



BRAINCHIP HOLDINGS LIMITED
ABN 64 151 159 812

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at The EY Centre, Level 34, 200 George Street, Sydney, NSW 2000 on Thursday 10 May 2018 at 10.00am (Sydney time).

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 2 8280 7355

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

BRAINCHIP HOLDINGS LIMITED
ACN 151 159 812

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of BrainChip Holdings Limited ACN 151 159 812 ("**BrainChip**" or "**Company**") will be held at The EY Centre, Level 34, 200 George Street, Sydney NSW 2000 on Thursday 10 May 2018 at 10.00am (Sydney time) ("**Meeting**").

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 7.00pm (Sydney time) on Tuesday 8 May 2018.

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

AGENDA

1. ANNUAL REPORT

To consider the Annual Report of the Company and its controlled entities for the year ended 31 December 2017, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass with or without amendment, the following resolution as a non-binding resolution:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report as contained in the Company's Annual Report for the year ended 31 December 2017."

Note: This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

3. RESOLUTION 2 - RE-ELECTION OF ERIC (MICK) BOLTO AS DIRECTOR

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

"That, for the purposes of clause 79 of the Constitution and ASX Listing Rule 14.4, and for all other purposes, Eric (Mick) Bolto, who retires by rotation and being eligible offers himself for re-election, be re-elected as a Director of the Company."

4. RESOLUTION 3 - RE-ELECTION OF ADAM OSSEIRAN AS DIRECTOR

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

"That, for the purposes of clause 79 of the Constitution and ASX Listing Rule 14.4, and for all other purposes, Adam Osseiran, who retires by rotation and being eligible offers himself for re-election, be re-elected as a Director of the Company."

5. RESOLUTION 4 - ISSUE OF SHARES TO LOUIS DINARDO

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

"That, for the purposes of:

(a) Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 15,000,000 Shares to Louis DiNardo (and/or his nominee); and

(b) Listing Rule 7.1 and for all other purposes, Shareholders approve up to 7,500,000 of the 15,000,000 Shares referred to in sub-paragraph (a) being instead issued to one or more third parties nominated by the Company, to satisfy United States withholding tax liability in relation to the issue of Shares to Louis DiNardo

on the terms and conditions in the Explanatory Memorandum."

Note: This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

6. RESOLUTION 5 - GRANT OF PERFORMANCE RIGHTS TO LOUIS DINARDO

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

"That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 15,000,000 Performance Rights to Louis DiNardo on the terms and conditions set out in the Explanatory Memorandum."

Note: This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

7. RESOLUTION 6 - NEW BRAINCHIP LONG TERM INCENTIVE PLAN - APPROVAL OF FUTURE ISSUANCES, FINANCIAL ASSISTANCE AND BUY-BACKS

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

"That, the Brainchip Long Term Incentive Plan be approved for the purposes of section 260C of the Corporations Act and for the purposes of Part 2J.1 of the Corporations Act, and that Shareholders approve the issue of securities under the Long Term Incentive Plan on the terms and conditions in the Explanatory Memorandum for the purposes of Listing Rule 7.2, exception 9 and for all other purposes."

Note: This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

8. RESOLUTION 7 - GRANT OF OPTIONS TO ERIC (MICK) BOLTO

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

"That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of such a number of Options to be calculated using the formula set out in the Explanatory Memorandum, to Eric (Mick) Bolto on the terms and conditions in the Explanatory Memorandum."

Note: This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

9. RESOLUTION 8 - GRANT OF OPTIONS TO EMMANUEL HERNANDEZ

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

"That, for the purposes of Listing Rule 10.14 for all other purposes, Shareholders approve the issue of such a number of Options to be calculated using the formula set out in the Explanatory Memorandum, to Emmanuel Hernandez on the terms and conditions in the Explanatory Memorandum."

Note: This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

10. RESOLUTION 9 - GRANT OF OPTIONS TO ADAM OSSEIRAN

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

"That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of such a number of Options to be calculated using the formula set out in the Explanatory Memorandum, to Adam Osseiran on the terms and conditions in the Explanatory Memorandum."

Note: This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

11. RESOLUTION 10 - GRANT OF OPTIONS TO JULIE STEIN

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

"That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of such a number of Options to be calculated using the formula set out in the Explanatory Memorandum, to Julie Stein on the terms and conditions in the Explanatory Memorandum."

Note: This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

12. RESOLUTION 11 - INCREASE IN NON-EXECUTIVE DIRECTORS' FEES

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

"That, for the purposes of Listing Rule 10.17 and for all other purposes, the maximum total fees payable to Non-Executive Directors be increased from A\$400,000 per annum to A\$600,000 per annum."

Note: This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

13. RESOLUTION 12 - APPROVAL OF 10% PLACEMENT FACILITY

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

"That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of 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 in the Explanatory Memorandum."

Note: This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

14. RESOLUTION 13 - EXTENSION OF EXPIRY DATE OF OPTIONS

The following resolution is conditional upon the ASX granting to the Company a waiver of Listing Rule 6.23.3 to permit the Company to extend the expiry date of the options. If ASX does not grant the waiver to the Company this Resolution 13 will be withdrawn and will not be put to a Shareholder vote.

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

"That the expiry date of up to 45,800,000 unlisted options be extended on the terms and conditions set out in the Explanatory Memorandum."

