



BRAINCHIP HOLDINGS LTD
ABN 64 151 159 812

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Level 27, Angel Place 123 Pitt Street, Sydney NSW 2000, on 30 May 2019 at 2:00 pm (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.

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 Ltd ACN 151 159 812 ("**BrainChip**" or "**Company**") will be held at Level 27, Angel Place 123 Pitt Street, Sydney NSW 2000, on 30 May 2019 at 2:00 pm (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 28 May 2019.

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 2018, 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 2018."

Note: the vote on this resolution is advisory only and does not bind the directors or the Company.

If this resolution attracts an "Against" vote of less than 25%, the Board Spill Meeting Resolution as contained within this Notice of Meeting will not need to be put to the Meeting.

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 EMMANUEL HERNANDEZ 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, Emmanuel Hernandez who retires by rotation and being eligible offers himself for re-election, be re-elected as a Director of the Company."

4. RESOLUTION 3 - ELECTION OF STEPHE WILKS 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 81 of the Constitution and ASX Listing Rule 14.5 and for all other purposes, Stephe Wilks, having been appointed by the Board as a director to fill a casual vacancy until the next annual general meeting, retires and, being eligible, be elected as a Director of the Company."

5. RESOLUTION 4 – ADOPTION OF CONSTITUTION

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

"That, with effect from the close of this Meeting:

- a) the existing constitution of the Company be repealed in its entirety in accordance with section 136(2) of the Corporations Act 2001 (Cth); and*
- b) the Company adopts the constitution contained in the Annexure as the constitution of the Company in accordance with section 136(1)(b) of the Corporations Act 2001 (Cth)."*

6. RESOLUTION 5 - 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.

7. RESOLUTION 6 - GRANT OF OPTIONS TO STEPHE WILKS

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 8,000,000 Options to Stephe Wilks 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.

8. RESOLUTION 7 - GRANT OF OPTIONS TO LOUIS DINARDO

This Resolution 7 is being put to Shareholders to approve an issue of 7,500,000 Options to Louis DiNardo which will be issued in place of 7,500,000 Performance Rights held by Louis DiNardo that are proposed to be cancelled under Resolution 8. The cancellation of Louis DiNardo's Performance Rights under Resolution 8 is conditional on Shareholders approving this Resolution 7.

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 7,500,000 Options 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.

9. RESOLUTION 8 – CANCELLATION OF PERFORMANCE RIGHTS HELD BY LOUIS DINARDO

The following resolution is conditional upon Shareholders approving the resolution proposed at Resolution 7 (Grant of Options 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 6.23.2 and for all other purposes, Shareholders approve the cancellation of 7,500,000 Performance Rights held by 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.

10. RESOLUTION 9 – CONDITIONAL BOARD SPILL MEETING

The following resolution is conditional upon at least 25% of the votes cast on the resolution proposed at Resolution 1 (Remuneration Report) being cast against the adoption of the Remuneration Report.

Note: If you do not want the spill meeting to take place – vote "Against" this resolution.

If you do want the spill meeting to take place – vote “For” this resolution.

If required, to consider and if thought fit to pass the following ordinary resolution:

“That:

1. *An extraordinary general meeting of the Company (Spill Meeting) be held within 90 days of the passing of this resolution;*
2. *All of the non-executive directors in office when the Board resolution to approve the Directors’ Report for the financial year ended 31 December 2018 was passed, and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
3. *Resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of shareholders at the Spill Meeting.”*

Dated: 26 April 2019

By order of the Board



Kim Clark

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 5 - 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 in the proposed issue of any Shares under the placement facility and any of their associates; and
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, and any of their associates, as a result of any proposed issue of shares 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 6 - Grant of Options to Stephe Wilks

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

- (a) Stephe Wilks (or his nominee) and any associate of Stephe Wilks (or his nominee); and
- (b) any director of the Company who is eligible to participate in the BrainChip Long Term Incentive Plan (which was approved by Shareholders at the Annual General Meeting of the Company on 10 May 2018).

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 7 - Grant of Options 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 director of the Company who is eligible to participate in the BrainChip Long Term Incentive Plan (which was approved by Shareholders at the Annual General Meeting of the Company on 10 May 2018).

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 8 – Cancellation of Performance Rights held by Louis DiNardo

The Company will disregard any votes cast on this resolution by or on behalf of Louis DiNardo and any of his associates.

The Company will not disregard a vote if:

- (a) 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
- (b) 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.

