



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

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

Aurora Labs Limited  
ACN 601 164 505

### **Venue**

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

### **Time and Date**

10:00am (WST) on Friday, 30 November 2018

#### **IMPORTANT NOTE**

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

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## Important Dates

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

Event	Date
Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded	10:00am (WST) Wednesday, 28 November 2018
Snapshot date for eligibility to vote	5:00pm (WST) Wednesday, 28 November 2018
Annual General Meeting	10:00am (WST) Friday, 30 November 2018

# Notice of Annual General Meeting

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Notice is hereby given that an Annual General Meeting of Aurora Labs Limited ACN 601 164 505 (**Company**) will be held at the offices of the Company located at Seminar Room 2, Technology Park Function Centre, Brodie Hall Drive, Bentley, Western Australia at **10:00am (WST) on Friday, 30 November 2018**.

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

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the Glossary.

## AGENDA

### Financial Statements and Reports

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To receive and consider the annual financial report, Directors' report and Auditor's report of the Company for the financial year ended 30 June 2018, as contained in the Company's Annual Report for 2018.

### Resolution 1 – Adoption of Remuneration Report

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

*“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2018, as contained in the Company's Annual Report for 2018, be adopted by the Company.”*

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

### Resolution 2 – Re-Election of Director – Mr Paul Kristensen

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

*“That for the purpose of clause 12.2(c) of the Company's Constitution and for all other purposes, Mr Paul Kristensen, a Director who retires in accordance with clause 12.3(i) of the Constitution and, being eligible, offers himself for re-election, is re-elected as a Director.”*

### Resolution 3 – Re-Election of Director – Mr Norman (Mel) Ashton

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

*“That for the purpose of clause 12.2(c) of the Company's Constitution and for all other purposes, Mr Norman (Mel) Ashton, a Director who retires in accordance with clause 12.3(i) of the Constitution and, being eligible, offers himself for re-election, is re-elected as a Director.”*

## **Resolution 4 – Re-Election of Director – Mr Mathew Whyte**

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

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

## **Resolution 5 – Grant of Performance Rights to Director under Employee Incentive Plan – Mr David Budge**

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

*“That for the purposes of sections 195(4) and 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 50,000 Performance Rights to Mr David Budge (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 – Grant of Performance Rights to Director under Employee Incentive Plan – Mr John (Nathan) Henry**

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

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

## **Resolution 7 – Grant of Performance Rights to Director under Employee Incentive Plan – Mr Paul Kristensen**

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

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

## **Resolution 8 – Grant of Performance Rights to Director under Employee Incentive Plan – Mr Norman (Mel) Ashton**

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

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

## **Resolution 9 – Grant of Performance Rights to Director under Employee Incentive Plan – Mr Mathew Whyte**

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

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

## **Resolution 10 – Ratification of issue of Advisor Options to Max Capital Pty Ltd**

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

*“That for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 250,000 Advisor Options at an issue price of \$0.0001 each to Max Capital Pty Ltd, on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 11 – Approval of Redemption and Cancellation of Class B Performance Shares**

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

*“That for the purpose of section 256C(2) of the Corporations Act and for all other purposes, Shareholders approve the redemption and cancellation of 7,087,500 Class B Performance Shares, by way of selective capital reduction, in accordance with their terms and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Note:** Resolution 11 is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

## **Resolution 12 - Approval of Issue of Securities under amended Employee Incentive Plan**

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

*“That for the purposes of Listing Rule 7.2, Exception 9 and for all other purposes, the Company approves the issue of securities under the amended Employee Incentive Plan as an exception to Listing Rule 7.1, on the terms and conditions described in the Explanatory Statement.”*

## **Resolution 13 - Approval of Additional Placement Facility**

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

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

**Note:** Resolution 13 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**  
Non-Executive Director and Company Secretary  
23 October 2018

## Voting Prohibitions and Exclusions

### Corporations Act voting prohibitions

Pursuant to sections 250BD, 250R(4), 224 and 256C(2)(a) of the Corporations Act, a vote on the following Resolution must not be cast (in any capacity) by or on behalf of the party specified in the table below or their respective Associates:

Resolution	Excluded Parties
Resolution 1	Members of Key Management Personnel and their Closely Related Parties, except as stated below.
Resolution 5	Mr David Budge or any other Related Parties to whom Resolution 5 would permit a financial benefit to be given. Members of Key Management Personnel and their Closely Related Parties, except as stated below.
Resolution 6	Mr John (Nathan) Henry or any other Related Parties to whom Resolution 6 would permit a financial benefit to be given. Members of Key Management Personnel and their Closely Related Parties, except as stated below.
Resolution 7	Mr Paul Kristensen or any other Related Parties to whom Resolution 7 would permit a financial benefit to be given. Members of Key Management Personnel and their Closely Related Parties, except as stated below.
Resolution 8	Mr Mel Ashton or any other Related Parties to whom Resolution 8 would permit a financial benefit to be given. Members of Key Management Personnel and their Closely Related Parties, except as stated below.
Resolution 9	Mr Mathew Whyte or any other Related Parties to whom Resolution 9 would permit a financial benefit to be given. Members of Key Management Personnel and their Closely Related Parties, except as stated below.
Resolution 11	A holder of a Class B Performance Share or any other person who is to receive consideration as part of the Selective Capital Reduction.
Resolution 12	Members of Key Management Personnel and their Closely Related Parties, except as stated below.

Any votes cast on Resolution 1, 5 – 9 or 12 in contravention of sections 250BD or 250R of the Corporations Act will not be counted in working out a percentage of votes cast or whether the is approved.

The voting prohibitions specified in respect of Resolutions 1, 5 – 9 and 12 do not prevent members of Key Management Personnel and their Closely Related Parties from casting a vote on the Resolution as a proxy where the proxy appointment specifies how the proxy is to vote. The Chairman may also vote as proxy on these Resolutions in accordance with an express authorisation on the Proxy Form.

## 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 following persons or an Associate of those persons:

<b>Resolution</b>	<b>Excluded Parties</b>
Resolution 5	A Director who may participate in the Employee Incentive Plan.
Resolution 6	A Director who may participate in the Employee Incentive Plan.
Resolution 7	A Director who may participate in the Employee Incentive Plan.
Resolution 8	A Director who may participate in the Employee Incentive Plan.
Resolution 9	A Director who may participate in the Employee Incentive Plan.
Resolution 10	A person who participated in the issue of the Advisor Options, being Max Capital Pty Ltd.
Resolution 12	A Director (except a Director that is ineligible to participate in the Employee Incentive Plan).
Resolution 13	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 Shareholder).

However, the Company need not disregard a vote on Resolutions 5 – 10, 12 and 14 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 Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.



# Proxy Appointment, Voting and Meeting Instructions

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## Lodgement of 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 **10:00am (WST) on Wednesday, 28 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid. Proxy Forms may be lodged as follows:

- By hand:* Security Transfer Australia Pty Ltd:
- Melbourne: Level 9, Suite 913, 530 Little Collins Street, Melbourne VIC 3000
  - Perth: 770 Canning Highway, Applecross, WA 6153
  - Sydney: Suite 511, The Trust Building, 155 King Street, Sydney NSW 2000
- By post:* Security Transfer Australia Pty Ltd, PO Box 52, Collins Street West VIC 8007
- By facsimile:* +61 8 9315 2233
- By email:* registrar@securitytransfer.com.au

## Appointment of a proxy

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

If you wish to appoint the Chairman 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 Chairman please write the name of that person. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman will be your proxy.

If you appoint the Chairman as your proxy, he or she can only cast your votes on Resolutions 1, 5 – 9 or 12 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, 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.

## Voting restrictions that may affect your proxy appointment

Members of the Key Management Personnel (except for the Chairman) and their Closely Related Parties are not able to vote your proxy on Resolution 1 (Adoption of the Remuneration Report), Resolutions 5

to 9 (Grant of Performance Rights to Directors under Employee Incentive Plan) and Resolution 12 (Approval of Issue of Securities under Employee Incentive Plan) unless you have directed them how to vote. This exclusion does not apply to the Chairman if his or her appointment as proxy expressly authorises him to vote on matters of Key Management Personnel remuneration.

If you intend to appoint the Chairman, 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.

### **Chairman voting of undirected proxies**

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

The Proxy Form expressly authorises the Chairman to exercise undirected proxies on all Resolutions including Resolution 1 (Adoption of the Remuneration Report), Resolutions 5 to 9 (Grant of Performance Rights to Directors under Employee Incentive Plan) and Resolution 12 (Approval of Issue of Securities under Employee Incentive Plan) even though these Resolutions are connected directly or indirectly with the remuneration of a member 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 Wednesday, 28 November 2018**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

### **Corporate representatives**

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

### **Questions from Shareholders**

At the Meeting, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company and the Remuneration Report. A representative of HLB Mann Judd, as the Auditor responsible for preparing the Auditor's report for the year ended 30 June 2018 will attend the Meeting. The Chairman will also allow a reasonable opportunity for Shareholders to ask the auditor questions about:

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

To assist the Board and the Auditor in responding to any questions that you may have, please submit any questions to the Company by **10:00am (WST) on Wednesday, 22 November 2018** in the same manner as outlined above for lodgement of Proxy Forms.

