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28 February 2017

AirXpanders, Inc. Secondary Trading Notice

Notice given under Section 708A(5)(e) of the Corporations Act

Palo Alto, CA, United States – AirXpanders, Inc. (ASX: AXP) (AirXpanders or Company) a medical device company focused on the design, manufacture, sale and distribution of the AeroForm® tissue expander, gives this notice under section 708(5)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by ASIC Class Order 14/827 (**Class Order**)).

Background

AirXpanders announced on 27 January 2017 that it had received commitments from sophisticated and professional investors to subscribe for 48,913,044 CHESS Depository Interests (**CDIs**) (representing 16,304,348 shares of Class A Common Stock) at A\$0.92 per CDI to raise A\$45.0 Million in two tranches (**Placement**).

AirXpanders announced on 3 February 2017 that it had issued 26,536,500 CDIs (representing 8,845,500 shares of Class A Common Stock) under Tranche 1 of the Placement. A\$24.4 million was raised under Tranche 1.

The Company announced on 24 February 2017 that it had issued 22,376,544 CDIs (representing 7,458,848 shares of Class A Common Stock) under the second of the two tranches to complete the Placement and those CDIs will rank equally with the existing CDIs on issue (**Tranche 2 CDIs**).

Statements by AirXpanders

AirXpanders relies on case 1 in section 708A(5) of the Corporations Act (as modified by the Class Order) and gives notice that it has issued the Tranche 2 CDIs without disclosure to investors under Part 6D.2 of the Corporations Act.

As at the date of this notice, AirXpanders:

- 1 has complied with section 601CK of the Corporations Act and section 674 of the Corporations Act; and
- 2 confirms that, there is no information:
 - (a) that has been excluded from a continuous disclosure notice given to ASX in accordance with the ASX Listing Rules; and
 - (b) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of AirXpanders; and
 - (ii) the rights and liabilities attaching to the securities of AirXpanders,to the extent to which it would be reasonable to investors and their professional advisers to expect to find such information in a disclosure document.

- ENDS -

Company

Investor relations

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About AirXpanders:

Founded in 2005, AirXpanders, Inc. (www.airxpanders.com) designs, manufactures and markets innovative medical devices to improve breast reconstruction. The company's AeroForm Tissue Expander System, is used in patients undergoing two-stage breast reconstruction following mastectomy. Headquartered in Palo Alto, California, AirXpanders' vision is to be the global leader in reconstructive surgery products and to become the standard of care in two-stage breast reconstruction. AirXpanders is a publically listed company on the Australian Securities Exchange under the symbol "AXP." AeroForm was granted U.S. FDA de novo marketing authorisation in 2016, first CE mark in Europe in 2012 and is currently licensed for sale in Australia.

Forward-Looking Statements

This announcement contains or may contain forward-looking statements that are based on management's beliefs, assumptions and expectations and on information currently available to management.

All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. These include, without limitation, U.S. commercial market acceptance and U.S. sales of our product as well as, our expectations with respect to our ability to develop and commercialize new products including our ability to obtain reimbursement for our products; ability to become the global leader in reconstructive surgery products and to become the standard of care in two-stage breast reconstruction.

Management believes that these forward-looking statements are reasonable when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. AirXpanders does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. AirXpanders may not actually achieve the plans, projections or expectations disclosed in forward-looking statements. Actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

Foreign Ownership Restriction

AirXpanders' CHES Depository Interests (CDIs) are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (Securities Act) for offers or sales which are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. The holders of AirXpanders' CDIs are unable to sell the CDIs into the US or to a US person unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. Hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

For more information, refer to the Company's website at www.airxpanders.com.