Further voting exclusions for Resolutions 6, 7 and 8

In accordance with section 250BD of the Corporations Act, a vote on Resolution 6, 7 and 8 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 on these resolutions, and;

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on the resolution, 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 9 – Condition Board Spill Meeting

The Company will disregard any votes cast on this Resolution:

- (a) by or on behalf of a member of the Key Management Personnel of the Company whose remuneration is included in the Company's Remuneration Report for the year ended 31 December 2018 or a closely related party of such a member; and
- (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.

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, 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.

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 Level 27, Angel Place 123 Pitt Street, Sydney NSW 2000 on 30 May 2019 at 2:00 pm (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 2:00 pm (Sydney time) on 28 May 2019, 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>;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements in the Annual Report and the independence of the auditor in relation to the conduct of the audit, and
- (d) ask questions about, or make comments on, the remuneration 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 content of the Auditor's Report;
- (b) 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 adoption of 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 for the year ended 31 December 2017 received a Strike at the 2018 Annual General Meeting. As a result, should the Remuneration Report receive a Strike at this Meeting, Resolution 9 will be put to this meeting and this may result in the re-election of the Board. See below explanatory information for Resolution 9 in relation to the conditional Board Spill Meeting Resolution.

Since the 2018 Annual General Meeting, the Board has continued to review the approach taken to the Company's overall remuneration, and its appropriateness to the Company's circumstances.

The Board identified a principal concern of Shareholders at the 2018 AGM as being the award of incentive shares to management, and the potential impact of those awards on trading in the Company's shares.

Despite those concerns, Shareholders agreed to those awards to the CEO at the 2018 AGM.

During the 2018 financial year (ending 31 December 2018) the first tranche of shares awarded to the CEO, Lou DiNardo, vested. Unfortunately, US tax regulation effectively triggers the need for an immediate sale of a proportion of shares as they vest, to meet the recipient's tax obligations. This occurred in December 2018, with the consequence of a large number of shares being sold by the Company's incentive scheme manager – which may not have been expected by the market at that time.

In recognition of the issues raised by Shareholders, and the consequences of the tax driven sale of shares by the Company's incentive scheme manager, the CEO and Board commenced a discussion around alternative possible arrangements.

The Company has now reached an agreement with the CEO to:

- a. cancel his existing 7,500,000 performance rights (which were due to vest in the coming months; and which would otherwise convert into shares in the Company, with no additional payment required – as agreed by shareholders at the previous AGM); and
- b. in exchange, accept a grant of 7,500,000 options with a strike price of 10c (which is materially above the current market price).

This agreement comes at a material cost to the CEO – an additional payment to exercise the options of \$750,000 which he otherwise had no obligation to take on. The Board is grateful to the CEO for agreeing to the proposed arrangement.

In addition, the Company and shareholders benefit from the fact that there is no immediate trigger for a tax obligation through the issue of options, and hence no 'forced' selling into the market.

Outside that issue, the Company believes that the appropriate balance has been struck in the current remuneration arrangements as set out in this Report.

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

5. RESOLUTION 2 – RE-ELECTION OF EMMANUEL HERNANDEZ AS DIRECTOR

Resolution 2 seeks approval for the re-election of Emmanuel Hernandez 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 three 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.

Mr Hernandez was appointed as a Director on 7 July 2017 and accordingly retires from office in accordance with the above requirements and submits himself for re-election. Mr Hernandez is considered an independent non-executive Director.

Mr. Hernandez is a highly regarded Silicon Valley technology executive with a broad experience of more than 40 years in the Semiconductor industry, more than 12 years in the Renewable Energy industry and more than 10 years in the Communications and Networking industry and cumulative public and private board experience of more than 16 years.

His professional resume includes key roles with some of Silicon Valley's largest and most successful technology companies including National Semiconductor (acquired by Texas Instruments in 2012), Cypress Semiconductor (NASDAQ: CY) and ON Semiconductor (NASDAQ: ON). Mr. Hernandez served in various finance capacities at National Semi between 1976-1993, then joined Cypress Semi where he served as Chief Financial Officer (“CFO”) between 1993-2004. Mr. Hernandez then joined SunPower Corp where he served as CFO between 2005-2008. Mr. Hernandez's executive successes have led him to be a highly sought-after operating consultant and board member including serving as an operating Partner at Khosla Ventures, a prominent Silicon Valley venture capital firm.

Mr. Hernandez has been a Director of ON Semiconductor since 2002. Other previous board service includes SunEdison (renewable energy), Aruba Networks, (enterprise networking) acquired by Hewlett Packard Enterprise in 2015, EnStorage, Inc., (flow battery/storage technology) and Soraa, Inc., (LED and laser technology). Mr Hernandez is Chair of the Company's Remuneration & Nomination Committee and also serves as a member of the Audit & Governance Committee.