As required under section 250PA of the Corporations Act, the Company will make available at the Meeting those questions directed to the Auditor received in writing at least 5 business days prior to the Meeting, being questions which the Auditor considers relevant to the content of the Auditor's report or the conduct of the audit of the annual financial report for the year ended 30 June 2018. The Chairman will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

# Explanatory Statement

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

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

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

## 1. Annual Financial Report

The Corporations Act requires that the annual financial statements, Directors' report and Auditor's report of the Company for the year ended 30 June 2018 be tabled at the Meeting. These reports are contained in the Company's 2018 Annual Report.

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

The Company's 2018 Annual Report is available on its website (<http://auroralabs3d.com/financial-reporting/>).

## 2. Resolution 1 – Adoption of Remuneration Report

### 2.1 Background

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

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

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

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

### 2.2 Spill meeting

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

At the Company's 2017 annual general meeting, the votes cast against the remuneration report represented less than 25% of the total votes cast. Accordingly, a Spill Resolution will not under any circumstances be required for the Annual General Meeting.

### 2.3 **Directors' recommendation**

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

## 3. **Resolutions 3, 4 and 5 – Re-election of Directors – Mr Paul Kristensen, Mr Norman (Mel) Ashton and Mr Mathew Whyte**

### 3.1 **Background**

In accordance with Listing Rule 14.4 and clause 12.3(i) of the Company's Constitution, a Director who was appointed by the Board must retire at the next annual general meeting of the Company and is eligible for re-election.

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

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

Clause 12.2(c) of the Company's Constitution provides that the Company may, at a general meeting, appoint a person as a director by ordinary resolution.

Mr Paul Kristensen is the Non-Executive Chairman and Mr Mel Ashton is a Non-Executive Director of the Company. Mr Kristensen and Mr Ashton were each appointed to the Board on 22 January 2018.

Messrs Kristensen and Ashton retire from office as required by clause 12.3(i) of the Constitution, and, being eligible, submit themselves for re-election.

Mr Mathew Whyte was originally appointed to the Board on 26 July 2017. Mr Whyte retires by rotation for the purposes of clause 12.3(c) of the Constitution and, being eligible, submits himself for re-election.

### 3.2 **Biography – Paul Kristensen**

B.Sc.Mech.Eng.(Hons.) MIEAust

Mr Paul Kristensen is a veteran angel investor and serial entrepreneur with a passion for turning exceptional technology into great business. Based on initial expertise gained during a career in nuclear science R&D, he combines vision and enthusiasm with innovative strategy development and in-depth corporate and commercial knowledge, acquired over subsequent decades of activity as a technology investor and serial entrepreneur.

Paul is a highly experienced company chair and director who has taken IP-based companies to IPOs both in Australia and on overseas stock exchanges.

### 3.3 **Biograph – Norman (Mel) Ashton**

Mr Norman (Mel) Ashton holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of Chartered Accountants Australia and New Zealand.

Mel has over 35 years' experience and leverages his strategic approach and business network in his role as a specialist in Corporate Restructuring and Finance and as a Professional Company Director. Mel is a director and the independent Chair of the Finance and Risk Committee at the Hawaiian Group, the Western Australian based property group, and Chairs

the Board of Venture Minerals Ltd (ASX: VMS) and Credit Intelligence Ltd (ASX: CI1). Mel was previously a Director of Gryphon Minerals Ltd, Resource Development Group Ltd and Empired Ltd.

Other former roles include President and Director of Chartered Accountants Australia and New Zealand, Vice President and Director of Fremantle Football Club Ltd, and Chairman of Cullen Wines (Australia) Pty Ltd.

### 3.4 **Biography – Mathew Whyte**

Mr Mathew Whyte is a Certified Practising Accountant (CPA) and Chartered Secretary (FCIS) with over 25 years' commercial experience in financial management, direction and corporate governance of ASX listed companies.

Mathew has held senior executive roles on a broad range of Australian listed entities with operations in Australia and overseas in technology development, mining and power infrastructure industries.

Mathew previously served as a non-executive director of Kingston Resources Limited (ASX: KSN) from September 2011 until July 2015 and is currently company secretary for Exore Resources Ltd (ASX: ERX) since November 2011, Galileo Mining Ltd (ASX: GAL) since January 2018, and Tiger Resources Ltd (ASX: TGS) since July 2018.

### 3.5 **Directors' recommendations**

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

In relation to Resolution 3, the Directors (other than Mr Ashton who has a material personal interest in the outcome of Resolution 3 and declines to make a recommendation) support the re-election of Mr Ashton and recommend that Shareholders vote in favour of Resolution 3.

In relation to Resolution 4, the Directors (other than Mr Whyte who has a material personal interest in the outcome of Resolution 4 and declines to make a recommendation) support the re-election of Mr Whyte and recommend that Shareholders vote in favour of Resolution 4.

## 4. **Resolutions 5 to 9 – Grant of Performance Rights to Directors under Employee Incentive Plan**

### 4.1 **Background**

Resolutions 5 to 9 seek Shareholder approval, under section 195(4) and Chapter 2E of the Corporations Act, and Listing Rule 10.14, for the grant of 50,000 Performance Right to each of the Directors (or their respective nominees) (comprising 250,000 Performance Rights in total) under the Company's Employee Incentive Plan.

The Company's Employee Incentive Plan is available on its website (<http://auroralabs3d.com/corporate-compliance/>) and a summary of the Plan is set out at Schedule 1 to this Explanatory Statement.

### 4.2 **Key terms of Performance Rights**

The key terms of the Performance Rights proposed to be granted to each Director are set out in the table below:

<b>Number</b>	50,000 Performance Rights
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<b>Amount Payable on Grant</b>	Nil.
<b>Grant date</b>	Within one month after the date of the Meeting (assuming approval of the grant is obtained at the Meeting).
<b>Performance Condition</b>	That the 10 day VWAP of Shares exceeds \$0.90 per Share on a date that is after the date on which the Performance Rights are granted.
<b>Vesting Condition</b>	<p>That the holder achieve a minimum of 12 months continuous service with the Company. This 12 month period commences on the date of the holder's engagement with the Company, being:</p> <ul style="list-style-type: none"> <li>• 1 November 2015 in respect of Mr Budge;</li> <li>• 23 November 2015 in respect of Mr Henry;</li> <li>• 13 October 2016 in respect of Mr Whyte; and</li> <li>• 22 January 2018 in respect of each of Mr Kristensen and Mr Ashton.</li> </ul> <p>As at the date of the Notice, the vesting conditions applicable to the Performance Rights proposed to be granted to Messrs Budge, Henry and Whyte have been satisfied. Accordingly, the Performance Rights proposed to be granted to Messrs Budge, Henry and Whyte will vest immediately upon grant.</p>
<b>Other Terms</b>	The full terms and conditions of the Performance Rights are set out at Schedule 2. The Performance Rights are offered, and will be granted, pursuant to the terms of the Employee Incentive Plan (as summarised at Schedule 1).

#### 4.3 Regulatory requirements

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

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

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

The Directors are unable to form a quorum to consider any matters relating to the issue of Performance Rights under Resolutions 5 to 9, as each of the Directors has a material personal interest in the outcome of the Resolutions. Therefore, the Company is seeking approval under section 195(4) of the Corporations Act to deal with the matter.

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

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

- obtain the approval of the company's members in accordance with section 208 of the Corporations Act in the manner set out in sections 217 to 227 of the Corporations Act; and

- give the benefit within 15 months following such approval,

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

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

Accordingly, Shareholder approval is sought for the purposes of section 208 of the Corporations Act for the grant of the Performance Rights to the Directors.

(c) **Listing Rule requirements**

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

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

Listing Rule 7.1 provides that prior approval of a company's shareholders is required for an issue of Equity Securities (which includes Performance Rights) 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.

If Resolutions 5 – 9 are approved, then approval is not required under Listing Rule 7.1 for the grant of the Performance Rights to the Directors, or Listing Rule 10.11 which prohibits the issue of Equity Securities to Related Parties without first obtaining shareholder approval.

Accordingly, the Performance Rights to be granted to Messrs Budge, Henry, Kristensen, Ashton and Whyte, and any Shares issued on the exercise of Performance Rights, will not be included in the Company's issuing capacity calculation for the purpose of Listing Rule 7.1.

#### 4.4 **Corporations Act information requirements**

Section 219 of the Corporations Act requires that the following information be provided to Shareholders in relation to Resolutions 5 – 9 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;
- Mr John (Nathan) Henry – Executive Director;
- Mr Paul Kristensen – Non-Executive Director and Chairman;
- Mr Mel Ashton – Non-Executive Director; and
- Mr Mathew Whyte – Non-Executive Director and Company Secretary.

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

The nature of financial benefit that will be given to the Directors if Resolutions 5 – 9 are approved is the grant of 250,000 Performance Rights to the Directors (or their nominees) in the proportions set out in the table below.

A valuation of the Performance Rights was prepared by BDO, on 8 October 2018 (**Valuation**) which applied the barrier up and in trinomial option pricing model (**Option Pricing Model**).