Note: This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

Dated: Tuesday 10 April 2018

By order of the Board



Naomi Dolmatoff

Company Secretary

IMPORTANT VOTING INFORMATION

VOTING EXCLUSIONS

Voting exclusion for Resolution 1 - Adoption of Remuneration Report

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (c) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (d) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

Voting exclusion for Resolution 4 - Issue of Shares to Louis DiNardo and Resolution 5 - Grant of Performance Rights to Louis DiNardo

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Louis DiNardo (or his nominee) and any associate of Louis DiNardo (or his nominee); and
- (b) any person who may participate in the issue of Shares and a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares, and any associate of that person (or those persons).

However, the Company will not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) it is cast by 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.

Voting exclusion for Resolution 4 - Issue of Shares to Louis DiNardo, Resolution 5 - Grant of Performance Rights to Louis DiNardo, Resolution 7 - Grant of Options to Eric (Mick) Bolto, Resolution 8 - Grant of Options to Emmanuel Hernandez, Resolution 9 - Grant of Options to Adam Osseiran, Resolution 10 - Grant of Options to Julie Stein, Resolution 11 - Increase in Non-Executive Directors' Fees and Resolution 13 - Extension of Expiry Date of Options

In accordance with section 250BD of the Corporations Act, a vote on the above Resolutions must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

Voting exclusion for Resolution 5 - Grant of Performance Rights to Louis DiNardo, Resolution 6 BrainChip Long Term Incentive Plan, Resolution 7 - Grant of Options to Eric (Mick) Bolto, Resolution 8 - Grant of Options to Emmanuel Hernandez, Resolution 9 - Grant of Options to Adam Osseiran, Resolution 10 - Grant of Options to Julie Stein and Resolution 11 - Increase in Non-Executive Directors' Fees

The Company will disregard any votes cast on this Resolution by or on behalf of:

- (a) a Director; or
- (b) an associate of a Director.

The Company will not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) it is cast by 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.

Voting exclusion for Resolution 12 - Approval of 10% Placement Facility

The Company will disregard any votes cast on this Resolution by or on behalf of:

- (a) a person who may participate under the placement facility; or
- (b) an associate of a person who may participate under the placement facility.

The Company will not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

- (d) it is cast by 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.

As at the date of this Notice, the Company has no specific plans to issue securities under the placement facility under ASX Listing Rule 7.1A and therefore it is not known who (if any) may participate in a potential issue of securities under the placement facility (if any) under ASX Listing Rule 7.1A. Accordingly, as at the date of this Notice, the Company is not aware of any person who would be excluded from voting on this resolution.

Voting exclusion for Resolution 13 - Extension of Expiry Date of Options

The Company will disregard any votes cast on this Resolution by or on behalf of:

- (a) a holder of an unlisted option which is to have its expiry date extended if Resolution 13 is passed ("**Option Holder**"); or
- (b) an associate of an Option Holder.

The Company will not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) it is cast by 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.

EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The EY Centre, Level 34, 200 George Street, Sydney NSW 2000 on Thursday 10 May 2018 at 10.00am (Sydney time).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

A Proxy Form is located at the end of this Explanatory Memorandum.

2. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Returning the Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 10.00am (Sydney time) on Tuesday 8 May 2018, being at least 48 hours before the Meeting

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. ANNUAL REPORT

In accordance with section 317(1) of the Corporations Act the Annual Report must be laid before the Annual General Meeting. There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at <https://ir.brainchipinc.com/asx-announcements>;
- (a) ask questions about, or comment on, the management of the Company; and
- (b) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

4. RESOLUTION 1 – REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

However, if the Remuneration Report receives a 'no' vote of 25% or more ("**Strike**") at two consecutive annual general meetings, Shareholders will have the opportunity to remove the whole Board (except a managing director). Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than a managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2017 Annual General Meeting. Please note if the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2019 Annual General Meeting, this may result in the re-election of the Board.

A voting exclusion statement for Resolution 1 is included in the Voting Exclusions.

5. RESOLUTION 2 – RE-ELECTION OF ERIC (MICK) BOLTO AS DIRECTOR

Resolution 2 seeks approval for the re-election of Eric (Mick) Bolto as a Director with effect from the end of the Annual General Meeting.

In accordance with Listing Rule 14.4, a director must not hold office (without re-election) past the third annual general meeting following the director's appointment, or three years, whichever is the longer. In addition, clause 79 of the Constitution provides that at each Annual General Meeting one-third of the Directors (other than the managing director or any alternate Director) for the time being, or, if their number is not 3 or a multiple of three, then the number nearest to but not exceeding one-third of the directors must retire from office. Directors who retire by reason of clause 79 of the Constitution are those Directors who have been in office the longest since their last election. A retiring Director is eligible for re-election.

Eric (Mick) Bolto was appointed as a Director on 3 August 2015 and accordingly retires from office in accordance with the above requirements and submits himself for re-election. Mr Bolto is considered an independent non-executive Director.

Mr Bolto served as a partner at Mallesons for twenty years where he worked in mergers and acquisitions. He was instrumental in the structuring of and subsequent execution of numerous large-scale transactions in Asia, Australia, Europe and North America. Following his time at Mallesons, Mr Bolto worked in private equity for a long period where he acquired extensive experience in creating strategy and business planning for small to medium enterprises in order to ensure the delivery of viable business results. Mr Bolto also serves as a member on the Company's Audit Committee and Remuneration Committee.

Mr Bolto has held no other public company directorships in the past three years.

Directors recommendation

The Board (with Eric (Mick) Bolto abstaining) supports the re-election of Eric (Mick) Bolto and recommends that Shareholders vote in favour of Resolution 2.

