

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. (**AirXpanders** or the **Company**)

ARBN

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).

- | | |
|---|--|
| <p>1 +Class of +securities issued or to be issued</p> | <p>CHESS Depositary Interests (CDIs) (quoted) representing shares of Class A Common Stock in AirXpanders (Shares).</p> |
| <p>2 Number of +securities issued or to be issued (if known) or maximum number which may be issued</p> | <p>The Company previously estimated that approximately 208,893,798 CDIs (subject to the effect of rounding), representing 69,631,266 new fully paid Shares (Shares) would be issued pursuant to the 15 for 16 non-renounceable pro rata rights offer of new CDIs announced to ASX on 3 August 2018 (Rights Offering).</p> <p>208,894,464 CDIs (quoted) (representing 69,631,488 Shares (unquoted)) have been issued today under the Rights Offering. The additional 666 CDIs (representing 222 Shares (unquoted)) issued under the Rights Offering are a result of the rounding up of fractional entitlements to the nearest whole number of CDIs.</p> |

+ See chapter 19 for defined terms.

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)	As per existing CDIs
4	<p>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 	Yes
5	Issue price or consideration	A\$0.075 per CDI
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>The funds raised from the Rights Offering and a separate private placement will be primarily used by the Company to continue its U.S. commercialisation efforts and for general corporate purposes, including:</p> <ul style="list-style-type: none"> general and inventory working capital; continued investment in sales and marketing; manufacturing and product improvements; and the costs of the Rights Offering and the private placement.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	22 May 2018
6c	Number of +securities issued without security holder approval under rule 7.1	N/A

+ See chapter 19 for defined terms.

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	AirXpanders issued 208,894,464 CDIs, representing 69,631,488 new fully paid Shares, on 30 August 2018 under the Rights Offering (exception 1 and exception 2).
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 3,261,456 Shares (9,784,368 in equivalent CDIs)</p> <p>Rule 7.1A 16,570,876 Shares (49,712,628 in equivalent CDIs)</p> <p>Total: 19,832,332 Shares (59,496,996 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>	30 August 2018

+ See chapter 19 for defined terms.

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		497,126,301 <i>(The Company reports as quoted securities CDIs that would be on issue if all issued Shares had been converted to CDIs.)</i>	CDIs
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		5,286,537 Options (to subscribe for a total of 5,286,537 Shares; equivalent to 15,859,611 CDIs)	Options over Shares (15,859,611 in equivalent CDIs)
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	773,056 Warrants (to subscribe for a total of 773,056 Shares; equivalent to 2,319,168 CDIs).	Warrants
		The Company does not expect to pay dividends in the foreseeable future.	

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	Non-renounceable. Rights were not be tradeable on ASX or otherwise transferable.
13	Ratio in which the ⁺ securities will be offered	15 CDIs offered for every 16 CDIs held at the record date (or 45 CDIs for every 16 Shares held at the record date)
14	⁺ Class of ⁺ securities to which the offer relates	CDIs
15	⁺ Record date to determine entitlements	8 August 2018
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A

⁺ See chapter 19 for defined terms.

17	Policy for deciding entitlements in relation to fractions	Fractional entitlements were rounded up to the nearest whole number of CDIs.
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.	United States, Singapore, Canada, United Kingdom, Switzerland
19	Closing date for receipt of acceptances or renunciations	22 August 2018 (AEST)
20	Names of any underwriters	Canaccord Genuity (Australia) Limited
21	Amount of any underwriting fee or commission	AirXpanders has paid: <ul style="list-style-type: none"> • An underwriting fee equal to 3.5% of the gross proceeds raised under the Rights Offering; and • A management fee equal to 2% of the gross proceeds raised from the Rights Offering.
22	Names of any brokers to the issue	Canaccord Genuity (Australia) Limited
23	Fee or commission payable to the broker to the issue	See above
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	Sent 13 August 2018
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)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Issue date	30 August 2018

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

⁺ See chapter 19 for defined terms.

100,001 and over

- 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		
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: <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		
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)		
42	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the ⁺ securities in clause 38)	Number	⁺ Class

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 30 August 2018

Print name: Brendan Case

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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	95,901,588 Shares issued (287,704,764 in equivalent CDIs)
Add the following: <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>Note:</p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	<p>41,820 Shares (125,460 in equivalent CDIs) issued following the exercise of Options progressively over the period from 17 September 2017 – 15 December 2017</p> <p>17,395 Shares (52,185 in equivalent CDIs) issued following the exercise of Options progressively over the period from 1 June 2018 – 19 July 2018</p> <p>116,476 Shares (349,428 in equivalent CDIs) issued following the net exercise of Warrants issued prior to the Company listing</p> <p>69,631,488 Shares (208,894,464 in equivalent CDIs) issued on 30 August 2018 under the Rights Offering announced on 3 August 2018</p> <p>-</p> <p>-</p>
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	-
“A”	165,708,767 Shares (497,126,301 in equivalent 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	24,856,315 Shares (74,568,945 in equivalent 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 (833,334 in equivalent CDIs) – issued on 4 August 2017</p> <p>Warrant to acquire a total of 277,778 Shares (833,334 in equivalent CDIs) – issued on 26 April 2018</p> <p>Agreement to issue warrant to acquire an expected maximum of 897,180 Shares (2,691,540 in equivalent CDIs) – agreement on 31 July 2018</p> <p>Agreement to issue 20,142,123 Shares (60,426,369 in equivalent CDIs) to funds affiliated with Vivo Ventures – agreement on 3 August 2018 (AEST)</p>
“C”	21,594,859 Shares (64,784,577 in equivalent 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>	24,856,315 Shares (74,568,945 in equivalent CDIs)
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	21,594,859 Shares (64,784,577 in equivalent CDIs)
Total [“A” x 0.15] – “C”	<p>3,261,456 Shares (9,784,368 in equivalent CDIs)</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>	165,708,767 Shares (497,126,301 in equivalent CDIs)
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	16,570,876 Shares (49,712,628 in equivalent 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>	16,570,876 Shares (49,712,628 in equivalent CDIs)
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	-
Total [“A” x 0.10] – “E”	16,570,876 Shares (49,712,628 in equivalent CDIs) <i>Note: this is the remaining placement capacity under rule 7.1A</i>

⁺ See chapter 19 for defined terms.