The Option Pricing Model is based on a number of assumptions and variables, including the following:

- the closing price of Shares traded on ASX on 3 October 2018 was \$0.78;
- a risk-free rate of 2.02% has been adopted;
- a dividend yield rate of 0% has been adopted; and
- a volatility factor of 60% has been adopted.

The table below sets out the estimated value of the Performance Rights to be granted to the Directors and the estimated financial benefit to be received by Messrs Budge, Henry, Kristensen, Ashton and Whyte, applying the above valuation.

<b>Related Party</b>	<b>Individual value of each Performance Right</b>	<b>Number of Performance Rights</b>	<b>Total value of Performance Rights</b>
David Budge	\$0.752	50,000	\$37,600
Nathan Henry	\$0.752	50,000	\$37,600
Paul Kristensen	\$0.752	50,000	\$37,600
Mel Ashton	\$0.752	50,000	\$37,600
Mathew Whyte	\$0.752	50,000	\$37,600
<b>TOTAL</b>	<b>\$0.752</b>	<b>250,000</b>	<b>\$188,000</b>

(c) **Remuneration**

The table below sets out the total remuneration paid or payable to Messrs Budge, Henry, Kristensen, Ashton and Whyte for the financial year ended 30 June 2018 and the current financial year (including the value of the proposed Performance Rights to be considered at the Meeting), including motor vehicle payments and superannuation.

<b>Related Party</b>	<b>2017/18 Financial Year</b>	<b>2018/19 Financial Year</b>
<b>Cash</b>		
David Budge	\$278,545	\$280,300
Nathan Henry	\$251,850	\$251,850
Paul Kristensen	\$33,794 (part year only as Mr Kristensen was appointed on 22 January 2018)	\$76,650
Mel Ashton	\$24,029 (part year only as Mr Ashton was appointed on 22 January 2018)	\$54,750



Related Party	2017/18 Financial Year	2018/19 Financial Year
Mathew Whyte	\$148,679 (part year only as Mr Whyte was appointed on 26 July 2017)	\$169,950
<b>Non-cash</b>		
David Budge	15,000 Options pursuant to the Employee Incentive Plan exercisable at \$0.79 and expiring on 31 August 2020 (each having an estimated value in the Annual Report of \$0.4779).	50,000 Performance Rights
Nathan Henry	15,000 Options pursuant to the Employee Incentive Plan exercisable at \$0.79 and expiring on 31 August 2020 (each having an estimated value in the Annual Report of \$0.4779).	50,000 Performance Rights
Paul Kristensen	100,000 Options pursuant to the Employee Incentive Plan exercisable at \$1.08 and expiring on 31 January 2021 (each having an estimated value in the Annual Report of \$0.2381).	50,000 Performance Rights
Mel Ashton	100,000 Options pursuant to the Employee Incentive Plan exercisable at \$1.08 and expiring on 31 January 2021 (each having an estimated value in the Annual Report of \$0.2381).	50,000 Performance Rights
Mathew Whyte	15,000 Options pursuant to the Employee Incentive Plan exercisable at \$0.79 and expiring on 31 August 2020 (each having an estimated value in the Annual Report of \$0.4779). 100,000 Options pursuant to the Employee Incentive Plan exercisable at \$0.95 and expiring on 31 July 2020 (each having an estimated value in the Annual Report of \$0.4520).	50,000 Performance Rights

**Note:** Estimated value of existing Options in the table above was conducted applying the Black-Scholes Model. Refer to the Company's Annual Report for further details.

(d) **Security holdings**

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

<b>Related Party</b>	<b>Shares</b>	<b>Performance Shares</b>	<b>Options</b>
David Budge	23,946,785	4,973,563 Class B Performance Shares (to be cancelled under Resolution 11) 5,341,975 Class C Performance Shares	725,000 Options exercisable at \$0.20 on or before 31 December 2018 115,000 Options pursuant to the Employee Incentive Plan exercisable at \$2.23 and expiring on 30 November 2019 165,000 Options pursuant to the Employee Incentive Plan exercisable at \$3.00 and expiring on 31 March 2020 15,000 Options pursuant to the Employee Incentive Plan exercisable at \$0.79 and expiring on 31 August 2020
Nathan Henry	982,151	172,832 Class B Performance Shares (to be cancelled under Resolution 11) 185,634 Class C Performance Shares	1,693,334 Options exercisable at \$0.20 on or before 31 December 2018 140,000 Options pursuant to the Employee Incentive Plan exercisable at \$2.23 and expiring on 30 November 2019 125,000 Options pursuant to the Employee Incentive Plan exercisable at \$3.00 and expiring on 31 March 2020 15,000 Options pursuant to the Employee Incentive Plan exercisable at \$0.79 and expiring on 31 August 2020
Paul Kristensen	Nil	Nil	100,000 Options pursuant to the Employee Incentive Plan exercisable at \$1.08 and expiring on 31 January 2021
Mel Ashton	50,000	Nil	100,000 Options pursuant to the Employee Incentive Plan exercisable at \$1.08 and expiring on 31 January 2021

Related Party	Shares	Performance Shares	Options
Mathew Whyte	Nil	Nil	50,000 Options exercisable at \$3.00 and expiring on 31 March 2020 15,000 Options pursuant to the Employee Incentive Plan exercisable at \$0.79 and expiring on 31 August 2020 100,000 Options pursuant to the Employee Incentive Plan exercisable at \$0.95 and expiring on 31 July 2020

(e) **Voting interests**

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

Event	New Shares received	Total Shares held after event	Total Shares on issue	Voting power after event (rounded)
<b>David Budge</b>				
Current position	Nil	23,946,785	67,782,771	35.33%
Conversion of all existing Performance Shares and exercise of all existing Options	6,361,975	30,308,760	74,144,746	40.88%
Exercise of Performance Rights to be considered at the Meeting	50,000	23,996,785	67,832,771	35.38%
Conversion/exercise of all existing or proposed Performance Shares, Performance Rights and Options	6,411,975	30,358,760	74,194,746	40.92%
<b>John (Nathan) Henry</b>				
Current position	Nil	982,151	67,782,771	1.45%
Conversion of all existing Performance Shares and exercise of all existing Options	2,158,968	3,141,119	69,941,739	4.49%
Exercise of Performance Rights to be considered at the Meeting	50,000	1,032,151	67,832,771	1.52%

<b>Event</b>	<b>New Shares received</b>	<b>Total Shares held after event</b>	<b>Total Shares on issue</b>	<b>Voting power after event (rounded)</b>
Conversion/exercise of all existing or proposed Performance Shares, Performance Rights and Options	2,208,968	3,191,119	69,991,739	4.56%
<b>Paul Kristensen</b>				
Current position	Nil	Nil	67,782,771	Nil
Conversion of all existing Performance Shares and exercise of all existing Options	100,000	100,000	67,882,771	0.15%
Exercise of Performance Rights to be considered at the Meeting	50,000	50,000	67,932,771	0.07%
Conversion/exercise of all existing or proposed Performance Shares, Performance Rights and Options	150,000	150,000	67,932,771	0.22%
<b>Mel Ashton</b>				
Current position	Nil	50,000	67,782,771	0.07%
Conversion of all existing Performance Shares and exercise of all existing Options	100,000	150,000	67,932,771	0.22%
Exercise of Performance Rights to be considered at the Meeting	50,000	100,000	67,832,771	0.15%
Conversion/exercise of all existing or proposed Performance Shares, Performance Rights and Options	150,000	200,000	67,982,771	0.29%
<b>Mathew Whyte</b>				
Current position	Nil	Nil	67,782,771	Nil

<b>Event</b>	<b>New Shares received</b>	<b>Total Shares held after event</b>	<b>Total Shares on issue</b>	<b>Voting power after event (rounded)</b>
Conversion of all existing Performance Shares and exercise of all existing Options	165,000	165,000	67,947,771	0.24%
Exercise of Performance Rights to be considered at the Meeting	50,000	50,000	67,832,771	0.07%
Conversion/exercise of all existing or proposed Performance Shares and Options	215,000	215,000	67,997,771	0.32%

**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.
3. Existing Performance Shares in the table above do not include Class B Performance Shares to be redeemed and cancelled under Resolution 11.
4. Each Director’s percentage interest in the Company has been calculated based on the total Shares on issue at the date of the Notice (being 67,782,771 Shares).

(f) **Dilution**

If Resolutions 5 – 9 are approved, a total of 250,000 Performance Rights will be granted each of which may be exercised for the holder to be issued with one Share.

Assuming that the number of Shares currently on issue (67,782,771) does not change, the dilutive effect on the shareholding interests of existing Shareholders if all Performance Rights were exercised would be approximately 0.37%.

(g) **Trading history**

The most recent available data concerning the price of the Company’s Shares traded on ASX in the last 3 months is summarised in the table below.

	<b>High</b>	<b>Low</b>	<b>Last</b>
<b>Price</b>	\$0.925	\$0.355	\$0.90
<b>Date</b>	22 October 2018	4 September 2018	23 October 2018

(h) **Funds raised**

The Company will not raise any funds from the issue of Performance Rights under Resolutions 5 – 9. These Performance Rights are proposed to be granted under the Employee Incentive Plan for nil cash consideration.

