

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

AirXpanders, Inc. (Company)

ABN

26 604 398 423

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | CHESS Depository Interests (CDIs) (quoted) representing shares of Class A common stock of the Company (unquoted) (Shares) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 401,613 CDIs (representing 133,871 Shares). (Three CDIs is equivalent to one Share). |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <ul style="list-style-type: none"> • 52,185 CDIs were issued following the exercise of 17,395 Options (unquoted) to subscribe for 17,395 Shares (unquoted). • 349,428 CDIs were issued following the net exercise of 119,317 Warrants (unquoted) to subscribe for 116,476 Shares (unquoted). |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>The CDIs rank equally with the existing class of quoted securities.</p>
<p>5 Issue price or consideration</p>	<ul style="list-style-type: none"> • 16,232 Shares (equivalent to 48,696 CDIs) following the exercise of 16,232 Options with an exercise price of US\$0.30 per Share (US\$0.10 per CDI) • 1,163 Shares (equivalent to 3,489 CDIs) following the exercise of 1,163 Options with an exercise price of US\$0.50 per Share (US\$0.1667 per CDI) • 116,476 Shares (equivalent to 349,428 CDIs) following the net exercise of 119,317 Warrants with an exercise price of US\$0.005 per Share (US\$0.001667 per CDI)
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>All Shares issued on exercise of Options were issued under the 2015 Equity Incentive Plan released to the ASX Market Announcements Platform on 19 June 2015.</p> <p>The Warrants were issued pursuant to the terms as detailed in the Prospectus issued by the Company and released to the ASX Market Announcements Platform on 19 June 2015.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>22 May 2018</p>

+ See chapter 19 for defined terms.

6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	401,613 CDIs (representing 133,871 Shares)
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<p>Rule 7.1 13,856,036 Shares (equivalent to 41,568,108 CDIs)</p> <p>Rule 7.1A 9,607,727 Shares (equivalent to 28,823,181 CDIs)</p> <p>Total: 23,463,763 Shares (70,391,289 in equivalent CDIs)</p>
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	CDIs: progressively over the period from 1 June 2018 – 19 July 2018

+ See chapter 19 for defined terms.

	Number	+Class
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	288,231,837 (assuming all issued Shares are held as CDIs). CHESS Depository Interests (CDIs)

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	5,286,537 Options* (to subscribe for a total of 5,286,537 Shares; equivalent to 15,859,611 CDIs)
		769,767 warrants** (to subscribe for a total of 769,767 Shares; equivalent to 2,309,301 CDIs).

* 17,395 Options have been exercised and converted to Shares as per this Notice, and 2,109,575 Options have recently been cancelled.

** 119,317 Warrants have been exercised as per this Notice.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company does not expect to pay dividends in the foreseeable future.
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Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A

+ See chapter 19 for defined terms.

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A

+ See chapter 19 for defined terms.

- 29 Date rights trading will end (if applicable)
- 30 How do security holders sell their entitlements *in full* through a broker?
- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities (tick one)
- (a) ⁺Securities described in Part 1
- (b) All other ⁺securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
- 1 - 1,000
 - 1,001 - 5,000
 - 5,001 - 10,000
 - 10,001 - 100,000
 - 100,001 and over

⁺ See chapter 19 for defined terms.

37 A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of ⁺securities for which ⁺quotation is sought

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39 ⁺Class of ⁺securities for which quotation is sought

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40 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?

If the additional ⁺securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now
Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)

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	Number	⁺ Class
42	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in clause 38)	

Quotation agreement

1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

+ See chapter 19 for defined terms.

2 We warrant the following to ASX.


- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(Australian Secretary)

Date 24 July 2018

Print name: Brendan Case

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ⁺ ordinary securities on issue 12 months before the ⁺ issue date or date of agreement to issue	95,890,495 Shares (equivalent to 287,671,485 CDIs) issued
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid ⁺ordinary securities issued in that 12 month period under an exception in rule 7.2 <p style="margin-left: 20px;">11,093 Shares (equivalent to 33,279 CDIs) issued following the exercise of Options progressively over the period 30 June – 4 August 2017</p> <p style="margin-left: 20px;">41,820 Shares (equivalent to 125,460 CDIs) issued following the exercise of Options progressively over the period from 17 September 2017 – 15 December 2017</p> <p style="margin-left: 20px;">17,395 Shares (equivalent to 52,185 CDIs) issued following the exercise of Options progressively over the period from 1 June 2018 – 19 July 2018</p> <p style="margin-left: 20px;">116,476 Shares (equivalent to 349,428 CDIs) issued following the net exercise of Warrants issued prior to the Company listing</p> <ul style="list-style-type: none"> • Number of fully paid ⁺ordinary securities issued in that 12 month period with shareholder approval <p style="margin-left: 20px;">-</p> <ul style="list-style-type: none"> • Number of partly paid ⁺ordinary securities that became fully paid in that 12 month period <p style="margin-left: 20px;">-</p> <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
Subtract the number of fully paid ⁺ ordinary securities cancelled during that 12 month period	-
“A”	96,077,279 Shares (equivalent to 288,231,837 CDIs)

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	14,411,592 Shares (equivalent to 43,234,776 CDIs)
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>Warrant to acquire a total of 277,778 Shares; equivalent to 833,334 CDIs – issued 4 August 2017</p> <p>Warrant to acquire a total of 277,778 Shares; equivalent to 833,334 CDIs – issued 26 April 2018</p>
“C”	555,556 Shares (equivalent to 1,666,668 CDIs)
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	14,411,592 Shares (equivalent to 43,234,776 CDIs)
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	555,556 Shares (equivalent to 1,666,668 CDIs)
Total [“A” x 0.15] – “C”	13,856,036 Shares (equivalent to 41,568,108 CDIs) <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	96,077,279 Shares (equivalent to 288,231,837 CDIs)
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	9,607,727 Shares (equivalent to 28,823,181 CDIs)
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	-
“E”	-
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	9,607,727 Shares (equivalent to 28,823,181 CDIs)
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	-
Total [“A” x 0.10] – “E”	9,607,727 Shares (equivalent to 28,823,181 CDIs) <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.