Louis DiNardo will act as the Chairman of the meeting during the consideration of this Resolution, and intends to exercise all available proxies in favour of Resolution 2.

6. RESOLUTION 3 – RE-ELECTION OF ADAM OSSEIRAN AS DIRECTOR

Resolution 3 seeks approval for the re-election of Adam Osseiran as a Director with effect from the end of the Annual General Meeting.

In accordance with Listing Rule 14.4, a director must not hold office (without re-election) past the third annual general meeting following the director's appointment, or three years, whichever is the longer. In addition, clause 79 of the Constitution provides that at each Annual General Meeting one-third of the Directors (other than the managing director or any alternate Director) for the time being, or, if their number is not 3 or a multiple of three, then the number nearest to but not exceeding one-third of the directors must retire from office. Directors who retire by reason of clause 79 of the Constitution are those Directors who have been in office the longest since their last election. A retiring Director is eligible for re-election.

Adam Osseiran was appointed as a Director on 10 September 2015 and accordingly retires from office in accordance with the above requirements and submits himself for re-election. Dr Osseiran is considered an independent non-executive Director.

Dr Osseiran has been involved with BrainChip since 2012, providing advice and assistance on several aspects of technology, applications and commercial opportunities. Dr Osseiran is the co-founder of Termite Monitoring and Protection Solutions Pty Ltd, founded in 2013, to exploit the unique Wireless Smart Probe acoustic termite detection technology, operating in the US\$15B global pest control market. He is also Senior Technical Advisor to Mulpin (MRL) Ltd which has developed a new patented concept of embedding electronic components within a multi-layered printed circuit board.

Dr Osseiran is the co-founder and director of Innovate Australia, established to promote and assist Australian innovators and encourage innovation and was the President of the Inventors Association of Australia from 2013-2014. Dr Osseiran holds a Ph.D. in microelectronics from the National Polytechnic Institute of Grenoble, France and a M.Sc. and B.Sc. from the University of Joseph Fourier in Grenoble. Dr Osseiran is currently Associate Professor of Electrical Engineering at Edith Cowan University in Perth, Western Australia Dr Osseiran served as a member on the Company's Audit Committee during the year until 31 August 2017.

Dr Osseiran has held no other public company directorships in the past three years.

Directors recommendation

The Board (with Adam Osseiran abstaining) supports the re-election of Adam Osseiran and recommends that Shareholders vote in favour of Resolution 3.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

7. RESOLUTION 4 - ISSUE OF SHARES TO LOUIS DINARDO AND RESOLUTION 5 - GRANT OF PERFORMANCE RIGHTS TO LOUIS DINARDO

Background

The Board proposes to issue 15,000,000 Shares to Louis DiNardo (or his nominee) ("**Incentive Shares**") and 15,000,000 Performance Rights to Louis DiNardo ("**Performance Rights**") in recognition of his performance since he joined the Company in September 2016. In particular, the Board wishes to reward him for his personal effort and achievement in securing the capital necessary for the Company to pursue its development and commercialization objectives, for setting the strategy for the Company and for building an organization that is consistent and aligned with the execution of that strategy.

The Board has reviewed Mr. DiNardo's total equity position in the Company, including this proposed grant, and concluded that it will be competitive and within the 5-10% range of a Chief Executive Officer's ownership percentage for US technology companies of a similar stage of development and commercialization.

The value of the Incentive Shares will form part of Louis DiNardo's income for US income tax purposes. Accordingly, Louis DiNardo will be required to pay, and the Company is required to withhold, estimated United States Federal and State of California income taxes on the value of the Incentive Shares within weeks of the date of issue of the Incentive Shares. As such, the Company may withhold up to 50% of the Incentive Shares and issue those Shares to one or more third parties, with the cash paid by the third parties to be used to satisfy the

Company's withholding tax obligations in respect of the issue of the Incentive Shares to Louis DiNardo.

Each Performance Right will be issued under the BrainChip Long Term Incentive Plan (summarised in Schedule 2), is exercisable into one fully paid ordinary Share and has a nil exercise price. The Performance Rights will vest as follows:

- (a) 7,500,000 Performance Rights will vest on the 6 month anniversary of the date of grant provided that Louis DiNardo remains in office at such date; and
- (b) 7,500,000 Performance Rights will vest on the 12 month anniversary of the date of grant provided that Louis DiNardo remains in office at such date.

As Executive Director and CEO, Louis DiNardo is a related party of the Company. Accordingly, shareholder approval is required for the issue of the Incentive Shares under Listing Rule 10.11 and for the grant of the Performance Rights under Listing Rule 10.14.

The third party nominee who may be issued up to 50% of the Incentive Shares will not be a related party of the Company. Accordingly, shareholder approval is sought for the issue of Shares to the third party under Listing Rule 7.1.

Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Incentive Shares or grant of the Performance Rights as the exception in section 211 of the Corporations Act applies. The Incentive Shares and Performance Rights are being issued and granted in recognition of the performance of Louis DiNardo and are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

Listing Rule 10.11

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of the Company unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolution 4 will be to allow the Company to issue up to 15,000,000 Shares to Louis DiNardo (and/or his nominee) without using the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholder approval is given for the issue of the Incentive Shares for the purposes of Listing Rule 10.11, shareholder approval will not be required for the purposes of Listing Rule 7.1.

Specific information required by Listing Rule 10.13

In accordance with Listing Rule 10.13, information is provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Incentive Shares will be issued to Louis DiNardo (and/or his nominee), Executive Director and Chief Executive Office of the Company.

