

5 May 2017

AirXpanders issues 2017 Notice of Annual Meeting of Stockholders & Proxy Statement

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, is pleased to present the attached Notice of Annual Meeting of Stockholders & Proxy Statement which will be distributed to stockholders on or about 5 May 2017.

AirXpanders' Annual Meeting of Stockholders will be held at *Johnson Winter & Slattery's Melbourne office* at Level 34, 55 Collins Street, Melbourne, Victoria, Australia on Tuesday, 23 May 2017 at 9.00am Australian Eastern Standard Time (Monday, 22 May 2017 at 4.00pm U.S. Pacific Daylight Time).

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Company	Investor relations
Scott Dodson President & CEO Tel: +1 (650)-390-9008 Email: sdodson@airxpanders.com	Kyahn Williamson WE Buchan Tel: +61 (3) 9866 4722 / + 61 (0)401018828 Email: kwilliamson@buchanwe.com.au

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.

Foreign Ownership Restriction

AirXpanders' CHES Depositary 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.

AIRXPANDERS, INC.

ABN 28 604 398 423

Australian Registered Office: Level 13, 41 Exhibition Street, Melbourne, Victoria, 3000, Australia
USA Office and Headquarters: 1047 Elwell Court, Palo Alto, California, 94303, USA

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS GIVEN that the Annual Meeting of stockholders of AirXpanders, Inc. (**Company**) (ASX: AXP) will be held at Johnson Winter & Slattery's Melbourne office at Level 34, 55 Collins Street, Melbourne, Victoria, Australia on Tuesday, 23 May 2017 at 9.00am Australian Eastern Standard Time (Monday, 22 May 2017 at 4.00pm U.S. Pacific Daylight Time).

Items of Business

1 Election of Directors

To consider and, if thought fit, to pass the following resolutions as separate ordinary resolutions:

- (a) "That Mr Dennis Condon, in accordance with the Company's amended and restated bylaws and certificate of incorporation, and being eligible, offers himself for re-election, be re-elected as a Class II director of the Company."
- (b) "That Ms Elizabeth Hammack, in accordance with the Company's amended and restated bylaws and certificate of incorporation, and being eligible, offers herself for election, be elected as a Class II director of the Company."

2 Approval of 10% Placement Facility

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue 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 ASX Listing Rule 7.1A.2 and on the terms and conditions in the accompanying Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on Item 2 by a person who may participate in the proposed issue, and any of their associates, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares of Class A common stock or CDIs, if the resolution under Item 2 is passed, unless the vote is cast:

- *by a person as proxy for a person who is entitled to vote on Item 2, in accordance with the directions on the proxy form; or*
- *by a person chairing the meeting as proxy for a person who is entitled to vote on Item 2, in accordance with a direction on the proxy form to vote as the proxy decides.*

3 Grant of Options to Mr Scott Dodson, President & CEO and a Director of the Company

Long Term Performance Incentives for the 2016 Financial Year

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval is given, for the purpose of ASX Listing Rule 10.14 and all other purposes, for the Company to grant options to purchase 200,000 shares of Class A common stock (equivalent to 600,000 CDIs) under the Company's 2015 Equity Incentive Plan to the President & CEO and a Director of the Company, Mr Scott Dodson, on the terms set out in the accompanying Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on Item 3 by the directors of the Company (except any director who is ineligible to participate in the 2015 Equity Incentive Plan) and any of their associates, unless the vote is cast:

- *by a person as a proxy for a person entitled to vote on relevant Item, in accordance with the directions on the proxy form; or*
- *by a person chairing the meeting as proxy for a person who is entitled to vote on the relevant Item in accordance with a direction on the proxy form to vote as the proxy decides.*

4 Grant of Options to Non-Executive Directors of the Company

(a) Grant of Options to Mr Barry Cheskin

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval is given, for the purpose of ASX Listing Rule 10.14 and all other purposes, for the Company to grant options to purchase 49,950 shares of Class A common stock (equivalent to 149,850 CDIs) under the 2015 Equity Incentive Plan to Mr Barry Cheskin, in the 2017 financial year, on the terms set out in the accompanying Explanatory Memorandum.”

(b) Grant of Options to Mr Dennis Condon

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval is given, for the purpose of ASX Listing Rule 10.14 and all other purposes, for the Company to grant options to purchase 49,950 shares of Class A common stock (equivalent to 149,850 CDIs) under the 2015 Equity Incentive Plan to Mr Dennis Condon, in the 2017 financial year, on the terms set out in the accompanying Explanatory Memorandum.”