Directors recommendation

The Board (with Emmanuel Hernandez abstaining) supports the re-election of Emmanuel Hernandez and recommends that Shareholders vote in favour of this resolution.

The Chairman intends to exercise all available proxies in favour of this resolution.

6. RESOLUTION 3 - ELECTION OF STEPHE WILKS AS DIRECTOR

Resolution 3 seeks approval for the election of Stephe Wilks as a Director with effect from the end of the Annual General Meeting.

In accordance with Listing Rule 14.4, a director appointed to fill a casual vacancy must not hold office (without re-election) past the next annual general meeting of the company. In addition, clause 81 of the Constitution provides that a person appointed by the Board as a director to fill a casual vacancy will hold office until the next general meeting of the Company, when the director may be elected by shareholders.

Mr Wilks was appointed as a Director to fill a casual vacancy with effect from 11 February 2019. As his appointment will terminate at the Annual General Meeting, he submits himself for election by shareholders at the Meeting. Mr Wilks is considered an independent non-executive Director.

Mr Wilks joined the board in February 2019 and currently serves as Non-Executive Director of ASX listed companies (noted below) and is a Non-Executive Director and Chair of Interactive Pty Ltd, Australia's largest private IT services company. In addition, he was founder and Managing Director of XYZed, where he developed and managed Australia's first competitive broadband wholesaler, having earlier worked for Optus, British Telecom, and

Hong Kong Telecom advising on public affairs, regulatory and government issues. Mr Wilks is a graduate of Macquarie University with Science and Law degrees and received his advanced degree from the University of Sydney in Law and Tax.

Other directorships:

- Non-Executive Director of BluGlass Limited (ASX:BLG) (May 2018 – present);
- Non-Executive Director of DataDot Technology Limited (ASX:DDT) (February 2018 – present).

Directors recommendation

The Board (with Stephe Wilks abstaining) supports the election of Stephe Wilks and recommends that Shareholders vote in favour of this resolution.

The Chairman intends to exercise all available proxies in favour of this resolution.

7. RESOLUTION 4 – ADOPTION OF CONSTITUTION

The Company has undertaken a comprehensive review of its Constitution and has determined that it is appropriate to update the constitution to more closely reflect the current form of the Company and changes to the Corporations Act, the ASX Listing Rules and other regulatory requirements since the Constitution was first adopted. Rather than make significant amendments to the Company’s existing Constitution, the Directors believe that it is preferable to repeal the current Constitution and replace it with a new Constitution.

The proposed new Constitution contains a number of changes to the Company’s current Constitution, many of which are administrative or relative minor in nature. An overview of the material differences between the current Constitution and the proposed new Constitution is set out below.

As a result, Shareholders are requested to consider the adoption of a new constitution.

<p>Definitions, defined terms and general updates</p>	<p>The proposed new Constitution updates certain rules of the current Constitution in light of changes that have been made to the Corporations Act and ASX Listing Rules since the adoption of the current Constitution, and updates some of the definitions used in the Constitution to reflect current terminology, although where possible it relies on defined terms in the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules.</p> <p>In addition, where appropriate, the new Constitution removes restatements of existing requirements contained in the Corporations Act or the ASX Listing Rules, which would otherwise require amendment in the event of legislative or regulatory change.</p>
<p>Compulsory sale of non-marketable parcels</p>	<p>Rule 26 of the proposed new Constitution allows the Company to sell non-marketable parcels of the Company’s shares. Non-marketable parcels of shares are holdings with a value of less than \$500. This right is permitted under ASX Listing Rules 15.13, 15.13A and 15.13B, however, it is not enlivened unless this additional drafting is included in the Company’s Constitution.</p>