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

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

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

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

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

Mr Whyte has a material personal interest in the outcome of Resolution 9 and will be the only Director to receive a benefit from those Resolutions.

(j) **Any other information**

Other than as set out in this Explanatory Statement, the Directors do not consider there is any further information which the Shareholders would reasonably require in order to decide whether or not to approve Resolutions 5 – 9.

**4.5 Listing Rule information requirements**

Listing Rule 10.15 requires that the following information be provided to Shareholders in relation to Resolutions 5 – 9 for the purposes of obtaining approval under Listing Rule 10.14:

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

Refer to section 4.4(b) above.

(b) **Price of the securities**

The Performance Rights 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 Performance Rights.

No exercise price is payable by the holder of a Performance Right upon exercise. Accordingly, no funds will be raised on the exercise of the Performance Rights.

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

The Employee Incentive Plan was adopted by the Company on 12 August 2016 and was summarised in the Company's initial public offering prospectus dated 9 June 2016. The rules of the plan remain the same, save for an amendment made on 13 March 2017 to enable tax deferral in relation to awards granted under the plan, pursuant to subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth), and an amendment made on 26 July 2018 to provide that Performance Rights issued under the Plan are exercisable awards.

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

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

<b>Recipient</b>	<b>Number and type of security issued</b>	<b>Date of issue</b>
David Budge	115,000 Options exercisable at \$2.23 and expiring on 30 November 2019	12 June 2017
	165,000 Options exercisable at \$3.00 and expiring on 31 March 2020	12 June 2017
	15,000 Options exercisable at \$0.79 and expiring on 31 August 2020	29 November 2017
John (Nathan) Henry	140,000 Options exercisable at \$2.23 and expiring on 30 November 2019	12 June 2017
	125,000 Options exercisable at \$3.00 and expiring on 31 March 2020	12 June 2017
	15,000 Options exercisable at \$0.79 and expiring on 31 August 2020	29 November 2017
Mathew Whyte	50,000 Options exercisable at \$3.00 and expiring on 31 March 2020	14 March 2017
	15,000 Options exercisable at \$0.79 and expiring on 31 August 2020	29 November 2017
	100,000 Options exercisable at \$0.95 and expiring on 31 July 2020	29 November 2017
Paul Kristensen	100,000 Options exercisable at \$1.08 and expiring on 31 January 2021	17 April 2018
Mel Ashton	100,000 Options exercisable at \$1.08 and expiring on 31 January 2021	17 April 2018

(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 Directors, being Messrs Budge, Henry, Kristensen, Ashton and Whyte.

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

(e) **Terms of any loans**

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

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

If Resolutions 5 – 9 are approved, the Company intends to grant the Performance Rights as soon as practicable following the Meeting and in any event within 12 months after the date of the Meeting.

**4.6 Directors' recommendations**

(a) **Resolution 5 – Grant of Performance Rights to Mr Budge**

The Directors (other than Mr Budge) recommend that Shareholders vote in favour of Resolution 5.

The Directors (other than Mr Budge) consider that the issue of Performance Rights to Mr Budge (or his nominee):

- aligns the interests of Mr Budge with the financial success of the Company; 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 5 and therefore declines to make any voting recommendation to Shareholders.

(b) **Resolution 6 – Grant of Performance Rights to Mr Henry**

The Directors (other than Mr Henry) recommend that Shareholders vote in favour of Resolution 6.

The Directors (other than Mr Henry) consider that the issue of Performance Rights to Mr Henry (or his nominee):

- aligns the interests of Mr Henry with the financial success of the Company; 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 6 and therefore declines to make any voting recommendation to Shareholders.

(c) **Resolution 7 – Grant of Performance Rights to Mr Kristensen**

The Directors (other than Mr Kristensen) recommend that Shareholders vote in favour of Resolution 7.

The Directors (other than Mr Kristensen) consider that the issue of Performance Rights to Mr Kristensen (or his nominee):

- aligns the interests of Mr Kristensen with the financial success of the Company; 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 Kristensen.

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

(d) **Resolution 8 – Grant of Performance Rights to Mr Ashton**

The Directors (other than Mr Ashton) recommend that Shareholders vote in favour of Resolution 8.

The Directors (other than Mr Ashton) consider that the issue of Performance Rights to Mr Ashton (or his nominee):

- aligns the interests of Mr Ashton with the financial success of the Company; 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 Ashton.

Mr Ashton has a material personal interest in Resolution 8 and therefore declines to make any voting recommendation to Shareholders.

(e) **Resolution 9 – Grant of Performance Rights to Mr Whyte**

The Directors (other than Mr Whyte) recommend that Shareholders vote in favour of Resolution 9.

The Directors (other than Mr Whyte) consider that the issue of Performance Rights to Mr Whyte (or his nominee):

- aligns the interests of Mr Whyte with the financial success of the Company; 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 Whyte.

Mr Whyte has a material personal interest in Resolution 9 and therefore declines to make any voting recommendations to Shareholders.

## 5. Resolution 10 – Ratification of issue of Advisor Options to Max Capital Pty Ltd

### 5.1 Background

On 29 August 2018, the Company entered into a consultancy services agreement (**Advisory Agreement**) with Max Capital Pty Ltd (**Advisor**), pursuant to which the Company engaged the Advisor to provide corporate advisory services to the Company.

In accordance with the terms of the Advisory Agreement, the Advisor has agreed to provide ongoing corporate advisory services to the Company for a period of 6 months commencing on 1 August 2018. These services include introducing the Company to Australian based stockbroking groups that may be suitable partners for the Company, assisting the Company with investor relations and communications and providing general corporate advice to the Company including in relation to capital raising activities.

As consideration for the provision of these services, the Advisor is entitled to receive the following:

- the Advisor Options;
- a success fee on any capital raisings completed by the Company as a result of or in connection with the provision of the Advisor's services, of 0.5% of the amount raised under the relevant capital raising;
- reimbursement of the Advisor's reasonable costs, professional fees and expenses in relation, and incidental, to the provision of the services; and
- a fee in respect of new equity holders introduced to the Company by the Advisor, with such fee to be separately agreed between the Company the Advisor.

The Advisor Options were issued to the Advisor on 30 August 2018, pursuant to the Company's issuing capacity under Listing Rule 7.1.

The Company seeks ratification by Shareholders of the prior issue of the Advisor Options for the purposes of Listing Rule 7.4, pursuant to Resolution 10.

## 5.2 **Effect of Resolution 10**

Listing Rule 7.1 provides that a company may not issue equity securities (including convertible securities) if those equity securities will, when aggregated with the equity securities issued by the 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 where shareholders subsequently approve securities that were issued under Listing Rule 7.1 then those securities will be treated as having been issued with shareholder approval for the purpose of Listing Rule 7.1.

Pursuant to Listing Rule 7.2, Exception 4, if approval is given for the issue of convertible securities for the purposes of Listing Rule 7.1, the issue of any securities on the conversion of those convertible securities will not count towards the company's 15% placement capacity.

Consequently, the effect of passing Resolution 10 will be to refresh the Company's 15% placement capacity under Listing Rule 7.1 by excluding the Advisor Options, and any Shares that may be issued on the conversion of those Advisor Options, from using the Company's 15% placement capacity.

## 5.3 **Listing Rules information requirements**

Pursuant to Listing Rule 7.5, the following information is provided to Shareholders in relation to Resolution 10 for the purpose of seeking approval under Listing Rule 7.4:

(a) **The number of securities issued**

250,000 Advisor Options were issued.

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

The Advisor Options were issued at an issue price of \$0.0001 each.

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

The Advisor Options are Options exercisable at \$0.50 each on or before 31 December 2020. The full terms of the Advisor Options are set out at Schedule 4.

(d) **The name of the recipient of the securities**

The Advisor Options were issued to Max Capital Pty Ltd.

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

The Company raised \$25 from the issue of the Advisor Options. These funds were applied to the general capital requirements of the Company at that time.

If all Advisor Options are exercised, the Company will raise up to \$125,000 (before costs). All funds raised will be applied to the general capital requirements of the Company at that time.

## 6. Resolution 11 – Approval for Selective Reduction of Capital

### 6.1 Background

Resolution 11 seeks Shareholder approval under section 256C(2) of the Corporations Act for the redemption and cancellation of all 7,087,500 Class B Performance Shares in accordance with their terms (**Selective Capital Reduction**).

The terms and conditions of the Class B Performance Shares:

- were disclosed in the Company's initial public offering prospectus dated 9 June 2016, and are set out at Schedule 3;
- provide (amongst other things) that each Class B Performance Share:
  - will convert into a Share if the Company (or an entity controlled by the Company) has cumulative revenue of A\$5,000,000 before 30 June 2018 (**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 2018, the Performance Milestone was not satisfied. Accordingly, the Class B 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 B Performance Shares provide for automatic redemption, approval of Shareholders under Resolution 11 is sought to ensure that the redemption and cancellation of the Class B Performance Shares satisfies all applicable legal requirements under the Corporations Act.

The Company has offered to pay to each holder of a Class B Performance Share a redemption price of \$0.00001 per share, totalling \$70.87, or to waive their entitlement to receive such amount. At 10 October 2018, the Company has:

- received nil requests for payment of redemption amounts; and
- received written waivers for redemption amounts representing \$56.23.