(c) Grant of Options to Ms Elizabeth Hammack

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Item 1(b) being approved by stockholders, approval is given, for the purpose of ASX Listing Rule 10.14 and all other purposes, for the Company to grant options to purchase 49,950 shares of Class A common stock (equivalent to 149,850 CDIs) under the 2015 Equity Incentive Plan to Ms Elizabeth Hammack, in the 2017 financial year, on the terms set out in the accompanying Explanatory Memorandum.”

(d) Grant of Options to Mr Gregory Lichtwardt

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval is given, for the purpose of ASX Listing Rule 10.14 and all other purposes, for the Company to grant options to purchase 49,950 shares of Class A common stock (equivalent to 149,850 CDIs) under the 2015 Equity Incentive Plan to Mr Gregory Lichtwardt, in the 2017 financial year, on the terms set out in the accompanying Explanatory Memorandum.”

(e) Grant of Options to Ms Zita Peach

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval is given, for the purpose of ASX Listing Rule 10.14 and all other purposes, for the Company to grant options to purchase 49,950 shares of Class A common stock (equivalent to 149,850 CDIs) under the 2015 Equity Incentive Plan to Ms Zita Peach, in the 2017 financial year, on the terms set out in the accompanying Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on Items 4(a), (b), (c), (d) or (e) by the directors of the Company (except any director who is ineligible to participate in the 2015 Equity Incentive Plan) and any of their associates, unless the vote is cast:

- *by a person as a proxy for a person entitled to vote on the relevant Item, in accordance with the directions on the proxy form; or*
- *by a person chairing the meeting as proxy for a person who is entitled to vote on the relevant Item in accordance with a direction on the proxy form to vote as the proxy decides.*

Record Date

You may vote at the meeting if you were a stockholder of record or a beneficial owner of shares held in street name on 14 April 2017 at 7.00pm Australian Eastern Standard Time (2.00am U.S. Pacific Daylight Time) (the **Record Date**).

Voting by Proxy

Whether or not you plan to attend the Annual Meeting in person, you are urged to vote or submit your proxy card or CDI Voting Instruction Form as soon as possible so that your shares can be voted at the Annual Meeting in accordance with your instructions.

Please note that you are entitled to vote only if you were a stockholder of the Company on the Record Date. This means that owners of shares of Class A common stock in the Company as of that date are entitled to vote at the Annual Meeting and any adjournments or postponements of the meeting. Record holders of CDIs as of the Record Date, are entitled to receive notice of and to attend the meeting or any adjournment or postponement of the meeting and may instruct the Company's CDI depositary, CHESS Depositary Nominees Pty Ltd, (CDN), to vote the shares underlying their CDIs by following the instructions on the enclosed CDI Voting Instruction Form or by voting online at www.investorvote.com.au. Doing so permits CDI holders to instruct CDN to vote on behalf of the CDI holders at the meeting in accordance with their written instructions.

For ten (10) days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the meeting will be available for examination by any stockholder, for any purpose relating to the meeting, during ordinary business hours at the Company's principal place of business at 1047 Elwell Court Palo Alto, CA 94303 USA.

This Notice of Annual Meeting of Stockholders and the 2016 annual report are available at http://www.airxpanders.com/asx_announcements.php.

Dated this 5 May 2017.

By Order of the Board

Brendan Case
Australian Secretary

PROXY STATEMENT
2017 ANNUAL MEETING OF
STOCKHOLDERS TO BE HELD ON
23 MAY 2017

The board of directors of AirXpanders, Inc. (**Company**) is soliciting proxies for use at the Annual Meeting of stockholders to be held at Johnson Winter & Slattery's Melbourne office, at Level 34, 55 Collins Street, Melbourne, Victoria, Australia on Tuesday, 23 May 2017 at 9.00am Australian Eastern Standard Time (Monday, 22 May 2017 at 4.00pm U.S. Pacific Daylight Time) (**Annual Meeting**) and at any adjournment or postponement of the meeting. We expect to mail this proxy statement and accompanying Notice of Annual Meeting of Stockholders (**Notice of Annual Meeting**) to our stockholders on or about 5 May 2017.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

What is the purpose of the meeting?

At the Annual Meeting, stockholders are invited to act upon the matters outlined in the Notice of Annual Meeting. At the meeting, management will also report on matters of current interest to our stockholders and respond to any questions from our stockholders. The matters outlined in the Notice of Annual Meeting include:

- the election of two Class II directors (**Items 1(a) and (b)**);
- approval of a 10% placement facility (**Item 2**);
- grant of options to Mr Scott Dodson, President & CEO and a Director of the Company (**Item 3**); and
- grant of options to the Non-Executive Directors of the Company (**Items 4(a), (b), (c), (d) and (e)**).

Who is entitled to vote at the meeting?