<p>Proportional takeover approval provisions</p>	<p>Consistently with sections 648D and 648G of the Corporations Act, and in line with current market practice, the proposed new Constitution contains proportional takeover approval provisions. These provisions prohibit the registration of a transfer of shares or other securities in the Company resulting from a proportional takeover bid, unless the relevant holders of the shares (or other securities) of the Company in meeting approve the proportional takeover bid.</p> <p>Rule 27 of the proposed new Constitution contains these proportional takeover approval provisions which reflect the requirements in the Corporations Act.</p> <p>The Board does not intend to propose at the Meeting a resolution for Shareholders approve the proportional takeover approval provisions in Rule 27 of the new Constitution. Whilst the Board is not proposing for Shareholders to vote on the proportional takeover provisions in Rule 27 of the new Constitution at this Meeting, the Board will continue to evaluate whether it is appropriate to propose such a resolution at future meetings.</p>
<p>Direct voting</p>	<p>The ASX Corporate Governance Council encourages listed companies to consider ways to facilitate shareholder participation in shareholder meetings. In line with current market practice, the proposed new Constitution includes Rule 14.14 which enables Directors to determine that direct voting applies to a meeting of shareholders and the procedures for direct voting at the applicable meeting. Direct voting enables shareholders to vote on a resolution to be considered at a meeting without the need to attend the meeting or to appoint a proxy (or other representative). A ‘direct vote’ includes a vote delivered to the Company by post, fax or other electronic means approved by the Directors.</p>
<p>Nomination</p>	<p>Under the new Constitution, shareholders that wish to nominate a person as a candidate for election as a Director must give written notice to the Company at least 35 Business Days before the general meeting, or 30 business days if the shareholders have requested the Directors call the meeting.</p> <p>The current Constitution is silent on timing of receipt of such nominations. ASX Listing Rule 14.3 provides that an entity must accept nominations for the election of directors up to 35 business days before the date of a general meeting at which Directors may be elected, unless the entity’s Constitution provides otherwise.</p> <p>Rule 15.4.5 in the proposed new Constitution is consistent with ASX Listing Rule 14.3 and will ensure there is sufficient time for the Company to finalise the Notice of Meeting in relation to any director nominations and have this notice dispatched to shareholders.</p>

Dividends	<p>Rule 23 in relation to payment of dividends updates the current Constitution to reflect amendments that have been made to the Corporations Act since the current Constitution was adopted which provide that companies are no longer restricted to paying dividends out of profits.</p> <p>Rule 23.2 of the proposed Constitution provides that no dividend may be paid except as allowed by the Corporations Act which replaces current rule 113(1) which provides that the Directors may from time to time out of profits of the Company pay such dividends as appear to the Directors to be justified by the profits of the Company.</p> <p>In addition, Rule 23.10 of the proposed new Constitution now specifically provides that the Company may pay dividends by way of bank transfer in addition to payment by cheque mailed to the shareholders.</p>
Notices	<p>The proposed new Constitution now specifically provides for notices to be sent by means other than post including facsimile and other electronic means to the postal address, facsimile number or electronic address supplied by the shareholder to the Company for the receipt of notices from the Company.</p>

This resolution 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).

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of this resolution.

The Chairman intends to exercise all available proxies in favour of this resolution.

8. RESOLUTION 5 - 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.

This resolution 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 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 this resolution 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, the Company will generally be permitted to issue up to 25 percent of its 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 this resolution 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 1,049,883,519 Shares and currently has the capacity to issue:

- (i) 155,634,047 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under this resolution, 103,758,051 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 this resolution 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 this resolution 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. 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 exercise of options 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\$0.028 50% decrease in Issue Price	A\$0.056 Issue Price	A\$0.084 50% increase in Issue Price
Current Variable A 1,041,883,519 Shares	10% Voting Dilution	104,188,351 Shares	104,188,351 Shares	104,188,351 Shares
	Funds raised	A\$2,917,274	A\$5,834,548	A\$8,751,822
50% increase in current Variable A	10% Voting Dilution	156,282,526 Shares	156,282,526 Shares	156,282,526 Shares
	Funds raised	A\$4,375,911	A\$8,751,822	A\$13,127,732
100% increase in current Variable A	10% Voting Dilution	208,376,702 Shares	208,376,702 Shares	208,376,702 Shares
	Funds raised	A\$5,834,548	A\$11,389,095	A\$17,503,643

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 and not performance rights vest 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\$0.056, being the closing price of the Shares on ASX on 09 April 2019.
- (e) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under this resolution for the issue of the Equity Securities will cease to be valid if 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 the continued development and commercialisation of products, acquisition of new business assets or investments (including associated expenses) and/or general working capital.
- (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 previously obtained Shareholder approval under Listing Rule 7.1A with the last approval being at its 2018 Annual General Meeting held on 10 May 2018.
- (m) In the twelve months preceding the date of this Meeting, the Company has not issued any Shares or Options under the approval obtained at its 2018 Annual General Meeting in respect of Listing Rule 7.1A.

In accordance with Listing Rules 7.3A.6(a) and 7.3A.6(b) the Company makes the following disclosure:

- Equity Securities on issue as at 30 May 2018 totalled 969,080,489 securities; and
- Total Equity Securities issued in the 12 months preceding the meeting (as detailed in the table below) totalled 118,253,030 representing 12.2% of the total Equity Securities on issue as at 30 May 2018.