The Company is seeking to confirm the position of the remaining holders of a Class B Performance Shares in relation to redemption amounts representing \$14.64.

Resolution 11 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).

### 6.2 Section 256C of the Corporations Act

Pursuant to section 256C of the Corporations Act, 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.

The Corporations Act provides that the rules relating to a reduction of share capital are designed 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.

In particular, section 256B of the Corporations Act requires that a Company may only reduce its capital if:

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

Section 256C(4) of the Corporations Act requires that the Company include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on Resolution 11. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company has previously disclosed the information to shareholders.

The Directors (other than Messrs Budge and Henry who have a material personal interest in Resolution 11 as holders of Class B 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 B 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 \$14.46, after accounting for payment waivers received from holders of Class B 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.

### 6.3 Listing Rule 7.20

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

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

- the Selective Capital Reduction will result in the cancellation of 7,087,500 Class B Performance Shares, but will not 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 B 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, Performance Rights and Class C Performance Shares).

### 6.4 Indicative Timetable

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

<b>Event</b>	<b>Target Date</b>
Lodgement of Notice of General Meeting with ASIC	17 October 2018
Despatch Notice of Annual General Meeting and announcement to ASX	26 October 2018
Annual General Meeting	30 November 2018
Notification to ASX of expiry of 14 days from approval of Resolution 11 Cancellation of Class B Performance Shares	14 December 2018
Despatch of notice to holders of Class B Performance Shares confirming redemption and cancellation	14 December 2018

## 6.5 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 11.

## 7. Resolution 12 - Approval of Issue of Securities under Amended Employee Incentive Plan

### 7.1 Background

As part of its incentive arrangements for Directors and employees, the Company has established an Employee Incentive Plan which is governed by the Employee Incentive Plan Rules (**Rules**).

A copy of Rules was released by the Company as announced to ASX on 27 July 2018 and is available from the ASX website at [www.asx.com.au](http://www.asx.com.au) or on the Company's website at [www.auroralabs3d.com](http://www.auroralabs3d.com).

A summary of the terms of the Employee Incentive Plan is set out at Schedule 1.

Pursuant to the Employee Incentive Plan, the Board may grant any of the following incentives to full-time and part-time employees, Directors, contractors and casual employees of the Company and its Related Bodies Corporate, 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.

Resolution 12 seeks Shareholder approval of the Employee Incentive Plan in the interests of good corporate governance practice and for the purposes of Listing Rule 7.2 (Exception 9).

If approved, the Employee Incentive Plan will govern all offers, acceptances and issues of securities and rights made under the Employee Incentive Plan following the Meeting.

### 7.2 Applicable ASX Listing Rules

Listing Rule 7.1 limits the number of securities a listed company may issue in any 12 month period without shareholder approval. However, securities issued pursuant to an exception to Listing Rule 7.1 are not counted for the purposes of the limit.

Listing Rule 7.2 (Exception 9) provides that shareholders may approve the issue of Equity Securities under an employee incentive scheme as an exception to Listing Rule 7.1. If such

approval is obtained, Listing Rule 7.1 does not apply to an issue of Equity Securities in the company made under an employee incentive scheme within three years of the approval.

### 7.3 Objectives of the Employee Incentive Plan

The objectives of the Employee Incentive Plan are to:

- (a) establish a method by which eligible persons can participate in the future growth and profitability of the Company;
- (b) provide an incentive and reward for eligible persons for their contribution to the Company; and
- (c) attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

### 7.4 Summary of terms of Employee Incentive Plan

A summary of the terms of the Employee Incentive Plan is set out at Schedule 1.

### 7.5 Securities granted under the Plan to date

This is the first time the Company is seeking Shareholder approval of the Employee Incentive Plan. To date, the following securities or rights have been issued or granted under the Employee Incentive Plan since its inception:

Security class	Number
Options exercisable at \$2.23 and expiring on 30 November 2019	480,000
Options exercisable at \$3.00 and expiring on 31 March 2020	931,000
Options exercisable at \$1.17 and expiring on 30 June 2020	40,000
Options exercisable at \$0.95 and expiring on 31 July 2020	100,000
Options exercisable at \$0.79 and expiring on 31 August 2020	462,000
Options exercisable at \$0.72 and expiring on 30 September 2020	50,000
Options exercisable at \$1.08 and expiring on 31 January 2021	200,000
Performance Rights expiring 31 January 2023	617,159

### 7.6 Directors' recommendation

The Directors decline to make a recommendation as to how Shareholders should vote in respect of Resolution 12 as they are each entitled to participate in the Employee Incentive Plan.

## 8. Resolution 13 – Approval of Additional Placement Facility

### 8.1 Background

Resolution 13 seeks Shareholder approval for an additional issuing capacity under Listing Rule 7.1A (**Additional Placement Facility**).

If approved, Resolution 13 would enable the Company to issue additional Equity Securities (calculated below) over a 12 month period without obtaining Shareholder approval.

Resolution 13 is a special resolution. It must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

## 8.2 **Applicable Listing Rules**

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

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

## 8.3 **Requirements of Listing Rule 7.1A**

### (a) **Quoted securities**

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

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

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

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

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

The Additional Placement Facility under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1. The effect of Shareholders passing this Resolution is to allow the Company to issue up to 25% of its issued capital during the next 12 months without obtaining specific Shareholder approval before the placement.

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

At the date of this Notice, the Company has 67,782,771 Shares on issue. If Resolution 13 is approved, the Company will be permitted to issue (as at the date of this Notice):

- (i) 10,167,415 Equity Securities under Listing Rule 7.1 (15% placement capacity); and
- (ii) 6,778,277 Equity Securities under Listing Rule 7.1A (10% Additional Placement Facility).

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

If this Resolution 13 is approved, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

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

where:

**A** = the number of fully paid ordinary securities on issue 12 months before the issue date or date of agreement to issue:

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4; and
- less the number of fully paid ordinary securities cancelled in the 12 months;

**D** = 10%; and

**E** = the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

#### 8.4 Listing Rule information requirements

Listing Rule 7.3A requires that the following information be provided to Shareholders in relation to Resolution 13 for the purposes of obtaining approval under Listing Rule 7.1A:

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

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

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

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

If Resolution 13 is approved and the Company issues securities under the Additional Placement Facility, then there is a risk to existing Shareholders of economic and voting dilution, including the risk that:

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

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



The numbers are calculated on the basis of the closing market price of Shares as at 16 October 2018 and the current number of Shares on issue.

Variable A in Listing Rule 7.1A		Issue price		
		\$0.755 (market price)	\$0.566 (25% decrease in market price)	\$0.377 (50% decrease in market price)
Current issued capital A = 67,782,771	Shares issued under LR 7.1A	6,778,277	6,778,277	6,778,277
	Voting dilution	10%	10%	10%
	Funds raised	\$5,117,599	\$3,836,505	\$2,555,410
	Economic dilution	0%	2.27%	4.55%
50% increase in issued capital A = 101,674,156	Shares issued under LR 7.1A	10,167,415	10,167,415	10,167,415
	Voting dilution	10%	10%	10%
	Funds raised	\$7,676,398	\$5,754,757	\$3,833,115
	Economic dilution	0%	2.27%	4.55%
100% increase in current issued capital A = 135,565,542	Shares issued under LR 7.1A	13,556,554	13,556,554	13,556,554
	Voting dilution	10%	10%	10%
	Funds raised	\$10,235,198	7,673,010	5,110,821
	Economic dilution	0%	2.27%	4.55%

**Notes:**

The above table has been prepared on the following assumptions:

1. the market price included in the table is the closing market price of Shares as at 16 October 2018, being \$0.755;

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

$$ED = \frac{MP - (NMC / TS)}{MP}$$

where:

- MP** = the market price of shares traded on ASX, expressed in dollars;
- MC** = market capitalisation prior to issue of Equity Securities, being the MP multiplied by the number of shares on issue;
- NMC** = notional market capitalisation, being the market capitalisation plus the NSV;
- NSV** = new security value, being the number of new Equity Securities multiplied by the issue price of those Equity Securities; and
- TS** = total shares on issue following new Equity Security issue.

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

Equity Securities may be issued under the Additional Placement Facility for 12 months after this Meeting (i.e. until 30 November 2019).

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

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

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

- (i) cash consideration to fund business growth, to acquire new assets or make investments, to develop the Company's existing assets and operations and for general working capital; and
- (ii) non-cash consideration to acquire new assets or make investments; in these circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

**(e) Allocation policy**

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

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the new securities on the control of the Company;

- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate and other advisors.

As at the date of this Notice, the Company has not identified any proposed allottees of Equity Securities using the Additional Placement Facility. However, the eventual allottees may include existing substantial Shareholders, other Shareholders and/or new investors.

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

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

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

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

Shareholders approved an Additional Placement Facility at the Company's 2017 annual general meeting.

The total number of Equity Securities issued in the 12 months before this Meeting is 14,223,355. This represents approximately 16.60% of the total number of Equity Securities on issue at the commencement of that 12 month period (being 85,683,000 Equity Securities).