Only those stockholders of record or beneficial owners of shares held in street name on 14 April, 2017 at 7.00pm Australian Eastern Standard Time, (2.00am U.S. Pacific Daylight Time) (**Record Date**), will be entitled to receive notice of and to vote at the meeting and any adjournment or postponement thereof. CHESS Depositary Interest (**CDI**) holders as of the Record Date are entitled to receive notice of and attend the meeting and may instruct CHESS Depositary Nominees Pty Ltd (**CDN**) to vote at the meeting by following the instructions on the CDI Voting Instruction Form or by voting online at www.investorvote.com.au.

As of the Record Date, there were 95,858,584 shares of Class A common stock in the Company (**Shares**) outstanding (equivalent to 287,575,752 CDIs), all of which were entitled to vote with respect to the proposals to be acted upon at the meeting, subject to the voting exclusions noted in the Items of Business. Each CDI represents one third of a Share. As of the Record Date, there were 285,092,478 CDIs quoted on the Australian Securities Exchange (**ASX**) (assuming all issued Shares are held as CDIs, but excluding CDIs and Shares which are subject to ASX restrictions).

Votes for and against and abstentions each will be counted as present and entitled to vote for purposes of determining whether a quorum is present.

Will any investors be excluded from voting on any of the proposals at the meeting?

In accordance with ASX Listing Rule 14.11.1, the Company will disregard any votes cast on certain resolutions by certain stockholders and associates of those stockholders. Please refer to the Items of Business for further detail in relation to the exclusions that apply.

Members of the board of directors and their associates are not permitted to vote your proxy on Items 3 or 4(a) to 4(e) unless you have directed them how to vote or you have directed them to vote as they decide. If you intend to appoint a director as your proxy, please ensure you direct them how to vote on those Items. Alternatively, if you appoint the Chairman of the Annual Meeting as your proxy, and do not mark the voting direction boxes for any Items of the proxy form or voting instruction form, you are authorising the Chairman to vote as he sees fit on the Items left unmarked, including Items 3 and 4(a) to 4(e) (if applicable). The Chairman intends to vote all undirected proxies in favour of each Item of Business.

What are my voting rights?

Holders of Shares are entitled to one vote for each Share held as at the Record Date. Holders of our CDIs are entitled to direct CDN to vote one vote for every three (3) CDIs held by such holder as at the Record Date. Therefore, as of the Record Date, a total of 95,858,584 votes are entitled to be cast at the meeting.

How many shares must be present or represented to hold the meeting?

In accordance with section 8 of the Company's amended and restated bylaws, the presence in person, by remote communication or by proxy, of the holders of a majority of the outstanding Shares entitled to vote at the meeting, as of the Record Date, must be present at the Annual Meeting in order to hold the meeting and conduct business. This is called a quorum.

What is a proxy?

It is your designation of another person to vote stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. When you designate a proxy, you also may direct the proxy how to vote your shares. We refer to this as your "proxy vote."

What is the difference between a stockholder of record and a "street name" holder?

If you own Shares registered directly in your name with our U.S. transfer agent, Computershare Trust Company, N.A., you are considered the stockholder of record with respect to those Shares. As a stockholder of record, you have the right to grant your voting proxy directly to the Company or to vote in person at the Annual Meeting.

If your Shares are held in a stock brokerage account or by a bank, trust or other nominee, then the broker, bank, trust or other nominee is considered to be the stockholder of record with respect to those Shares, while you are considered the beneficial owner of those Shares. In that case, your Shares are said to be held in "street name" and the notice was forwarded to you by that organization. Street name holders generally cannot vote their Shares directly and must instead instruct the broker, bank, trust or other nominee how to vote their Shares using the method described below under "How do I vote my shares of AirXpanders common stock?" Since a street name holder is not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you obtain a "legal proxy" from the broker, bank, trustee, or nominee that holds your Shares giving you the right to vote the Shares at the meeting.

CDN is the stockholder of record for all Shares beneficially owned by holders of CDIs. Holders of CDIs are entitled to receive notice of and to attend the Annual Meeting and may direct CDN to vote at the Annual Meeting by using the method described below under "How do I vote if I hold CDIs?"

How do I vote my shares of AirXpanders common stock?

If you are a stockholder of record, you can submit a proxy to be voted at the meeting in any of the following ways:

- over the Internet by following instructions below; or
- signing, dating and mailing the enclosed proxy card; or
- in person at the Annual Meeting.

Valid proxies must be received by Computershare no later than 9.00am on Sunday, 21 May 2017, Australian Eastern Standard Time, (Saturday, 20 May 2017 at 4.00pm U.S. Pacific Daylight Time).

To vote by the Internet, you will need to use a control number that was provided to you in the materials with this Notice of Annual Meeting and follow the additional steps when prompted. The steps have been designed to authenticate your identity, allow you to give voting instructions, and confirm that those instructions have been recorded properly.