Equity Securities Issued in the 12 months period preceding the meeting

Equity Securities Issued	Date of Issue	Class of Securities	Price (including discount to closing market price of the date of issue)	Cash or Non-Cash Consideration and value	Purpose and use of consideration
15,000,000	08/06/2018	Fully Paid Ordinary Shares	\$0.115 being the market close market price on the date of issue	\$1,725,000 as calculated on the market close price on the date of issue	Issued to Mr Louis DiNardo as remuneration (per Shareholder approval at the Annual General Meeting on 10 May 2018)
15,000,000	08/06/2018	Performance Share Rights	N/A	N/A	Issued to Mr Louis DiNardo (Director) under the Company Employee Share Plan (per Shareholder approval at the Annual General Meeting on 10 May 2018)
1,500,000	08/06/2018	Options	1,000,000, options subject to an exercise price of \$0.155 per option 500,000, options subject to an exercise price of \$0.18 per option	N/A	Issued to employees under the Company Employee Share Plan

18,950,000	08/06/2018	Performance Share Rights	N/A	N/A	Issued to employees and officers under the Company Employee Share Plan
500,000	18/07/2018	Options	Subject to an exercise price of \$0.145 per option	N/A	Issued to employees under the Company Employee Share Plan
50,000	18/07/2018	Performance Share Rights	N/A	N/A	Issued to employees under the Company Employee Share Plan
10,000,000	09/10/2018	Fully Paid Ordinary Shares	N/A	N/A	Issued to the Trustees of the Employee Share Trust for the purposes of administering the share trust
49,500,000	09/10/2018	Fully Paid Ordinary Shares	N/A	N/A	Vesting of Performance Share Rights (issued prior to 30 May 2018)
6,000,000	18/10/2018	Fully Paid Ordinary Shares	N/A	N/A	Vesting of Performance Share Rights (issued prior to 30 May 2018)
303,030	21/12/2018	Fully Paid Ordinary Shares	\$0.093 being the market close market price on the date of issue	\$28,181.79 as calculated on the market close price on the date of issue	Issued to TMT Analytics Pty Ltd pursuant to a professional services agreement
650,000	21/12/2018	Options	Subject to an exercise price of \$0.14 per option	N/A	Issued to employees under the Company Employee Share Plan

400,000	21/12/2018	Performance Share Rights	N/A	N/A	Issued to employees under the Company Employee Share Plan
400,000	18/01/2019	Performance Share Rights	N/A	N/A	Issued to employees under the Company Employee Share Plan

There was no cash raised by the issue of these securities.

At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

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 this resolution.

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

9. RESOLUTION 6 – GRANT OF OPTIONS TO STEPHE WILKS

The Board proposes to issue 8,000,000 Options to Stephe Wilks in accordance with the remuneration strategy of the Company.

Each Option will be issued under the BrainChip Long Term Incentive Plan (which was approved by Shareholders at the Annual General Meeting of the Company on 10 May 2018), is exercisable into one fully paid ordinary Share and has a \$0.075 exercise price.

The Options have the following key terms and conditions:

- (a) Vesting Schedule - 25% on each anniversary of the grant date of the Options with the grant date to be within 5 business days of the receipt of Shareholder approval in accordance with this resolution;
- (b) Expiry date – the Options will expire 10 years from the grant date;

- (c) Exercise Period – the period from the vesting date up to the Expiry Date during which a vested Option may be exercised.
- (d) Exercise Price - \$0.075
- (e) Lapsing – unless the Board otherwise determines, in its sole and absolute discretion, subject to the Listing Rules, Options will lapse on the earlier of:
 - (i) the expiry of the applicable period for exercise;
 - (ii) the forfeiture of the relevant Option in accordance with the BrainChip Long Term Incentive Plan;
 - (iii) if applicable Vesting Conditions are not achieved by the relevant time;
 - (iv) if the Board determines in its reasonable opinion that the applicable Vesting Conditions have not been met prior to the Expiry Date; or
 - (v) on the Expiry Date.
- (f) Other terms – the Options are otherwise on the terms and conditions set out in the BrainChip Long Term Incentive Plan.

Stephe Wilks, as a director of the Company, is a related party of the Company. Accordingly, shareholder approval is required for the grant of the Options under Listing Rule 10.14. If Shareholder approval is given under Listing Rule 10.14 pursuant to this Resolution, Shareholder approval under Listing Rule 10.11 is not required.

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 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 reasonable remuneration for the purposes of section 211 of the Corporations Act.

