Abstain |
|---------------------|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Ratification of Shares issued under Placement | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Grant of Tranche 1 Employee Options to Director – Mr David James Budge | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Grant of Tranche 1 Employee Options to Director – Mr John Nathan Henry | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Grant of Tranche 2 Employee Options to Director – Mr David James Budge | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Issue of Tranche 2 Employee Options to Director – Mr John Nathan Henry | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

This Proxy is appointed to represent _____% of my voting right, or if two proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my/our total votes.

My/our total voting right is _____ shares.

By:

Individuals and joint holders

| |
|------------------|
| Signature |
| Signature |
| Signature |

Companies (affix common seal if appropriate)

| |
|-----------------------------------|
| Director |
| Director/Company Secretary |
| Sole Director |

For personal use only