If you hold your Shares in street name, you must vote your Shares in the manner prescribed by your broker, bank, trust or other nominee, which is similar to the voting procedures for stockholders of record. You will receive a voting instruction form (not a proxy card) to use in directing the broker, bank, trust or other nominee how to vote your Shares.

Please refer to "Will any investors be excluded from voting on any of the proposals at the meeting?" for a summary of voting exclusions applicable to each proposal to be voted on at the Annual Meeting.

How do I vote if I hold CDIs?

Each CDI holder as at the Record Date is entitled to direct CDN to vote one vote for every three (3) CDIs held by such holder. Such CDI holders are entitled to receive notice of and to attend the Annual Meeting and any adjournment or postponement of the Annual Meeting and may instruct the Company's CDI depositary, CDN, to vote the Shares underlying their CDIs in a particular manner by returning the enclosed CDI Voting Instruction Form to Computershare, or by voting online at www.investorvote.com.au. Valid voting instructions must be received by Computershare no later than 9.00am on Friday, 19 May 2017, Australian Eastern Standard Time, (Thursday, 18 May 2017 at 4.00pm U.S. Pacific Daylight Time). Doing so permits CDI holders to instruct CDN to vote on behalf of the CDI holders at the meeting in accordance with their written instructions.

Alternatively, CDI holders may vote at the Annual Meeting by informing the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy for the purpose of attending and voting at the meeting by completing Step 1 in the enclosed CDI Voting Instruction Form.

What does it mean if I receive more than one printed set of proxy materials?

If you receive more than one printed set of proxy materials, it means that you hold Shares or CDIs registered in more than one account. To ensure that all of your Shares and CDIs are voted, please submit proxies or voting instructions for all of your Shares and CDIs.

How can I attend the meeting?

All of our stockholders and CDI holders are invited to attend the Annual Meeting. You may be asked to present valid photo identification, such as a driver's license or passport, before being admitted to the meeting. If you hold your Shares in street name or are a CDI holder, you also may be asked to present proof of ownership to be admitted to the meeting. A brokerage or holding statement or letter from your broker, bank, trust or other nominee are examples of proof of ownership.

Can I vote my shares in person at the meeting?

If you are a stockholder of record, you may vote your shares in person at the meeting by completing a ballot at the meeting. Even if you currently plan to attend the meeting, we recommend that you submit your proxy as described above so your vote will be counted if you later decide not to attend the meeting. If you submit your vote by proxy and later decide to vote in person at the Annual Meeting, the vote you submit at the meeting will override your proxy vote.

If you are a street name holder, you may vote your shares in person at the meeting only if you obtain and bring to the meeting a signed letter or other form of proxy from your broker, bank, trust or other nominee giving you the right to vote the shares at the meeting.

Please refer to "How do I vote if I hold CDIs?" if you are a CDI holder.

How can I raise questions relevant to the Company's audit to the external auditor?

The Company's auditor, SingerLewak LLP, is based in California, USA and will not attend the Company's Annual Meeting of Stockholders.

Stockholders may submit questions relevant to the Company's audit to the Company's registered office at Level 13, 41 Exhibition Street, Melbourne, Victoria. The Australian Secretary will ensure that the questions are provided to the Company's auditor and will co-ordinate responses.

What is the voting requirement to approve each of the proposals included in the notice of meeting?

Items 1(a) and 1(b) — Election of Directors

You may vote "FOR" or "ABSTAIN" on the election of each of the directors nominated for election. Abstentions are considered shares present and entitled to vote for purposes of determining quorum, but will not be treated as a vote "FOR" or a vote "AGAINST" the resolutions.

Directors are elected by a plurality of the votes of the Shares present in person, by remote communication or represented by proxy and entitled to vote at the Annual Meeting. Accordingly, the director nominee receiving the highest number of "FOR" votes in respect of each resolution will be elected.

If you do not submit your proxy or voting instructions to your broker, a "broker non-vote" occurs and your shares will not be counted for the purpose of establishing a quorum and will have no effect on the outcome of this proposal. The same result will occur if you do not instruct CDN how to vote your Shares.

Under Listing Rule 14.2.1, a proxy form must allow stockholders to vote for a resolution, against a resolution or to abstain from voting on a resolution. The laws of Delaware, where the Company is domiciled, do not provide for the casting of stockholders' votes against certain types of resolutions, including the election of directors. As a result, ASX granted the Company a waiver from Listing Rule 14.2.1 to the extent necessary to permit the Company not to provide in its proxy form an option for holders of CDIs to vote against a resolution to elect a director. The terms of the waiver are that: (i) the Company complies with the relevant US laws as to the content of proxy forms applicable to resolutions for the election of directors; (ii) any notice given by the Company to CDI holders under ASX Settlement Operating Rule 13.8.9 makes it clear that holders are only able to vote for such resolutions or abstain from voting, and the reasons why this is the case; (iii) the terms of the waiver are set out in the management proxy circular provided to all holders of CDIs; and (iv) the waiver from listing rule 14.2.1 only applies for so long as the relevant US laws prevent the Company from permitting stockholders to vote against a resolution to elect a director.