None of the Equity Securities issued in the 12 months before this Meeting were issued under the Additional Placement Facility approved at the 2017 annual general meeting.

The details for each separate issue of Equity Securities issued during the 12 months before this Meeting are set out in Schedule 5.

## 8.5 **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 13 as it will give the Company the flexibility to raise and fund necessary working capital whilst preserving the Company's cash reserves.

## Glossary

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

<b>Additional Placement Facility</b>	Has the meaning given to that term on section 9.1 of this Explanatory Statement.
<b>Advisor</b>	Max Capital Pty Ltd (ACN 152 214 956).
<b>Advisor Options</b>	250,000 Options exercisable at \$0.50 each on or before 31 December 2020, and otherwise on the terms set out at Schedule 4, issued to the Advisor on 30 August 2018.
<b>Annual General Meeting or Meeting</b>	The annual general meeting of Shareholders or any adjournment thereof, convened by this Notice.
<b>Annual Report</b>	The annual report of the Company for the financial year ended 30 June 2018, including the annual financial report, the Directors' report and the Auditor's report.
<b>Associate</b>	Has the meaning given to that term in the Listing Rules.
<b>ASX</b>	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires.
<b>ASX Principles</b>	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3 <sup>rd</sup> edition).
<b>Auditor</b>	The auditor of the Company, being HLB Mann Judd at the date of the Notice.
<b>BDO</b>	BDO Advisory (WA) Pty Ltd.
<b>Board</b>	The Company's Board of Directors.
<b>Chairman</b>	The chairman of the Meeting.
<b>Closely Related Parties</b>	Has same meaning given to it in section 9 of the Corporations Act, being, in relation to a member of Key Management Personnel: <ul style="list-style-type: none"><li>(a) a spouse or child of the member;</li><li>(b) a child of the member's spouse;</li><li>(c) a dependent of the member or the member's spouse;</li><li>(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;</li><li>(e) a company the member controls; or</li><li>(f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) (currently none are prescribed).</li></ul>
<b>Company</b>	Aurora Labs Limited (ACN 601 164 505).
<b>Company Secretary</b>	The Company Secretary of the Company at the time of the Meeting.
<b>Constitution</b>	The Constitution of the Company.

<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of the Company.
<b>Employee Incentive Plan or Plan</b>	The employee incentive plan of the Company adopted by the Board on 12 August 2016 (as amended on 13 March 2017 and 26 July 2017).
<b>Equity Security</b>	Has the meaning given to that term in Listing Rule 19.12, being: <ul style="list-style-type: none"> <li>(a) a share;</li> <li>(b) a unit;</li> <li>(c) a right to a share or unit or option;</li> <li>(d) an option over an issued or unissued security;</li> <li>(e) a convertible security;</li> <li>(f) any security that ASX decides to classify as an equity security;</li> <li>(g) but not a security that ASX decides to classify as a debt security.</li> </ul>
<b>Explanatory Statement</b>	This explanatory statement which accompanies and forms part of the Notice of Meeting.
<b>Glossary</b>	This glossary of terms.
<b>Key Management Personnel</b>	Has the same meaning as the definition of that term in section 9 of the Corporations Act, being those persons details of whose remuneration are included in the Remuneration Report having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
<b>Listing Rules</b>	The listing rules of ASX, as amended from time to time.
<b>Notice or Notice of Annual General Meeting</b>	The notice of Annual General Meeting which accompanies this Explanatory Statement.
<b>Option</b>	An option to subscribe for a Share.
<b>Optionholder</b>	A holder of an Option.
<b>Performance Right</b>	A right to acquire a Share granted pursuant to the Employee Incentive Plan and, in relation to the Performance Rights proposed to be granted to Directors pursuant to Resolutions 5 – 9, otherwise on the terms set out at Schedule 2.
<b>Proxy Form</b>	The proxy form accompanying the Notice.
<b>Related Body Corporate</b>	Has the same meaning as given to that term in the Corporations Act.
<b>Related Party</b>	Has the same meaning as given to that term in the Corporations Act.
<b>Remuneration Report</b>	The remuneration report of the Company for the period ended 30 June 2018, appearing in the Director’s report as set out in the Annual Report.
<b>Resolution</b>	A resolution set out in the Notice.
<b>Selective Capital Reduction</b>	Has the meaning given to that term in section 6.1.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.

<b>Shareholder</b>	A holder of a Share.
<b>VWAP</b>	The volume weighted average sale prices of Shares sold on ASX during the specified period, excluding any transaction defined in the ASX Operating Rules as 'special', crossings prior to the commencement of normal trading, crossings during the after-hours adjust phase and any overseas trades or exchange traded option exercises.
<b>WST</b>	Australian Western Standard Time, being the time in Perth, Western Australia.

# Schedule 1 – Summary of Employee Incentive Plan Terms

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

The material terms of the Plan are summarised as follows:

1. **Purpose:** The purpose of the Plan is:
  - (a) to establish a method by which eligible persons can participate in the future growth and profitability of the Company;
  - (b) to provide an incentive and reward for eligible persons for their contribution to the Company; and
  - (c) to attract and retain a high standard of managerial and technical personnel for the benefit of the Company.
  
2. **Participation:** The following persons can participate in the Plan if the Board makes them an offer to do so:
  - (a) a full-time or part-time employee, including an executive and non-executive Director of the Company or its Related Bodies Corporate;
  - (b) a contractor of the Company or its Related Bodies Corporate;
  - (c) a casual employee of the Company or its Related Bodies Corporate where the employee or contractor is, or might reasonably be expected to be, engaged to work the pro-rata equivalent of 40% or more of a comparable full-time position; and
  - (d) a person to whom an offer of Awards has been made, but whose acceptance of the offer is conditional upon the person becoming one of the above.
  
3. **Grant of Awards:** Pursuant to the Employee Incentive Plan, the Board may grant any of the following incentives (**Awards**), in accordance with the Rules and otherwise on terms and conditions set by the Board at its discretion:
  - (a) Options to subscribe for Shares; and
  - (b) Performance Rights entitling the holder to be issued Shares.
  
4. **Vesting, performance and exercise conditions:** Options and Performance Rights may be subject to the following conditions:
  - (a) **Vesting Conditions** – which are time-based criteria, requirements or conditions (as specified in the offer and determined by the Board) which must be met prior to Awards vesting in a participant, which the Board may throughout the course of the period between the grant of an Award and its vesting, waive or accelerate as the Board considers reasonably appropriate;
  - (b) **Performance Conditions** – which are conditions relating to the performance of the Company and its Related Bodies Corporate (and the manner in which those conditions will be tested) as specified in an offer and determined by the Board; and
  - (c) **Exercise Conditions** – which are criteria, requirements or conditions, as determined by the Board or under the Plan, which must be met (notwithstanding the satisfaction of any Vesting Conditions and/or Performance Conditions) prior to a Participant being entitled to exercise vested Options.

5. **5% limit:** In accordance with ASIC Class Order 14/1000, the total Awards that may be issued under the Plan will not exceed 5% of the total number of Shares on issue. In calculating this limit, Awards issued to participants under the Plan other than in reliance upon this Class Order are discounted.
6. **Taxation matters:** Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies to the Plan except to the extent an offer provides otherwise.
7. **Board discretions:** The Board has broad discretions under the Employee Incentive Plan, including (without limitation) as to:
  - (a) the timing of making an offer to participate in the Employee Incentive Plan;
  - (b) identifying persons eligible to participate in the Employee Incentive Plan;
  - (c) the terms of issue of Options and Performance Rights (including vesting conditions, performance hurdles and exercise conditions if any); and
  - (d) the periods during which Awards may be exercised.
8. **Awards not to be quoted:** The Awards will not be quoted on the ASX. However, application will be made to the ASX for official quotation of Shares issued on the exercise of Awards, if the Shares are listed on the ASX at that time.
9. **Shares issued on exercise of Awards:**
  - (a) Subject to any applicable vesting conditions, performance hurdles and exercise conditions:
    - (i) each Option entitles the holder to subscribe for and be issued with one Share; and
    - (ii) each Performance Right entitles the holder to subscribe for and be issued with one Share.
  - (b) Shares issued pursuant to the exercise of Awards will in all respects rank equally and carry the same rights and entitlements as other Shares on issue.
  - (c) Holders of Awards have no rights to vote at meetings of the Company or receive dividends until Shares are allotted on the exercise of Awards pursuant to the Employee Incentive Plan.
10. **Lapse of Awards:**
  - (a) Unless the Directors in their absolute discretion determine otherwise, Awards will automatically lapse and be forfeited if, prior to the satisfaction of an exercise condition or vesting condition:
    - (i) the holder resigns employment or terminates engagement with the Company;
    - (ii) the holder is dismissed from employment or engagement with the Company for:
      - A. material breach of contract or negligence;
      - B. conduct justifying termination without notice;
    - (iii) the holder ceases employment or engagement with the Company and breaches any post-termination restraint;



- (iv) the holder is ineligible to hold his or her office pursuant to the Corporations Act; or
  - (v) any performance milestones applicable to the Awards are not satisfied – if a portion are satisfied, then a proportionate number of Awards may continue at the Board's discretion.
- (b) Awards will not lapse and be forfeited if the holder ceases employment or engagement with the Company due to death or permanent disablement, retirement or redundancy, or where the Board determines that the Awards continue.
11. **Restrictions on transfer:** An Award holder is not able to sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Awards, or agree to do any of those things without the prior consent of the Board or unless such disposal is required by law.
12. **Participation rights of Award holders:** Holders of Awards will only be permitted to participate in an issue of new Shares by the Company if they exercise their Options or Performance Rights (as applicable) before the record date for the relevant issue.
13. **Adjustment of Awards:** In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Awards to which each Award holder is entitled or the exercise price or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Awards which are not conferred on Shareholders.
14. **Takeovers:** In the event of a takeover bid, certain capital reorganisations or transactions occurring that give rise to certain changes of control of the Company, restrictions on the exercise of an Award may lapse so that Award holders are able to participate in the relevant transaction.
15. **Amending the Employee Incentive Plan:** Subject to and in accordance with the Listing Rules, the Board (without the necessity of obtaining prior or subsequent consent of Shareholders) may from time to time amend all or any provisions of the Employee Incentive Plan.