- (b) The maximum number of Shares to be issued to Louis DiNardo (and/or his nominee) is 15,000,000.
- (c) The Incentive Shares will be issued to Louis DiNardo no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Incentive Shares will be issued in recognition of the performance of Louis DiNardo and the issue price will be nil.
- (e) The Incentive Shares will rank equally in all respects with the Company's existing Shares on issue.

Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period without obtaining shareholder approval for the issue.

The effect of Resolution 4 will be to allow the Directors to issue up to 50% of the Incentive Shares (being 7,500,000 Shares) during the period of 3 months after the Meeting (or such longer period of time as ASX may in its discretion allow), without using the Company's 15% annual placement capacity in order to raise funds to meet the withholding tax liabilities with respect to the issue of the Incentive Shares to Louis DiNardo.

Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, information is provided in relation to the Shares as follows:

- (a) The maximum number of Shares to be issued is 7,500,000.
- (b) The Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The issue price of the Shares will be determined by Company and shall be not less than 80% of the five day VWAP of the Shares on ASX prior to the date of issue.
- (d) The Shares will be issued to persons nominated by the Company, but these persons will not be a related party or an associate of a related party of the Company.
- (e) The Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares on issue.
- (f) The funds raised by the issue of the Shares will be used to satisfy the withholding tax liability to the US (including federal, state, and local) tax authorities with respect to the issue of the Incentive Shares to Louis DiNardo.
- (g) The issue of the Shares may occur progressively.

Listing Rule 10.14

In accordance with Listing Rule 10.14, the Company must not issue securities to a related party of the Company under the Long Term Incentive Plan unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolution 5 will be to allow the Company to issue up to 15,000,000 Performance Rights to Louis DiNardo without using the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholder approval is given for the grant of the Performance Rights for the purposes of Listing Rule 10.14, shareholder approval will not be required for the purposes of Listing Rule 7.1.

Specific information required by Listing Rule 10.15

In accordance with Listing Rule 10.15, information is provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Performance Rights will be granted to Louis DiNardo.
- (b) The number of Performance Rights to be granted is 15,000,000.
- (c) No funds will be raised by the issue of the Performance Rights as they are being issued for nil consideration. No funds will be raised by the vesting of the Performance Rights as they have a nil exercise price.
- (d) The Performance Rights will be granted under the Company's Long Term Incentive Plan which will be adopted by the Board prior to the Meeting. The Company has not yet issued any securities under the Long Term Incentive Plan.
- (e) Each Director of the Company is entitled to participate in the Long Term Incentive Plan.
- (f) The Company will not provide any loan to Louis DiNardo in connection with the grant of the Performance Rights.
- (g) The Performance Rights will be granted no later than twelve months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).

Directors recommendation

The Board (with Louis DiNardo abstaining) recommends that Shareholders vote in favour of Resolution 4 and Resolution 5.

The Chairman intends to exercise all available proxies in favour of Resolution 4 and Resolution 5.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 4 or Resolution 5, by signing and returning the Proxy Form, you are giving your express authorisation to allow the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

A voting exclusion statement for Resolution 4 and Resolution 5 is included in the Voting Exclusions.

8. RESOLUTION 6 - NEW BRAINCHIP LONG TERM INCENTIVE PLAN - APPROVAL OF FUTURE ISSUANCES, FINANCIAL ASSISTANCE AND BUY-BACKS

Background

Following an internal review the Board has determined that the Company's existing incentive arrangements and incentive plans are no longer suitable given the Company's predominately US-based operations. Accordingly, the Board has replaced the Company's existing incentive plan with the BrainChip Long Term Incentive Plan to bring its incentives into line with US market practice.

The purpose of the Long Term Incentive Plan is to:

- (a) assist in the recruitment, retention and motivation of eligible participants;
- (a) encourage eligible participants to drive Shareholder value by providing equity participation; and
- (b) align the interests of eligible participants with Shareholders by providing an opportunity to eligible participants to earn rewards via an equity interest in the Company.

The Long Term Incentive Plan is a framework for the award of incentives. Any issue of securities under the Long Term Incentive Plan must be made in accordance with the requirements of the Listing Rules, the Corporations Act, and applicable laws.

Under this Resolution 6, Shareholder approval is sought:

- (a) for the purposes of Listing Rule 7.1 so that securities issued under the Long Term Incentive Plan are not counted towards the Company's 15% Placement Capacity;
- (b) to permit the Company to provide financial assistance to an eligible person to acquire Shares in the Company under the Long Term Incentive Plan;
- (c) to permit the Company to buy-back Shares received by the recipient of an incentive under the Long Term Incentive Plan in accordance with the terms of that incentive.

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

15% Placement Capacity

Listing Rule 7.1 provides that a listed entity must not issue Equity Securities that total more than 15% of its fully paid ordinary shares in a 12 month period without the approval of shareholders ("**15% Placement Capacity**").

Under ASX Listing Rule 7.2, shareholders may approve the issue of securities under an employee incentive scheme as an exception to the 15% Placement Capacity. This means that issues of securities under such a plan would not be included for the purposes of calculating the capacity of the Company to issue securities under the 15% Placement Capacity.

This approval continues for three years, at which time it must be renewed or it will expire.

In the absence of such an approval, securities may be issued under the Long Term Incentive Plan, but must fall within and be permitted by the 15% Placement Capacity at the time of issue.

In the opinion of the Board, the resolution will assist the Company to manage its capital requirements efficiently by ensuring that the 15% limit is not diminished by the issue of securities under the Long Term Incentive Plan and capacity is available for capital management and other purposes, if necessary.