Item 2 — Approval of 10% Placement Facility

You may vote “FOR,” “AGAINST” or “ABSTAIN” on the proposal to approve, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, the issue 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 (**10% Placement Facility**).

The proposal to approve the 10% Placement Facility requires the affirmative vote of 75% of the votes cast by stockholders present in person or represented by proxy at the Annual Meeting and entitled to vote on this proposal. Abstentions are considered shares present and entitled to vote and thus will have the effect of a vote “AGAINST” this proposal.

If you do not submit your proxy or voting instructions to your broker, a “broker non-vote” occurs and your shares will not be counted for the purpose of establishing a quorum and will have no effect on the outcome of this proposal. The same result will occur if you do not instruct CDN how to vote your shares.

Item 3 — Approval of Grant of Options to Mr Scott Dodson, President & CEO and a Director of the Company

You may vote “FOR,” “AGAINST” or “ABSTAIN” on the proposal to approve the grant of options to purchase 200,000 Shares (equivalent to 600,000 CDIs) to Mr Scott Dodson, President & CEO and a Director of the Company.

The proposal to approve the grant of options to purchase Shares to Mr Dodson (Item 3) requires the affirmative vote of the holders of a majority of the Shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal at the Annual Meeting. Abstentions are considered shares present and entitled to vote and thus will have the effect of a vote “AGAINST” this proposal.

If you do not submit your proxy or voting instructions to your broker, a “broker non-vote” occurs and your shares will not be counted for the purpose of establishing a quorum and will have no effect on the outcome of this proposal. The same result will occur if you do not instruct CDN how to vote your shares.

Items 4(a) to 4(e) — Approval of Grant of Options to Non-Executive Directors

You may vote “FOR,” “AGAINST” or “ABSTAIN” on the proposals to approve each of the grants of options to the Non-Executive Directors of the Company, as follows:

- to Mr Barry Cheskin, Chairman and Non-Executive Director – options to purchase 49,950 Shares (equivalent to 149,850 CDIs) (Item 4(a));
- to Mr Dennis Condon, Non-Executive Director – options to purchase 49,950 Shares (equivalent to 149,850 CDIs) (Item 4(b));
- to Ms Elizabeth Hammack, Non-Executive Director (assuming Item 1(b) is passed) – options to purchase 49,950 Shares (equivalent to 149,850 CDIs) (Item 4(c)).
- to Mr Gregory Lichtwardt, Non-Executive Director – options to purchase 49,950 Shares (equivalent to 149,850 CDIs) (Item 4(d); and
- to Ms Zita Peach, Non-Executive Director – options to purchase 49,950 Shares (equivalent to 149,850 CDIs) (Item 4(e)).

The proposals to approve such grants each requires the affirmative vote of the holders of a majority of the Shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal at the Annual Meeting. Abstentions are considered shares present and entitled to vote and thus will have the effect of a vote “AGAINST” this proposal.

If you do not submit your proxy or voting instructions to your broker, a “broker non-vote” occurs and your shares will not be counted for the purpose of establishing a quorum and will have no effect on the outcome of this proposal. The same result will occur if you do not instruct CDN how to vote your shares.

Can I change my vote after submitting my proxy?

Yes.

If you are a stockholder of record, you may change your vote or revoke your proxy at any time before your proxy is voted at the Annual Meeting, in any of the following ways:

- by voting again or submitting a later-dated proxy or the Internet before 9.00am Australian Eastern Standard Time on Sunday, 21 May 2017, (Saturday, 20 May 2017 at 4.00pm U.S. Pacific Daylight Time);
- by submitting a later-dated proxy to the Australian Secretary of the Company, which must be received by the Company before the time of the Annual Meeting;
- by sending a written notice of revocation of proxy to the Australian Secretary of the Company, which must be received by the Company before the time of the Annual Meeting; or
- by voting in person at the Annual Meeting.

If you are a holder of CDIs and you direct CDN to vote by completing the CDI Voting Instruction Form, you may revoke those instructions by delivering to Computershare, no later than 9.00am Australian Eastern Standard Time on Friday, 19 May 2017, Australian Eastern Standard Time, (Thursday, 18 May 2017 at 4.00pm U.S. Pacific Daylight Time), a written notice of revocation bearing a later date than the CDI Voting Instruction Form previously sent.

Who pays for the cost of proxy preparation and solicitation?