## Schedule 2 – Terms of Performance Rights

The terms and conditions of the Performance Rights are set out below. These terms are subject to, and should be read in accordance with, the Plan Rules.

### 1. **Entitlement**

Each Performance Right entitles the holder to subscribe for one fully paid ordinary share in the Company, for nil cash consideration, subject to these terms and conditions and pursuant to the Plan Rules.

### 2. **Nil cash consideration**

The Performance Rights will be granted for nil cash consideration.

### 3. **Vesting**

Each Performance Right will only vest and become exercisable following the satisfaction of the Performance Condition and Vesting Condition specified in the Offer.

**Performance Condition:** That the 10 day VWAP of Shares exceeds \$0.90 per Share on a date that is after the date the Performance Rights are granted.

**Vesting Condition:** That the holder achieve a minimum of 12 months continuous service with the Company from the date on which the holder was originally engaged by the Company.

### 4. **Lapse**

Each Performance Right will automatically lapse and may no longer be exercised on the End Date specified in the Offer.

### 5. **Exercise**

Vested Performance Rights may only be exercised by notice in writing to the Company (**Notice of Exercise**).

Any Notice of Exercise for a Performance Right received by the Company will be deemed to be a notice of the exercise of the Performance Rights specified in that notice as at the date of receipt. Performance Rights may only be exercised in multiples of 500 unless fewer than 500 Performance Rights are held, or the Board otherwise agrees.

There is no consideration payable by the holder upon the exercise of Performance Rights, and the Company must issue the relevant number of Shares to the holder of the Performance Rights, update its share register and issue and send to the holder an updated holding statement within 10 Business Days after receiving the Notice of Exercise.

### 6. **Shares issued on exercise**

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

### 7. **Shareholder and regulatory approvals**

The grant and exercise of Performance Rights is subject to the Company obtaining all required consents and approvals. If the exercise of the Performance Rights would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Performance Right that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the

Performance Rights may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Performance Rights will not result in any person being in contravention of section 606(1) of the Corporations Act.

**8. Participation in new issues**

There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Performance Rights, including by way of bonus issue, rights issue or otherwise.

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

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

**10. Adjustment for rights issue**

If the Company makes a rights issue of Shares pro rata to existing Shareholders there will be no adjustment to the number of Performance Rights, or Shares to be issued upon the exercise of the Performance Rights.

**11. Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

**12. Quotation**

The Company will not apply for quotation of the Performance Rights on ASX, but will apply for quotation of the Shares issued upon exercise of the Performance Rights.

**13. Transferability**

Performance Rights are only transferable in special circumstances (i.e. death or total or permanent disability, severe financial hardship or serious illness or injury) with the consent of the Board (which may be withheld in its absolute discretion).

**14. Compliance with laws**

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

## Schedule 3 – Terms of Class B Performance Shares

1. **Performance Shares:** Each Class B Performance Share is a share in the capital of the Company.
2. **General meetings:** Each Class B 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 B 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 B Performance Share does not entitle the Holder to any dividends.
5. **No rights to return of capital:** A Class B 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 B 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 B 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 B Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Class B 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 B Performance Share does not entitle a Holder (in their capacity as a holder of a Class B 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 B 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 B 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 B 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\$5,000,000 before 30 June 2018.
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 B 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 B Performance Shares then on issue as well as on a pro rata basis for each Holder. Class B 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 B 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 B Performance Share within 10 Business Days following the conversion.
17. **Ranking upon conversion:** The Share into which a Class B 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 B 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 B 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 B 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 B 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 B 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 B 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 B Performance Shares (or part thereof) will not result in any person being in contravention of the Takeover Restriction.

## Schedule 4 – Terms of Advisor Options

### 1. Entitlement

Subject to paragraph 13 below, each Option entitles the Optionholder to subscribe for one Share upon exercise of the Option.

### 2. Exercise Price and Expiry Date

Subject to paragraphs 10 and 12 below, the amount payable upon exercise of each Option will be \$0.50 (**Exercise Price**).

### 3. Expiry Date

Each Option will expire at 5:00pm (WST) on 31 December 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

### 4. Exercise Period

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

### 5. Notice of Exercise

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

### 6. Exercise Date

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

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

The Company will:

- (a) where the conditions set out in sections 708A(5)(a) to (d) of the Corporations Act are satisfied at the relevant time, within 5 Business Days of the Exercise Date:
  - (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (ii) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
  - (iii) if admitted to the Official List at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the Options; or
- (b) otherwise, within 15 Business Days of the Exercise Date:
  - (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (ii) lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the

Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the Official List at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under paragraph 7(b)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**8. Shares issued on exercise**

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

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

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

**10. Reconstruction of capital**

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

**11. Participation in new issues**

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

**12. Adjustment for rights issue**

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

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

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

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

**14. Unquoted**

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

**15. Transferability**

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

## Schedule 5 – Equity Securities in Past 12 Months

Issue Date	Equity Securities issued	Allottee(s)	Issue price and discount to market price on date of issue	Total cash consideration	Use of funds	Non-cash consideration and current value
8 October 2018	2,158,500 Shares (on the exercise of Options)	Various Option holders of the Company	\$0.20 per Share Discount to closing market price on date of issue: 77% (based on closing market price of \$0.87)	\$431,700	As at 11/10/2018 the Company has not spent any of the funds received and proposes to apply the \$431,700 towards the acceleration of the development of the Company's Large Format Technology and for general working capital requirements.	Non-cash consideration: Nil Current value: \$0.3787 per Option (refer to note 3 below)
30 August 2018	25,000 Shares (fee for services)	Corporate advisor	Nil	Nil	Not applicable.	Non-cash consideration: Services provided to the Company by the corporate advisor pursuant to a corporate advisory agreement. Current value: \$0.74 per Share
	250,000 unquoted Options exercisable at \$0.50 each and expiring 31 December 2020	Corporate advisor	\$0.0001 each	\$25	As at 10/10/2018 the Company has not spent any of the funds received and proposes to apply the \$25 towards the acceleration of the development of the Company's Large Format Technology and for general working capital requirements.	Non-cash consideration: Nil Current value: \$47,000 (refer to note 3 below)
	617,159 Performance Rights expiring 31 January 2023 each entitling the holder to subscribe for one share under pursuant to the terms of the incentive plan. The full terms of the performance rights were announced to ASX on 30 August	Non-related employees pursuant to the Company's incentive plan	Nil	Nil	Not applicable.	Non-cash consideration: Nil Current value: \$0.752 per Performance Right (refer note 4 below)



Issue Date	Equity Securities issued	Allottee(s)	Issue price and discount to market price on date of issue	Total cash consideration	Use of funds	Non-cash consideration and current value
	2018 (issued to non-related employees under the incentive plan)					
12 July 2018	245,000 Shares (on the exercise of Options)	Various Option holders of the Company	\$0.20 per Share Discount to closing market price on date of issue: 59% (based on closing market price of \$0.49)	\$49,000	As at 11/10/2018 the Company has not spent any of the funds received and proposes to apply the \$49,000 towards the acceleration of the development of the Company's Large Format Technology and for general working capital requirements.	Non-cash consideration: Nil Current value: \$0.3787 per Option (refer note 3 below)
17 April 2018	122,000 Shares (issued pursuant to security purchase plan)	Eligible participants in the Company's security purchase plan (as announced on 7 April 2018)	\$0.80 per Share Discount to closing market price on date of issue: Nil	\$97,600	As at 11/10/2018 the Company has not spent any of the funds received and proposes to apply the \$97,600 towards the acceleration of the development of the Company's Large Format Technology and for general working capital requirements.	Non-cash consideration: Nil Current value: \$0.74 per Share (refer note 1 below)
	10,000 Shares (issued on the exercise of Options)	Various Option holders of the Company	\$0.20 per Share Discount to closing market price on date of issue: 67% (based on closing market price of \$0.615)	\$2,000	As at 11/10/2018 the Company has not spent any of the funds received and proposes to apply the \$2,000 towards the acceleration of the development of the Company's Large Format Technology and for general working capital requirements.	Non-cash consideration: Nil Current value: \$0.3787 per Option (refer note 3 below)
	3,125,000 quoted Options exercisable at \$1.00 each and expiring on 17 April 2020 (issued pursuant to a placement)	Eligible participants in the Company's placement (as announced on 26 February 2018).	Nil. Options were free-attaching on the basis of 1 Option for every 2 Shares subscribed for under the placement.	Nil	Not applicable.	Non-cash consideration: Nil Current value: \$0.30 per Option (refer note 2 below)