In accordance with Listing Rule 7.2 exception 9, information is provided as follows:

- (a) The material terms of the Long Term Incentive Plan are summarised in Schedule 2.
- (b) This is the first approval sought under Listing Rule 7.2 exception 9 with respect to the Long Term Incentive Plan.
- (c) No securities have been issued under the Long Term Incentive Plan as at the date of this Notice.

Financial assistance and Share buy-back

The Board considers that it may be appropriate to do any of the following in connection with a security granted under the Long Term Incentive Plan:

- (a) give to the recipient of the incentive a loan to facilitate their participation, including by providing non-interest bearing loans; or
- (b) buy-back Shares received by the recipient of an incentive in accordance with the terms of that incentive, for example where the award of Shares has been forfeited as a result of a vesting condition or performance hurdle not been achieved.

Under the Corporations Act, a company may financially assist a person to acquire Shares in the company under an employee incentive plan if the plan is approved by shareholders under section 260C of the Corporations Act.

The Corporations Act allows a company to buy-back its own Shares issued under an employee share scheme if the employee share scheme has been approved by the Company's shareholders.

Directors recommendation

The Board unanimously recommends that Shareholders vote in favour of this Resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

A voting exclusion statement for Resolution 5 is included in the Voting Exclusions.

9. RESOLUTIONS 7 TO 10 (INCLUSIVE) - ISSUE OF OPTIONS TO NON-EXECUTIVE DIRECTORS

Background

The Company intends to grant Options to its non-executive directors Eric (Mick) Bolto, Emmanuel Hernandez, Adam Osseiran and Julie Stein under the Company's Long Term Incentive Plan to:

- (a) retain Directors of a calibre required to effectively guide and monitor the business of the Company;
- (b) remunerate Directors appropriately for the expectations and requirements placed upon them by both the Company and the regulatory environment in which it operates;
- (c) remunerate Directors appropriately for the increased responsibilities emanating from the expected growth of the Company; and
- (d) bring Director remuneration to competitive levels particularly as the Company considers appointment and/or additions of US-based non-executive Directors.

Each Option:

- (a) will be issued under the BrainChip Long Term Incentive Plan (summarised in Schedule 2)
- (b) is exercisable into one fully paid ordinary Share;
- (c) will become exercisable (vest) on the 12 month anniversary of the date of grant provided that the director remains in office at such date;
- (d) has a ten year exercise period;
- (e) has a nil exercise price.

As they are non-executive directors, each of Eric (Mick) Bolto, Emmanuel Hernandez, Adam Osseiran and Julie Stein are a related party of the Company, and shareholder approval is required for the grant of the Options under Listing Rule 10.14.

Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed grant of the Options as the exception in section 211 of the Corporations Act applies. The Options are being issued for the reasons set out above and are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

Specific information required by Listing Rule 10.15

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Options will be granted to each of Eric (Mick) Bolto, Emmanuel Hernandez, Adam Osseiran and Julie Stein.
- (b) The number of Options to be granted to each non-executive director will be calculated using the following formula:

$$\text{Number of Options} = \text{Grant Amount} / \text{Share Price}$$

Where:

Grant Amount is the amount set out in the table below for each Director:

Eric (Mick) Bolto	A\$120,000
Emmanuel Hernandez	A\$130,000
Adam Osseiran	A\$70,000
Julie Stein	A\$130,000

Share Price is the volume weighted average price of the Company's Shares on the ASX calculated over the five days on which trades are recorded immediately prior to the date of the Annual General Meeting.

Example calculation

A worked example of the number of Options that may be granted to each Director is as follows:

Director	Share Price - A\$0.165 ¹	Share Price - A\$0.182 ²	Share Price - A\$0.149 ³
Eric (Mick) Bolto	727,272	659,340	805,369
Emmanuel Hernandez	787,878	714,285	872,483
Adam Osseiran	424,242	384,615	469,798
Julie Stein	787,878	714,285	872,483

Notes:

1. Share price of A\$0.165, being the closing price of the Shares on ASX on 6 April 2018.
2. Share price of A\$0.182, being a 10% increase to the closing price of the Shares on ASX on 6 April 2018.
3. Share price of A\$0.149, being a 10% decrease to the closing price of the Shares on ASX on 6 April 2018.

- (c) No funds will be raised by the issue of the Options as they are being issued for nil consideration. No funds will be raised by the exercise of the Options as they have a nil exercise price.
- (d) The Options will be granted under the Company's Long Term Incentive Plan which will be adopted by the Board prior to the Meeting. The Company has not yet issued any securities under the Long Term Incentive Plan.
- (e) Each Director of the Company is entitled to participate in the Long Term Incentive Plan.
- (f) The Company will not provide any loan to Eric (Mick) Bolto, Emmanuel Hernandez, Adam Osseiran or Julie Stein in connection with the grant of the Options.
- (g) The Options will be granted no later than twelve months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).

General

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required for the grant of the Options detailed above, and those options will not use up the Company's 15% placement capacity under Listing Rule 7.1.

Louis DiNardo will act as the Chairman of the meeting during the consideration of Resolution 7, and intends to exercise all available proxies in favour of Resolution 7.

The Chairman intends to exercise all available proxies in favour of Resolutions 8, 9 and 10.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on each of Resolutions 7, 8, 9 and 10, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

A voting exclusion statement for Resolutions 7, 8, 9 and 10 is included in the Voting Exclusions.