We pay for the cost of proxy preparation and solicitation, including the reasonable charges and expenses of brokerage firms, banks, trusts or other nominees for forwarding proxy materials to street name holders and CDI holders. We are soliciting proxies by mail. In addition, our directors, officers and regular employees may solicit proxies personally, telephonically, electronically or by other means of communication. The Company's directors, officers and regular employees will receive no additional compensation for their services other than their regular compensation.

EXPLANATORY MEMORANDUM

Business

ITEMS 1(a) and 1(b) – ELECTION OF DIRECTORS

The Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide that the Board shall be divided into three classes, each class being as equal in number as reasonably possible; designated: Class I, Class II and Class III.

Mr Gregory Lichtwardt and Ms Zita Peach were elected as Class I directors at the May 2016 Annual Meeting.

Mr Tadmor Shalon will retire as a Class II director immediately prior to the May 2017 Annual Meeting.

The board of directors proposes that Mr Dennis Condon, a current Class II director whose term, expires at the Annual Meeting, be re-elected by stockholders at the Annual Meeting as a Class II director, and that Ms Elizabeth Hammack be elected by stockholders at the Annual Meeting to replace Mr Shalon as a Class II director.

Class II directors:

- Mr Dennis Condon
- Ms Elizabeth Hammack

If elected, the term of office of the Class II directors will next expire at the annual meeting of stockholders to be held in 2020.

(a) Re-election of Mr Dennis Condon to the Board

Mr Condon has served as a non-executive director of the Company since August 2012. He is a member of the Nomination and Remuneration Committee and the Audit and Risk Committee.

Mr Condon brings 30 years of experience in key executive roles in the plastic surgery market, including previously serving as the President of Mentor Aesthetics, one of the two largest global breast implant manufacturers.

From June 2013 until its acquisition in August 2016, Mr Condon was the CEO and President of Nuvesse Skin Therapies, Inc. a venture-backed cosmeceutical skincare company that has launched 12 products into the U.S. medical device market. He was previously the CEO and President of Merz Aesthetics, Inc. (from September 2011 to January 2013), after serving as President and Chief Business Officer from July 2007 and a board member from 2004 to 2007.

Mr Condon currently is a member of two other boards in the aesthetic medical field, Nuvesse Skin Therapies, Inc. and Suneva Medical Inc.

Mr Condon has a BS in Biological Sciences from the University of California, Davis.

Mr Condon is considered by the Board to be an independent director.

Board Recommendation and Chairman's voting intention for Item 1(a):

The directors (other than Mr Condon) recommend that stockholders vote in favour of this Item.

The Chairman intends to vote undirected proxies **in favour** of this resolution.

(b) Election of Ms Elizabeth Hammack to the Board

Ms Hammack has 30 years of experience in senior executive roles in medical device industry manufacturing, global supply chain management, product development and technology development.

Ms Hammack served at Medtronic, Inc. from 2000 to December 2015. Before her retirement, Ms Hammack was Vice President (VP) of Operations and Manufacturing for the Medtronic Atrial Fibrillation Solutions business, where she led the global end-to-end supply chain functions for this high growth sector and the successful US product launch and global expansion of the flagship Medtronic CryoCath product, Arctic Front CryoBalloon, for the treatment of paroxysmal atrial fibrillation.

Ms Hammack also served as VP Implantable Manufacturing for Medtronic Cardiac Rhythm Disease Management with product manufacturing in Switzerland, Puerto Rico, Ireland, Mexico and Minnesota. Prior to this role Ms Hammack was VP of the Medtronic Energy and Component Center (MECC) in Minneapolis. Ms Hammack also led the Medtronic Vascular Manufacturing Organization, where she developed and executed a manufacturing strategy that resulted in higher quality and lower cost percutaneous coronary balloon angioplasty catheters and metal stent products.

Before joining Medtronic, Ms Hammack held roles in the medical device industry at Advanced Cardiovascular Systems, ACS/Guidant, Conceptus and Heartport.

Ms Hammack is currently volunteering as Chair of the Industry Advisory Board for Oregon State University School of Mechanical, Industrial and Manufacturing Engineering.

Ms Hammack holds a Bachelor of Science degree in Industrial Engineering from Oregon State University and completed the Executive Education course in Supply Chain at Stanford Graduate School of Business.

Ms Hammack is considered by the Board to meet to be an independent director.

Board Recommendation and Chairman's voting intention for Item 1(b):

The directors unanimously recommend that stockholders vote in favour of this item of business.

The Chairman of the meeting intends to vote undirected proxies **in favour** of this resolution.

ITEM 2 – APPROVAL OF 10% PLACEMENT FACILITY

Background

ASX Listing Rule 7.1A enables eligible entities to issue equity securities up to 10% of 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 ASX Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of A\$300 million or less. The Company is an eligible entity as at the date of this Notice of Annual Meeting.