Issue Date	Equity Securities issued	Allottee(s)	Issue price and discount to market price on date of issue	Total cash consideration	Use of funds	Non-cash consideration and current value
	61,000 quoted Options exercisable at \$1.00 each and expiring on 17 April 2020 (issued pursuant to security purchase plan)	Eligible participants in the Company's security purchase plan (as announced on 7 April 2018).	Nil. Options were free-attaching on the basis of 1 Option for every 2 Shares subscribed for under the security purchase plan.	Nil	Not applicable.	Non-cash consideration: Nil Current value: \$0.30 per Option (refer note 2 below)
	500,000 quoted Options exercisable at \$1.00 each and expiring on 17 April 2020 (fee for services provided)	Issued to the lead manager to the security purchase plan, Hunter Capital Advisors Pty Ltd	Nil	Nil	Not applicable.	Non-cash consideration: Services provided Hunter Capital to the Company in connection with the placement. Current value: \$0.30 per Option (refer note 2 below)
	200,000 unquoted Options exercisable at \$1.08 each and expiring 31 January 2021 (issued to directors under incentive plan)	Issued to Paul Kristensen and Mel Ashton (or their nominees), each a director at the time of issue under the incentive plan.	Nil	Nil	Not applicable.	Non-cash consideration: Nil Current value: \$0.2472 per Option (refer note 3 below)
2 March 2018	6,250,000 Shares (issued under placement to sophisticated and professional investors)	Various sophisticated and institutional investors who participated in the placement announced by the Company on 26 February 2018.	\$0.80 per Share Discount to closing market price on date of issue: Nil	\$5,000,000	Amount raised: \$5,000,000 Amount spent: \$3,300,000 Amount remaining: \$1,700,000 Use of funds: The funds were used to support acceleration of the development of the Company's Large Format Technology and for general working capital requirements.	Non-cash consideration: Nil Current value: \$0.74 per share (refer note1 below)

Issue Date	Equity Securities issued	Allottee(s)	Issue price and discount to market price on date of issue	Total cash consideration	Use of funds	Non-cash consideration and current value
	354,500 Shares (issued on the exercise of Options)	Various Option holders of the Company	\$0.20 per Share Discount to closing market price on date of issue: 71% (based on closing market price of \$0.70)	\$70,900	Amount raised: \$70,900 Amount spent: \$70,900 Amount remaining: Nil Use of funds: The funds were used to support acceleration of the development of the Company's Large Format Technology and for general working capital requirements.	Non-cash consideration: Nil Current value: \$0.3787 per Option (refer note 3 below)
20 December 2017	35,196 Shares (issued in lieu of SFP pre-sale campaign refund to affected parties)	Affected parties requiring refund from the SFP pre-sale campaign	Deemed issue price of \$1.00 per Share Discount to closing market price on date of issue: Nil	Nil	Not applicable.	Non-cash consideration: Nil Current value: \$0.74 per share (refer note 1 below)
	125,000 Shares (issued on the exercise of Options)	Various Option holders of the Company	\$0.20 per Share Discount to closing market price on date of issue: 79% (based on closing market price of \$0.97)	\$25,000	Amount raised: \$25,000 Amount spent: \$25,000 Amount remaining: Nil Use of funds: The funds were used to support acceleration of the development of the Company's Large Format Technology and for general working capital requirements. .	Non-cash consideration: Nil Current value: \$0.3787 per Option (refer note 3 below)
29 November 2017	45,000 unquoted Options exercisable at \$0.79 each and expiring 31 August 2020 (issued to Directors under incentive plan)	Mr Mathew Whyte and Mr Nathan Henry (or their nominees), each a Director of the Company at the time of issue, under the incentive plan.	Nil	Nil	Not applicable.	Non-cash consideration: Nil Current value: \$0.2597 per Option (refer note 3 below)
	100,000 unquoted Options exercisable at \$0.95 each and expiring 31 July	Mr Mathew Whyte a Director of the Company	Nil	Nil	Not applicable.	Non-cash consideration: Nil Current value: \$0.2302 per Option

Issue Date	Equity Securities issued	Allottee(s)	Issue price and discount to market price on date of issue	Total cash consideration	Use of funds	Non-cash consideration and current value
	2020 (issued to a Director under incentive plan)	at the time of issue.				(refer note 3 below)

**Notes:**

1. The current value of Shares is based on a value of \$0.74 per Share, being the closing market price of Shares traded on ASX as at 11 October 2018.
2. The current value of quoted Options in the table above is based on a value of \$0.30 per quoted Option, being the closing market price of quoted Options traded on ASX as at 11 October 2018.
3. All unquoted Options have been valued using the Black-Scholes option pricing model as at 11 October 2018 based on a number of assumptions and variables, including the following:
  - the closing price of Shares on the ASX on 11 October 2018 was \$0.74;
  - a risk-free rate of 1.98% has been adopted;
  - a dividend yield rate of 0% has been adopted;
  - a volatility factor of 100% has been adopted; and
  - a discount factor of 30% for lack of marketability.
4. The Performance Rights have been valued in the same manner as the Performance Rights proposed to be issued pursuant to Resolutions 5 – 9 (being \$0.752 each). Refer to section 4.4(b) of the Explanatory Statement for details of the valuation methodology used.

# AURORA LABS LTD

ACN: 601 164 505

REGISTERED OFFICE:

UNIT 2  
79 BUSHLAND RIDGE  
BIBRA LAKE WA 6163

SHARE REGISTRY:

Security Transfer Australia Pty Ltd

All Correspondence to:

PO BOX 52

Collins Street West VIC 8007

Suite 913, Exchange Tower

530 Little Collins Street

Melbourne VIC 3000

T: 1300 992 916 F: +61 8 9315 2233

E: registrar@securitytransfer.com.au

W: www.securitytransfer.com.au

«EFT\_REFERENCE\_NUMBER»



«Post\_zone»

«Company\_code» «Sequence\_number»

«Holder\_name»

«Address\_line\_1»

«Address\_line\_2»

«Address\_line\_3»

«Address\_line\_4»

«Address\_line\_5»

Code:

A3D

Holder Number:

«HOLDER\_NUM

## PROXY FORM

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

**VOTE  
ONLINE**

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

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

«ONLINE

### SECTION A: Appointment of Proxy

I/We, the above named, being registered shareholders of Aurora Labs Ltd (ACN 601 164 505) (Company) and entitled to attend and vote hereby appoint:

The meeting chairman

OR

or failing the person named, or if no person is named, the Chairman of the meeting, as my/our Proxy to act generally on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10:00am WST on Friday 30 November 2018 at Seminar Room 2, Technology, Park Function Centre, Brodie Hall Drive, Bentley WA and at any adjournment of that meeting.

Members of the Key Management Personnel (except for the Chairman) and their Closely Related Parties are not able to vote your proxy on Resolutions 1, 5 – 9 and 12 unless you have specifically directed them how to vote. If you appoint the Chairman as your proxy, you expressly authorise the Chairman to vote on matters of Key Management Personnel remuneration.

### SECTION B: Voting Directions

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

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

RESOLUTION	For	Against	Abstain*	For	Against	Abstain*	
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Grant of Performance Rights to Director under Employee Incentive Plan – Mr Mathew Whyte	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-Election of Director - Mr Paul Kristensen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Ratification of issue of Advisor Options to Max Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-Election of Director - Mr Norman (Mel) Ashton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Approval of Redemption and Cancellation of Class B Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-Election of Director - Mr Mathew Whyte	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Approval of Issue of Securities under amended Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Grant of Performance Rights to Director under Employee Incentive Plan – Mr David Budge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. Approval of Additional Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Grant of Performance Rights to Director under Employee Incentive Plan – Mr John (Nathan) Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7. Grant of Performance Rights to Director under Employee Incentive Plan – Mr Paul Kristensen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8. Grant of Performance Rights to Director under Employee Incentive Plan – Mr Norman (Mel) Ashton	<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.

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

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

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

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:00am WST on Wednesday 28 November 2018.

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My/Our contact details in case of enquiries are:

Name:

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Number:

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**1. NAME AND ADDRESS**

Your personal details as they are reflected in the Share Register of the Company are shown overleaf. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

**2. APPOINTMENT OF A PROXY**

If the person you wish to appoint as your Proxy is someone other than the Chairman of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairman of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

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

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

**4. APPOINTMENT OF A SECOND PROXY**

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

To appoint a second Proxy you must:

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

**5. SIGNING INSTRUCTIONS**

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

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

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

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

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

**6. LODGEMENT OF PROXY**

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting. You may lodge your proxy online by following the instructions overleaf or by hand delivery, post, email or facsimile at an address set out below.

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

**Security Transfer Australia Pty Ltd**

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

**PRIVACY STATEMENT**

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