10. RESOLUTION 11 - INCREASE IN DIRECTORS' FEES

Background

In accordance with Listing Rule 10.17, the Company must not increase the total amount of non-executive Directors' fees payable by it and any of its child entities without the approval of holders of its ordinary securities.

Resolution 11 seeks Shareholder approval for the increase of the aggregate amount of fees available to be paid to non-executive Directors by A\$200,000 from the current A\$400,000 per annum to an aggregate amount of A\$600,000 per annum.

The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for non-executive Directors for the following reasons:

- (a) to attract new Directors of a calibre required to effectively guide and monitor the business of the Company;
- (b) to remunerate Directors appropriately for the expectations and requirements placed upon them by both the Company and the regulatory environment in which it operates;
- (c) to remunerate Directors appropriately for the increased responsibilities emanating from the expected growth of the Company; and
- (d) to bring Director remuneration to competitive levels particularly as the Company considers appointment and/or additions of US-based non-executive Directors.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year. However, the Board considers that it is reasonable and appropriate to establish this amount as this will provide the Company with the flexibility to attract appropriately qualified non-executive Directors and to act quickly if the circumstances require it.

The remuneration of each Director for the year ended 31 December 2017 is detailed in the Annual Report.

The Chairman intends to exercise all available proxies in favour of Resolution 10.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 11, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

A voting exclusion statement for Resolution 10 is included in the Voting Exclusions.

11. RESOLUTION 12 - APPROVAL OF 10% PLACEMENT FACILITY

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting ("**10% Placement Facility**"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

Resolution 12 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The purpose of this Resolution is to provide the Company with flexibility to meet future business and financial needs. The Board believes that it is advantageous to have the ability to act promptly with respect to potential opportunities and that approval of the 10% Placement Facility is desirable in order to have the securities available, as needed, for possible future financing transactions, strategic transactions, or other general corporate purposes that are determined to be in the Company's best interests.

Approval of Resolution 12 would enable the Company to issue Shares without the expense and delay of holding a general meeting, except as may be required by applicable law or regulations. The cost, prior notice requirements, and delay involved in obtaining shareholder approval at the time a corporate action may become necessary could eliminate the opportunity to effect the action or could reduce the expected benefits.

If approved, subject to the limitations described below with respect to the 10% Placement Facility, we will generally be permitted to issue up to 25 percent of our issued capital without any further shareholder approval, unless such shareholder approval is required by applicable law or the ASX Listing Rules. Currently, the Company has no definitive plans, understandings, agreements, or arrangements to issue securities for any purpose, other than equity awards under the Brainchip Long Term Incentive Plan. The Directors believe that the approval of Resolution 11 will enable the Company to promptly and appropriately respond to business opportunities or to raise additional equity capital.

Listing Rule 7.1A

(a) **Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the company i.e., currently only ordinary shares of the Company may be issued using this facility.

(c) **Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

- (C) plus the number of Shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of Shares under the entity's 15% placement capacity without Shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is 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 the issue or agreement to issue that are not issued with Shareholder approval under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of the Notice, the Company has on issue 969,080,489 Shares and currently has the capacity to issue:

- (i) 145,362,073 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 11, 96,908,048 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 above.

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **10% Placement Period**).

Listing Rule 7.1A

The effect of Resolution 12 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 11 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised). There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

- (c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of the Notice.

(d) The table also shows:

- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		A\$0.0825 50% decrease in Issue Price	A\$0.165 Issue Price	A\$0.33 100% increase in Issue Price
Current Variable A 969,080,489 Shares	10% Voting Dilution	96,908,049 Shares	96,908,049 Shares	96,908,049 Shares
	Funds raised	A\$7,994,914	A\$15,989,828	A\$31,979,656
50% increase in current Variable A 1,453,620,734 Shares	10% Voting Dilution	145,362,073 Shares	145,362,073 Shares	145,362,073 Shares
	Funds raised	A\$11,992,371	A\$23,984,742	A\$47,969,484
100% increase in current Variable A 1,938,160,978 Shares	10% Voting Dilution	193,816,098 Shares	193,816,098 Shares	193,816,098 Shares
	Funds raised	A\$15,989,828	A\$31,979,656	A\$63,959,312

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (vii) The issue price is A\$0.165, being the closing price of the Shares on ASX on 6 April 2018.
- (e) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 12 for the issue of the Equity Securities 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 activities or Listing Rule 11.2 (disposal of main undertaking).
 - (f) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards general corporate purposes, including working capital and expansion of business operations.
 - (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
 - (h) The Company's allocation policy will be dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
 - (i) The subscribers under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.

- (j) Further, if the Company is successful in acquiring new assets or investments, it is likely that the subscribers under the 10% Placement Facility will be the vendors of the new assets or investments.
- (k) As of the date of this Notice, the Company has not formed an intention as to the parties which it may approach to participate in an issue of securities under ASX Listing Rule 7.1A including whether such an issue would be made to existing stockholders or to new investors.
- (l) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

Directors recommendation

The Board unanimously recommends that Shareholders vote in favour of this Resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 12.

12. RESOLUTION 13 - CONDITIONAL RESOLUTION - EXTENSION OF EXPIRY DATE OF OPTIONS

Background

The Company was listed on the ASX in 2011 as an exploration entity. In September 2015 the Company acquired all of the issued capital of BrainChip Inc, a US-based technology company and changed the nature of its activities from exploration to technology development. The Company's chief executive officer, chief financial officer, chief technical officer and other key management are now based in the US, and employed by the Company's US-based operating subsidiary BrainChip Inc.