The Company is now seeking stockholder approval by way of a special resolution to have the ability to issue "equity securities" under the 10% Placement Facility. "Equity securities" includes (a) a share, (b) a unit, (c) a right to a share or unit or option, (d) an option over an issued or unissued security and (e) a convertible security (an **Equity Security**).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer below).

The Company proposes to use the funds raised from the issue of Equity Securities under the 10% Placement Facility for working capital requirements and ongoing business development activities and/or for acquisition of new assets or investments (including expenses associated with such acquisition).

Description of ASX Listing Rule 7.1A

(a) Stockholder approval

The ability to issue Equity Securities (such as CDIs) under the 10% Placement Facility is subject to stockholder 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 (ie. CDIs).

(c) Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained stockholder 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:

$$(A \times D) - E$$

- A is the number of shares on issue 12 months before the date of issue or agreement to issue:
- (A) plus the number of fully paid shares issued in the 12 months under an exception in ASX 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 fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 or 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without stockholder approval;
 - (D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in ASX 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 ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of stockholders under ASX Listing Rule 7.1 or 7.4.

(d) ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

If passed, Item 2 will allow the board of directors to issue up to an additional 10% of the Company's issued capital during the 12 month period following the date of the Annual Meeting without requiring further stockholder approval. This is in addition to the Company's 15% annual placement capacity provided for in ASX Listing Rule 7.1.

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 ASX Listing Rule 7.1A.2 (refer to Section (c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under ASX 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

Stockholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the Annual 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 Meeting at which the approval is obtained; or
- (ii) the date of the approval by stockholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by the ASX (**10% Placement Period**).

ASX Listing Rule 7.1A

The effect of Item 2 will be to allow the Directors to issue the Equity Securities under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

Item 2 is a special resolution and therefore requires approval of 75% of the votes cast by stockholders present (in person or by proxy) and eligible to vote.

Specific information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility 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 on which trades in that class were recorded 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 Item 2 is approved by stockholders and the Company issues Equity Securities under the 10% Placement Facility, the existing stockholders' voting power in the Company will be diluted as shown in the below table (in the case of options, only if the options are exercised). 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 Annual 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,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing stockholders and holders of CDIs on the basis of the market price of CDIs (as at 30 March 2017) and the current number of CDIs for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Annual Meeting.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of CDIs the Company has on issue. The number of CDIs on issue may increase as a result of issues of ordinary securities that do not require stockholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future stockholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price of CDIs.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		A\$0.4325 50% decrease in Issue Price	A\$0.8650 Issue Price (market price of CDIs at 30 March 2017)	A\$1.7300 100% increase in Issue Price
Current Variable A 287,575,752	10% Voting dilution	28,757,575	28,757,575	28,757,575
	Funds Raised	\$12,437,651	\$24,875,303	\$49,750,605
50% increase in current Variable A 431,363,628	10% Voting dilution	43,136,363	43,136,363	43,136,363
	Funds Raised	\$18,656,477	\$37,312,954	\$74,625,908
100% increase in current Variable A 575,151,504	10% Voting dilution	57,515,150	57,515,150	57,515,150
	Funds Raised	\$24,875,303	\$49,750,605	\$99,501,210

The table has been prepared on the following assumptions:

- (i) The Company issues (as CDIs) the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No options are exercised into Shares before the date of the issue of the Equity Securities under ASX Listing Rule 7.1A.
 - (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 stockholder by reason of placements under the 10% Placement Facility, based on that stockholder's holding at the date of the Annual 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 CDIs.
 - (vii) The issue price is A\$0.865, being the closing price of the CDIs on ASX on 30 March 2017.
- (c) The Company will only issue and allot the Equity Securities relating to the 10% Placement Facility during the 10% Placement Period. The approval under Item 2 for the issue of the Equity Securities will cease to be valid in the event that stockholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards working capital requirements and ongoing business development activities and/or for acquisition of new assets or investments (including expenses associated with such acquisition).

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to 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 stockholders 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).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Annual Meeting but may include existing substantial stockholders and/or new stockholders who are not related parties or associates of a related party of the Company.

Further, if the Company acquires new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- (f) The Company obtained stockholder approval under ASX Listing Rule 7.1A at the Annual Meeting held on 17 May 2016. The Company's capacity under ASX Listing Rule 7.1A was then refreshed in accordance with ASX Listing Rule 7.4 at a special meeting of stockholders on 17 February 2017.

The Company issued, during the 12 months preceding the date of this Annual Meeting, 76,294,167 CDIs (equivalent to 25,431,389 Shares) representing 36.1% of the total number of CDIs on issue at the commencement of that period.

