

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

BrainChip Holdings Ltd

ABN

64 151 159 812

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 | Convertible Note – Conversion |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Nil – Ordinary Shares
(136,799) – Convertible Note Conversion |
| 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) | N/A |

+ See chapter 19 for defined terms.

4	Do the ⁺ securities rank equally in all respects from the ⁺ issue date with an existing ⁺ class of quoted ⁺ securities?	Yes
	<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 	
5	Issue price or consideration	\$0.04
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Reduction to Convertible Notes (136,799) in exchange for reallocation of Collateral Shares (4,979,475) in accordance with the Convertible Note terms as announced to ASX on 26 June 2019 and 16 January 2020
6a	Is the entity an ⁺ eligible entity that has obtained security holder approval under rule 7.1A?	Yes
	If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i> , and comply with section 6i	
6b	The date the security holder resolution under rule 7.1A was passed	30 May 2019
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	Nil
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	N/A
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	7.1 - Nil 7.1A – 104,988,351
7	⁺ Issue dates 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. Cross reference: item 33 of Appendix 3B.	Date of reduction 28 January 2020

+ 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)	1,337,375,663 Ordinary Fully Paid
9	Number and class of all securities not quoted on ASX (including all securities in section 2 if applicable)	Refer Attachment A

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Board has not declared a dividend at this time.
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Part 2 - Pro rata issue

11	Is security holder approval required?	Not applicable
12	Is the issue renounceable or non-renounceable?	Not applicable
13	Ratio in which the +securities will be offered	Not applicable
14	+Class of +securities to which the offer relates	Not applicable
15	+Record date to determine entitlements	Not applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Not applicable
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable

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20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable
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	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

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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 (Fully paid ordinary shares only)

(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

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

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

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

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)

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

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 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: Date: 28 January 2020
(Company Secretary)

Print name: Kim Clark

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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	1,049,883,519
<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 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <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> 	<p>Nil</p> <p>Nil</p> <p>Nil</p>
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	1,049,883,519

+ 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	157,482,528
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>130,910,541 plus 26,571,987 being the maximum available shares that could be issued under rule 7.1 capacity in the event of default/conversion of the Convertible Note between the Company and CST Capital dated 25 June 2019.</p>
“C”	157,482,528
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>	157,482,528
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	157,482,528
<p>Total [“A” x 0.15] – “C”</p>	<p>Nil</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ 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>	1,049,883,519
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	104,988,351
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"> • <i>This applies to equity securities – 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>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</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“E”	Nil

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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>	104,988,351
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	104,988,351 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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Attachment A – Item 9 Detail

Item 9 (Number and class of all securities not quoted on ASX (including all securities in section 2 if applicable))	Number	Class	Exercise Price	Expiry Date	Vesting Terms
	400,000	Options	\$0.14 per option	5/10/2028	25% on each of 05/10/2019, 05/10/2020, 05/10/2021 and 05/10/2022
	600,000	Options	\$0.14 per option	16/06/2028	25% on each of 16/06/2019, 16/06/2020, 16/06/2021 and 26/06/2022
	1,000,000	Options	\$0.155 per option	8/06/2028	25% on each of 30/04/2019, 30/04/2020, 30/04/2021 and 30/04/2022
	500,000	Options	\$0.18 per option	8/06/2028	25% on each of 30/04/2019, 30/04/2020, 30/04/2021 and 30/04/2022
	4,800,000	Options	\$0.24 per option	21/12/2020	25% on each of 21/12/2016, 21/12/2017, 21/12/2018 and 21/12/2019
	1,500,000	Options	\$0.23 per option	1/02/2021	25% on each of 01/02/2017, 01/02/2018, 01/02/2019 and 01/02/2020
	15,000,000	Options	\$0.225 per option	30/09/2021	25% on each aof 30/09/2017, 30/09/2018, 30/09/2019 and 30/09/2020

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	23,000,000	Options	\$0.225 per option	30/09/2021	25% on each of 30/12/2017, 30/12/2018, 30/12/2019 and 20/12/2020
	6,000,000	Options	\$0.225 per option	30/09/2021	25% on each of 16/02/2018, 16/02/2019, 16/02/2020 and 16/02/2021
	6,000,000	Options	\$0.225 per option	30/09/2021	25% on each of 31/12/2018, 31/12/2019 and 31/12/2020 noting that the final 25% can only vest upon Change of Control and in accordance with the rules on issue
	2,000,000	Options	\$0.27 per option	10/10/2021	25% on each of 10/10/2017, 10/10/2018, 10/10/2019 and 10/10/2020
	4,000,000	Options	\$0.15 per option	10/10/2021	25% on each of 08/07/2017, 08/07/2018, 08/07/2019 and 08/07/2020
	1,750,000	Options	\$0.245 per option	1/02/2023	Vesting on 1/02/2018
	1,750,000	Options	\$0.245 per option	1/02/2024	Vesting on 1/02/2019
	1,750,000	Options	\$0.245 per option	1/02/2025	Vesting on 1/02/2020
	1,750,000	Options	\$0.245 per option	1/02/2026	Vesting on 1/02/2021
	3,000,000	Options	\$0.245 per option	16/02/2022	N/A
	3,000,000	Options	\$0.245 per option	31/12/2022	N/A