When the Company was listed in 2011 (i.e., prior to the acquisition of BrainChip Inc), the Company had only a small number of unquoted options on issue which had a 5 year expiry period, which is not uncommon for options issued by an Australian exploration companies with Australian based employees. However, following the acquisition of BrainChip Inc, the Company has expanded its workforce and commercialised its business and has become more focused on updating its employee incentives (including its options) to ensure they are consistent with the option terms that a US-based company would be expected to offer to attract high quality US based employees.

Following an internal review the Board has determined that the existing incentive arrangements and incentive plans in place are no longer suitable given the Company's predominately US-based operations. The Company has replaced its existing incentive plan with the Brainchip Long Term Incentive Plan (further details are in the Explanatory Memorandum for Resolution 6). Under the Long Term Incentive Plan, incentive stock options will be granted with standard 10 year terms which is consistent with market practice in the US.

As part of an ongoing process to bring existing employee options in line with future grants, the Company would like to extend the expiry dates of various classes of existing unquoted employee options from 5 years to 10 years.

The Board has also formed the view that an extension to the period for exercise of the existing employee options will avoid volatility in the market price of the Company's Shares by reason of anticipated and actual volume of sales in order to fund the exercise price or meet tax

liabilities, and will help to prevent the creation of an overhang in the Company's Shares which may inhibit the Company's ability to raise capital during the relevant period due to concerns about these Shares flooding the market.

Expiring Options

Shareholder approval is sought for the extension of the exercise period for the following options ("Expiring Options"):

Number	Exercise price (AUD)	Existing Expiry Date	Proposed new Expiry Date	Held by
6,900,000	\$0.225	30 Nov 2018	30 Nov 2025	Existing Directors Mr Bolto and Dr. Osseiran
5,300,000	\$0.240	21 Dec 2020	21 Dec 2025	US employees
1,500,000	\$0.230	1 Feb 2021	1 Feb 2026	US employee
4,000,000	\$0.150	10 Oct 2021	10 Oct 2026	US employee
2,000,000	\$0.270	10 Oct 2021	10 Oct 2026	US employee
100,000	\$0.320	16 Feb 2022	16 Feb 2027	US employee
20,000,000	\$0.275	31 Mar 2022	31 Mar 2027	US employee
6,000,000	\$0.225	30 Sep 2021	30 Sep 2026	Mr DiNardo

The Expiring Options were granted to employees and directors to align their interests with the Company's and encourage better performance from employees. The Expiring Options are subject to various vesting conditions such as the holder of the Expiring Option remaining in employment (i.e. proportional time based vesting with 25% of options vesting on each anniversary of issue) and performance based criteria such as raising additional capital and execution of licensing agreements with a minimum value of A\$500,000.

Once exercised, underlying Shares may only be traded in accordance with the Company's securities trading policy, which contains customary restrictions on trading.

In total, the Expiring Options represent 3.74% of the Company's fully diluted capital structure. Of these, 13,700,000 Expiring Options (representing 1.12% of the Company's fully diluted capital structure) have actually vested and are presently capable of exercise. None of the vested Expiring Options are presently in the money.

Listing Rule 6.23.3

Under Listing Rule 6.23.3, a change which has the effect of increasing the period for exercise of an option cannot be made.

The Company has applied for a waiver of Listing Rule 6.23.3 to permit the Company to seek Shareholder approval to extend the expiry date of the Options. If ASX does not grant the waiver to the Company this Resolution 12 will be withdrawn and will not be put to a Shareholder vote.

Directors recommendation

The Board (with Louis DiNardo, Mick Bolto, and Adam Osseiran abstaining) recommends that Shareholders vote in favour of this Resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 12.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 13, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

A voting exclusion statement for Resolution 13 is included in the Voting Exclusions.

SCHEDULE 1: DEFINITIONS

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

\$ or A\$ means Australian Dollars.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 31 December 2017.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Chairman means the person appointed to chair the Meeting convened by the Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means BrainChip Holdings Limited (ACN 151 159 812).

Constitution means the constitution of the Company as at the commencement of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Security has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Financial Report means the annual financial report prepared under chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listed Option means an Option listed on ASX.

Listing Rules means the listing rules of ASX.

Long Term Incentive Plan means the long term incentive plan of the Company, a summary of which is set out in Schedule 2.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

Option means an option which entitles the holder to subscribe for one Share.

Performance Right means an entitlement for the holder of the performance right to subscribe for, acquire and/or be allocated one Share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

US\$ means United States Dollars.

VWAP means the volume weighted average price of the Shares as defined in the Listing Rules.

SCHEDULE 2: SUMMARY OF LONG TERM INCENTIVE PLAN

The Company proposes to adopt an equity incentive plan known as the BrainChip Long Term Incentive Plan prior to the Meeting ("**LTI Plan**"), to assist in the retention and motivation of the Company's employees, directors and consultants (together the "**Eligible Participants**"). The LTI Plan is intended to assist with aligning the interests of participants with shareholders by providing an opportunity for Eligible Participants to earn equity interests in the Company.

Under the rules of the LTI Plan, the Board has discretion to offer any of the following awards to Eligible Participants:

- options to acquire Shares;
- performance rights to acquire Shares; and/or
- Shares, including Shares to be acquired under a limited recourse loan funded arrangement, (collectively, the "**Awards**").

In each case the Awards can be made subject to vesting conditions and/or performance hurdles as determined by the Board.