Listing Rule 10.14

In accordance with Listing Rule 10.14, the Company must not issue securities to a director of the Company or an associate of a director under the Long Term Incentive Plan unless it obtains Shareholder approval. Subject to the receipt of Shareholder approval the securities will be issued in accordance with Listing Rule 10.12 exception 4 and upon exercise Listing Rule 10.12 exception 7.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing this resolution will be to allow the Company to issue up to 8,000,000 Options (and issue Shares on exercise of these Options) to Stephe Wilks without using the Company's 15% placement capacity under Listing Rule 7.1. Further to this, the issue of these Options (and issue of shares on exercise of these

Options) under the BrainChip Long Term Incentive Plan also falls within exception 9 in Listing Rule 7.2.

If Shareholder approval is given for the grant of the Options 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 Options will be granted to Stephe Wilks who is a director of the Company.
- (b) The number of Options to be granted is 8,000,000.
- (c) The Options are subject to an exercise price of \$0.075.
- (d) The Options will be granted under the Company's Long Term Incentive Plan.
- (e) Each Director of the Company is entitled to participate in the Long Term Incentive Plan.
- (f) The Company has, during the period since the last Annual General Meeting of the Company, on 10 May 2018 (at which the Company's Long Term Incentive Plan was approved) issued 15,000,000 Performance Share Rights to Mr Louis DiNardo on the terms approved by Shareholders at the Annual General Meeting of the Company on 10 May 2018. These Performance Share Rights were issued subject to the following terms:
 - (i) 7,500,000 vesting on the 6 month anniversary of the date of grant provided that Louis DiNardo remains in office at such date. These Performance Share Rights have vested; and
 - (ii) 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.

No other equity securities have been issued to Directors since approval of the BrainChip Long Term Incentive Plan on 10 May 2018.

- (g) The Company will not provide any loan to Stephe Wilks in connection with the grant of the Options.
- (h) 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).

Directors recommendation

The Board (with Stephe Wilks abstaining) recommends that Shareholders vote in favour of this resolution.

The Chairman intends to exercise all available proxies in favour of this resolution.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on this resolution, 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 this resolution is included in the Voting Exclusions.

10. RESOLUTION 7 – GRANT OF OPTIONS TO LOUIS DINARDO

The Company has reached an agreement with the CEO to:

- a. cancel his existing 7,500,000 performance rights (which were due to vest in the coming months; and which would otherwise convert into shares in the Company, with no additional payment required – as agreed by shareholders at the previous AGM); and
- b. in exchange, accept a grant of 7,500,000 options with a strike price of 10c (which is materially above the current market price).

This agreement comes at a material cost to the CEO – an additional payment to exercise the options of \$750,000 which he otherwise had no obligation to take on. The Board is grateful to the CEO for agreeing to the proposed arrangement.

In addition, the Company and shareholders benefit from the fact that there is no immediate trigger for a tax obligation through the issue of options, and hence no ‘forced’ selling into the market.

This Resolution 7 is being put to Shareholders to approve an issue of 7,500,000 Options to Louis DiNardo which will be issued in place of 7,500,000 Performance Rights held by Louis DiNardo that are proposed to be cancelled under Resolution 8. The cancellation of Louis DiNardo’s Performance Rights under Resolution 8 is conditional on Shareholders approving this Resolution 7.

Each Option will be issued under the BrainChip Long Term Incentive Plan (which was approved by Shareholders at the Annual General Meeting of the Company on 10 May 2018), is exercisable into one fully paid ordinary Share and has a \$0.10 exercise price.

The Options have the following key terms and conditions:

- (a) Vesting – the Options are fully vested on and from the date of issue of the Options;
- (b) Expiry date – the Options will expire 10 years from the grant date;
- (c) Exercise Period – the period from the vesting date up to the Expiry Date during which a vested Option may be exercised.
- (d) Exercise Price - \$0.10
- (e) Lapsing – unless the Board otherwise determines, in its sole and absolute discretion, subject to the Listing Rules, the Options will lapse on the earlier of:
 - (i) the forfeiture of the relevant Options in accordance with the BrainChip Long Term Incentive Plan;
 - (ii) on the Expiry Date.

- (f) Other terms – the Options are otherwise on the terms and conditions set out in the BrainChip Long Term Incentive Plan.

Louis DiNardo, as a director of the Company, is a related party of the Company. Accordingly, shareholder approval is required for the grant of the Options under Listing Rule 10.14. If Shareholder approval is given under Listing Rule 10.14 pursuant to this Resolution, Shareholder approval under Listing Rule 10.11 is not required.

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 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 reasonable remuneration for the purposes of section 211 of the Corporations Act.