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	100,000	Options	\$0.32 per option	16/02/2022	25% on each of 27/01/2018, 27/01/2019, 27/01/2020 and 27/01/2022
	2,000,000	Options	\$0.185 per option	1/04/2020	N/A
	2,000,000	Options	\$0.185 per option	1/04/2020	N/A
	2,000,000	Options	\$0.165 per option	7/07/2023	Vesting on 7/07/2018
	2,000,000	Options	\$0.165 per option	7/07/2024	Vesting on 7/07/2019
	2,000,000	Options	\$0.165 per option	7/07/2025	Vesting on 7/07/2020
	2,000,000	Options	\$0.165 per option	7/07/2026	Vesting on 7/07/2021
	500,000	Options	\$0.17 per option	14/12/2022	25% on each of 31/07/2018, 31/07/2019, 31/07/2020 and 31/07/2021
	300,000	Options	\$0.185 per option	14/12/2022	25% on each of 28/11/2018, 28/11/2019, 28/11/2020 and 28/11/2021
	400,000	Options	\$0.195 per option	14/12/2022	25% on each of 28/11/2018, 28/11/2019, 28/11/2020 and 28/11/2021
	800,000	Options	\$0.22 per option	13/03/2028	25% on each of 05/03/2019, 05/03/2020, 05/03/2021 and 05/03/2022
	2,000,000	Options	\$0.19 per option	13/03/2028	500,000 on 30/04/2018, 500,000 on 30/09/2018 and 1,000,000 on 16/02/2019

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	150,000	Options	\$0.19 per option	13/03/2028	25% on each of 05/03/2019, 05/03/2020, 05/03/2021 and 05/03/2022
	1,500,000	Options	\$0.19 per option	13/03/2028	Vesting on 09 Dec 2019
	800,000	Options	\$0.19 per option	13/03/2028	Vesting on 15/01/2021
	1,200,000	Options	\$0.19 per option	13/03/2028	Vesting on 05/07/2021
	800,000	Options	\$0.19 per option	13/03/2028	Vesting on 07/10/2021
	200,000	Options	\$0.185 per option	14/12/2022	25% on each of 01/12/2018, 01/12/2019, 01/12/2020 and 01/12/2021
	10,000,000	Options	\$0.068 per option	11/03/2029	25% on each of 11/03/2020, 11/03/2021, 11/03/2022 and 11/03/2023
	10,000,000	Options	\$0.068 per option	11/03/2029	25% on 11/03/2020 followed by 208,333 each month thereafter for 35 months and 208,345 on 11/03/2023
	10,000,000	Options	\$0.061 per option	18/03/2029	25% on each of 11/03/2020, 11/03/2021, 11/03/2022 and 11/03/2023

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	12,000,000	Options	\$0.061 per option	18/03/2029	25% on 11/03/2020 followed by 250,000 each month thereafter for 36 months.
	7,500,000	Options	\$0.10 per option	30/05/2029	N/A
	4,150,000	Options	\$0.054 per option	30/05/2029	4 years from grant date (30/05/2023)
	500,000	Options	\$0.046 per option	23/09/2029	25% on each of 23/09/2020, 23/09/2021, 23/09/2022 and 23/09/2023
	500,000	Options	\$0.052 per option	21/10/2019	25% on 21/10/2020 followed by equal tranches each month thereafter for 36 months.
Total Employee Share Plan (ESP) Options	153,200,000				
Non ESP options	20,000,000	Options	\$0.23 per option	31/05/2020	N/A
	21,868,976	Options	\$0.117 per option	26/06/2022	N/A
Total Options on Issue	203,068,976				
Performance Rights (PR)/Restricted Stock Units (RSU)	0	PSR/RSU	N/A		Vesting on 17/07/2019
	2,950,000	PSR/RSU	N/A		Vesting on 08/06/2020
	300,000	PSR/RSU	N/A		Vesting on 03/09/2020
	200,000	PSR/RSU	N/A		Vesting on 08/10/2020

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	150,000	PSR/RSU	N/A		Vesting on 06/08/2020
	200,000	PSR/RSU	N/A		Vesting on 19/11/2020
	2,000,000	PSR/RSU	N/A		Vesting on 22/06/2021
Total PR's/RSU's on Issue	5,800,000				
Convertible Note (Unlisted)	853,201	Convertible Note	N/A		26/06/2020 (with 3 x 6 mth extensions available at the Company's option)
Total Convertible Notes on Issue	853,201				

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