The terms and conditions of the LTI Plan are set out in comprehensive rules. A summary of the rules of the LTI Plan is set out below:

- The LTI Plan is open to Eligible Participants and other persons providing services to the Company or its related bodies corporate, as determined by the Board. Participation is voluntary.
- The Board may determine the type and number of Awards to be issued under the LTI Plan to each participant and other terms of issue of the Awards, including but not limited to:
 - what conditions and/or performance hurdles must be met by a participant in order for an Award to vest (if any);
 - the amount payable to be paid by a participant on the grant of Awards (if any) ;
 - the exercise price of any option granted to a participant;
 - the period during which a vested option can be exercised; and
 - any forfeiture conditions or disposal restrictions applying to the Awards and any Shares that a participant receives upon exercise of their options or vesting of performance rights.
- The Board may, in its discretion, also determine that the Company will issue limited recourse loans to participants to use for the purchase of Shares as part of a Share Award under the LTI Plan.
- When any conditions and/or performance hurdles have been satisfied, participants will receive fully vested Shares or their options/performance rights will become vested and will be exercisable into Shares (as applicable).
- Each vested option and performance right enables the participant to be issued or to be transferred one Share upon exercise or vesting (as applicable), subject to the rules governing the LTI Plan and the terms of any particular offer.
- Participants holding options or performance rights are not permitted to participate in new issues of Securities by the Company but adjustments may be made to the number of Shares over which the options or performance rights are granted and/or the exercise price (if any) to take into account changes in the capital structure of the Company that occur by way of pro rata and bonus issues in accordance with the rules of the LTI Plan and the ASX Listing Rules.
- If a "change of control event" occurs to the Company, and unless the Board determines otherwise:

- Awards granted will vest where the Board determines that the vesting conditions and performance hurdles applicable to those Awards have been satisfied, with vesting to occur on a pro rata basis having regard to the vesting period and actual performance;
- any options and performance rights which the Board determines will not vest under the above sub-paragraph will automatically lapse; and
- any Share Awards and loan funded Shares which the Board determines will not vest under the above sub-paragraph will automatically be surrendered by the participant.

A "change of control" event will occur when a person or entity becomes a legal or beneficial owner of 50% or more of the issued capital of the Company; a person or entity becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued share capital of the Company; or the Board determines that there are circumstances that have occurred or are likely to occur which will result in significant changes to the structure or control of the Company which may adversely affect the value of the Awards.

- If a participant becomes a "bad leaver", unless the Board determines otherwise:
 - any and all vested options held by the participant which have not been exercised will continue in force and remain exercisable until the expiry date;
 - the participant will be entitled to continue to hold all vested Share Awards and loan funded Shares;
 - all unvested options and/or performance rights held by the Participant will automatically lapse; and
 - all unvested Share Awards and/or loan funded Shares held by the Participant will be automatically surrendered by the Participant.

A participant will be a "bad leaver" if the participant resigns, is terminated for performance or is terminated or dismissed for misconduct.

- If a participant is a "good leaver":
 - unless the Board determines otherwise any and all vested options held by the participant which have not been exercised will continue in force and remain exercisable until the Expiry Date;
 - the Participant will be entitled to continue to hold all vested Share Awards and loan funded Shares; and
 - the Board may determine the manner in which any unvested Awards held by the participant will be dealt with.

A participant is a "good leaver" if they are not a "bad leaver".

- The LTI Plan limits the number of Awards that the Company may grant without Shareholder approval, such that the sum of all Awards on issue (assuming all options and performance rights were exercised) do not at any time exceed in aggregate 25% of the fully diluted share capital of the Company as at the date of any proposed new Awards.
- The Board may delegate management and administration of the LTI Plan, together with any of their powers or discretions under the LTI Plan, to a committee of the Board or to any one or more persons selected by them.
- Subject to the Listing Rules and the Constitution, the Board may at any time amend the LTI Plan or the terms and conditions upon which Awards have been issued under the LTI Plan provided, generally, that the amendment does not materially reduce the rights of any Participant in respect of Awards granted to them.
- The Board may elect to use an employee share trust or other mechanism for the purposes of holding Awards and/or Shares for Participants under the Plan, and delivering Plan Shares on

behalf of Participants upon exercise of Options and/or Performance Rights (as the case may be).

Awards may be granted to Eligible Participants residing in Australia, the United States of America, France, or other jurisdictions, as approved by the Board from to time, under the LTI Plan subject to any local law and local tax requirements.



BrainChip Holdings Ltd
ABN 64 151 159 812

BRN

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000



Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10:00am (Sydney time) Tuesday, 8 May 2018

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of BrainChip Holdings Ltd hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of BrainChip Holdings Ltd to be held at The EY Centre, Level 34, 200 George Street, Sydney, New South Wales on Thursday, 10 May 2018 at 10:00am (Sydney time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4, 5, 6, 7, 8, 9, 10, 11 and 13 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4, 5, 6, 7, 8, 9, 10, 11 and 13 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4, 5, 6, 7, 8, 9, 10, 11 and 13 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Grant of Options to Adam Osseiran	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Eric (Mick) Bolto as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Grant of Options to Julie Stein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Adam Osseiran as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Increase in Non-Executive Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares to Louis DiNardo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 12	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Performance Rights to Louis DiNardo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 13	Extension of Expiry Date of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	New BrainChip Long Term Incentive Plan - Approval of future issuances, financial assistance and buy-backs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 7	Grant of Options to Eric (Mick) Bolto	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 8	Grant of Options to Emmanuel Hernandez	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. 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.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/ /

BRN

2 3 7 5 3 5 A

Computershare +