Listing Rule 10.14

In accordance with Listing Rule 10.14, the Company must not issue securities to a director of the Company or an associate of a director under the Long Term Incentive Plan unless it obtains Shareholder approval. Subject to the receipt of Shareholder approval the securities will be issued in accordance with Listing Rule 10.12 exception 4 and upon exercise Listing Rule 10.12 exception 7.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing this resolution will be to allow the Company to issue up to 7,500,000 Options (and issue Shares on exercise of these Options) to Louis DiNardo without using the Company's 15% placement capacity under Listing Rule 7.1. Further to this, the issue of these Options (and issue of shares on exercise of these Options) under the BrainChip Long Term Incentive Plan also falls within exception 9 in Listing Rule 7.2.

If Shareholder approval is given for the grant of the Options 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 Options will be granted to Louis DiNardo who is a director of the Company.
- (b) The number of Options to be granted is 7,500,000.
- (c) The Options are subject to an exercise price of \$0.10.
- (d) The Options will be granted under the Company's Long Term Incentive Plan.
- (e) Each Director of the Company is entitled to participate in the Long Term Incentive Plan.

- (f) The Company has, during the period since the last Annual General Meeting of the Company, on 10 May 2018 (at which the Company's Long Term Incentive Plan was approved) issued 15,000,000 Performance Rights to Mr Louis DiNardo on the terms approved by Shareholders at the Annual General Meeting of the Company on 10 May 2018. These Performance Rights were issued for nil consideration and were subject to the following terms:
- (i) 7,500,000 vested on the 6 month anniversary of the date of grant for nil consideration; and
 - (ii) 7,500,000 Performance Rights will vest on the 12 month anniversary of the date of grant for nil consideration provided that Louis DiNardo remains in office at such date.
- No other equity securities have been issued to Directors since approval of the BrainChip Long Term Incentive Plan on 10 May 2018.
- (g) The Company will not provide any loan to Louis DiNardo in connection with the grant of the Options.
- (h) 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).

Directors recommendation

The Board (with Louis DiNardo abstaining) recommends that Shareholders vote in favour of this resolution.

The Chairman intends to exercise all available proxies in favour of this resolution.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on this resolution, 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 this resolution is included in the Voting Exclusions.

It should be noted that the resolution in Resolution 8 (Cancellation of Performance Rights held by Louis DiNardo) is conditional on this Resolution 7 being approved by Shareholders. If this Resolution 7 is not passed by Shareholders, then Resolution 8 will not be put to Shareholders to approve at this Meeting and the 7,500,000 Performance Rights held by Louis DiNardo will not be cancelled and will continue to be held by Louis DiNardo.

11. RESOLUTION 8 – CANCELLATION OF PERFORMANCE RIGHTS HELD BY LOUIS DINARDO

The Company issued 15,000,000 Performance Rights to Louis DiNardo on 8 June 2018 pursuant to the terms of the BrainChip Long Term Incentive Plan and subject to Shareholder approval that was sought and obtained at the Company's 2018 Annual General Meeting held on 10 May 2018. These Performance Rights were issued to Louis DiNardo in recognition of his performance since he joined the Company in September 2016.

The terms of the Performance Rights are set out in the 2018 Notice of Annual General Meeting with each Performance Right having the following vesting schedule:

- (a) 7,500,000 Performance Rights vested on the 6 month anniversary of the date of grant (ie. on 8 December 2018); and
- (b) 7,500,000 Performance Rights will vest on the 12 month anniversary of the date of grant (ie. on 8 June 2019) provided that Louis DiNardo remains in office at such date.

7,500,000 of these Performance Rights have already vested and automatically exercised into 7,500,000 Shares which were issued to Louis DiNardo in late 2018. In total, there are 7,500,000 Performance Rights remaining which will vest on the 12 month anniversary of the date of grant (ie. on 8 June 2019) provided that Louis DiNardo remains in office at such date.

Subject to Resolution 7 being approved by Shareholders, the Company proposes to cancel the 7,500,000 Performance Rights held by Louis DiNardo and issue Louis DiNardo with 7,500,000 Options on the terms set out in Resolution 7. The cancellation of Louis DiNardo's 7,500,000 Performance Rights under this Resolution 8 is conditional on Shareholders approving the issue of 7,500,000 Options to Louis DiNardo under Resolution 7.

Louis DiNardo has agreed to this cancellation of his Performance Rights in accordance with the terms of the BrainChip Long Term Incentive Plan, subject to Resolution 7 being approved by Shareholders at this Meeting.

Listing Rule 6.23.2

Under Listing Rule 6.23.2, a change to the terms of options which has the effect of cancelling an option for consideration can only be made if holders of ordinary securities approve the change. ASX treats performance rights as options so Listing Rule 6.23.2 applies to performance rights in the same manner as it does to options.

As such, the Company is seeking Shareholder approval to cancel the 7,500,000 Performance Rights held by Louis DiNardo which are being cancelled in consideration for the issue of 7,500,000 Options on the terms set out in Resolution 7.

Voting exclusions for this resolution are included in the Voting Exclusions.

12. RESOLUTION 9 – CONDITIONAL BOARD SPILL MEETING

This resolution is a conditional resolution and will only be put to Shareholders at this Annual General Meeting if at least 25% of the votes cast on Resolution 1 to adopt the 2018 Remuneration Report are cast against the resolution. This resolution will be decided by poll.

The Corporations Act provides that, if at least 25% of the votes cast on the resolution to adopt the remuneration report at two consecutive annual general meetings are cast against the adoption of the resolution, Shareholders must be given the opportunity to vote on a resolution in the form of this resolution at the second meeting (the "two strikes" rule). As greater than 25% of the votes cast on adoption of the 2017 Remuneration Report at the Annual General Meeting held on 10 May 2018 were cast against the resolution this constitutes a first strike. This Spill Resolution will therefore only need to be put to Shareholders at this Annual

General Meeting if there is a second strike i.e., if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report.

If this Spill Resolution is put to this Annual General Meeting, it will be considered as an ordinary resolution, which means that, to be passed, the resolution requires the approval of a simple majority of the votes cast by or on behalf of Shareholders entitled to vote on the matter.

If this resolution is passed, the Company must hold a further general meeting (Spill Meeting) within 90 days of this Annual General Meeting, to consider the composition of the Board. If a Spill Meeting is required, the date of the meeting will be notified to shareholders in due course.

If a Spill Meeting is held, immediately before the end of the Spill meeting, each of the Non-Executive Directors who were in office when the Board approved the last Directors' Report will automatically cease to hold office, unless they are willing to stand for re-election and are re-elected at the meeting. This means that if a Spill Meeting is held, the following Directors will automatically cease to hold office as Directors of the Company immediately before the end of the Spill Meeting, unless they are willing to stand for re-election and are re-elected at that meeting:

- Stephe Wilks;
- Emmanuel Hernandez;
- Adam Osseiran; and
- Steve Liebeskind.

Accordingly, even if Emmanuel Hernandez and Stephe Wilks are respectively re-elected and elected at this year's Annual General Meeting, they will still need to be re-elected at the Spill meeting (if held) to remain in office after the Spill Meeting.

Each of these Directors would be eligible to stand for re-election at the Spill Meeting, however there is no guarantee that they would do so. As Louis DiNardo is the Managing Director of the Company he is excluded from these requirements under the Corporations Act and so he will continue to hold office without the need to be re-elected at any Spill meeting.

Recommendation

Noting that each of the above-named directors would have a personal interest in the resolution, and will be excluded from voting on the resolution, the Board unanimously recommends that Shareholders vote against this resolution, if it is put to the Meeting. The Chairman of the Annual General Meeting intends to vote all "open" proxies against this Spill Resolution, if it is put to the Meeting.

Voting exclusions for this resolution are 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 2018.

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 Ltd (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.

Listing Rules means the listing rules of ASX.

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

Notice means this notice of meeting dated 26 April 2019 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 be allotted one Share subject to any vesting conditions.

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.

Spill Meeting has the meaning given to that term in Resolution 7 of the Notice.

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

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



BrainChip Holdings Ltd
 ABN 64 151 159 812

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

XX



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 2:00pm (Sydney time) Tuesday, 28 May 2019

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

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

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 Level 27, Angel Place 123 Pitt Street, Sydney NSW 2000 on Thursday, 30 May 2019 at 2:00pm 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, 6, 7, 8 and 9 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 6, 7, 8 and 9 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Resolution 9 where the Chairman of the Meeting intends to vote against.

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, 6, 7, 8 and 9 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
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Emmanuel Hernandez as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Election of Stephe Wilks as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Adoption of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Grant of options to Stephe Wilks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Grant of Options to Louis Dinardo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Cancellation of Performance Rights held by Louis Dinardo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Conditional Board Spill Meeting	<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 with the exception of Resolution 9 where the Chairman of the Meeting intends to vote against. 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 <input style="width: 90%; height: 20px;" type="text"/>	Securityholder 2 <input style="width: 90%; height: 20px;" type="text"/>	Securityholder 3 <input style="width: 90%; height: 20px;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____