In addition, the Company issued, during the 12 months preceding the date of this Annual Meeting, 1,623,267 Options (equivalent to 4,869,801 CDIs) representing 0.8% of the CDIs on issue at the commencement of that period. The Options were granted for nil consideration on the terms set out below, under the Company's 2015 Equity Incentive Plan (**Plan**). Each Option provides an entitlement to one Share, being three CDIs.

- (g) The Company issued, during the 12 months preceding the date of this Annual Meeting, the Equity Securities set out in the table below:

Date of issue	Allottee/s	Equity Security	Price (and discount to market if any)	Key terms
17 May 2016	Employees [and directors] under the terms of the Plan	364,200 Options to subscribe for 364,200 Shares; equivalent to 1,092,600 CDIs)	Nil consideration	364,200 Options (unquoted) issued at an exercise price of US\$1.9235 per Share with an expiry date of 16 May 2026
15 June 2016	Sophisticated and institutional investors who participated in a private placement	26,315,790 CDIs (quoted) (representing 8,771,930 Shares (unquoted))	A\$0.76 per CDI	The CDIs rank equally with the existing class of quoted securities
2 November 2016	Employees under the terms of the Plan	240,000 Options to subscribe for 240,000 Shares; equivalent to 720,000 CDIs)	Nil consideration	240,000 Options (unquoted) issued at an exercise price of US\$2.64 per Share with an expiry date of 14 August 2026
15 November 2016 - 19 January 2017	Employees under the terms of the Plan	127,749 CDIs (quoted) (equivalent to 42,583 Shares (unquoted))	<ul style="list-style-type: none"> • US\$0.04 per CDI for 31,749 CDIs; • US\$0.10 per CDI for 81,000 CDIs; and • US\$0.8333 per CDI for 15,000 CDIs 	The CDIs were issued upon the exercise of Options. The CDIs rank equally with the existing class of quoted securities
15 November 2016 - 19 January 2017	Employees under the terms of the Plan	223,000 Options (to subscribe for 223,000 Shares; equivalent to 669,000 CDIs)	Nil consideration	223,000 Options (unquoted) issued at an exercise price of US\$2.92 per Share with an expiry date of 15 November 2026
3 February 2017	Sophisticated and institutional investors who participated in Tranche 1 of a private placement of 48,913,044 CDIs	26,536,500 CDIs (quoted) (representing 8,845,500 Shares (unquoted))	A\$0.92 per CDI	The CDIs rank equally with the existing class of quoted securities
24 February 2017	Sophisticated and institutional investors who participated in Tranche 2 of a private placement of 48,913,044 CDIs	22,376,544 CDIs (quoted) (representing 7,458,848 Shares (unquoted))	A\$0.92 per CDI	The CDIs rank equally with the existing class of quoted securities
24 February - 15 March 2017	Employees under the terms of the Plan	937,584 CDIs (quoted) (representing 312,528 Shares (unquoted))	<ul style="list-style-type: none"> • US\$0.10 per CDI for 176,526 CDIs; and • US\$0.0833 per CDI for 761,058 CDIs 	The CDIs rank equally with the existing class of quoted securities
24 February - 15 March 2017	Employees under the terms of the Plan	796,067 Options (to subscribe for 796,067 Shares; equivalent to 2,388,201 CDIs)	Nil consideration	796,067 Options (unquoted) issued at an exercise price of US\$2.00 per Share with an expiry date of 20 February 2027

Board recommendation and Chairman's voting intention for Item 2

The directors unanimously recommend that stockholders vote in favour of this Item.

The Chairman of the meeting intends to vote undirected proxies **in favour** of this resolution.

Voting Exclusion for Item 2

A voting exclusion applies to this Item as set out in the Items of Business.

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

ITEM 3 AND ITEMS 4(a) TO 4(e) – GRANTS OF OPTIONS TO DIRECTORS

Introduction

The Company is proposing to issue to directors of the Company, options to purchase Shares of Class A common stock (**Options**) under the 2015 Equity Incentive Plan (**Plan**).

ASX Listing Rule 10.14 provides that a company must not permit a director to acquire securities under an employee incentive scheme without the prior approval of stockholders. Accordingly, the resolutions under Item 3 and Items 4(a) to 4(e) seek stockholder approval under ASX Listing Rule 10.14 and for all other purposes, for each of the following grants of Options:

- to Mr Scott Dodson, President, CEO and Director – 200,000 Options (equivalent to options to purchase 600,000 CDIs) (Item 3); and
- to each of Mr Barry Cheskin, Chairman and Non-Executive Director and the other Non-Executive Directors being Mr Dennis Condon, Ms Elizabeth Hammack (subject to the approval of Item 1(b)), Mr Gregory Lichtwardt, and Ms Zita Peach (**Non-Executive Directors**) – 49,950 Options (equivalent to options to purchase 149,850 CDIs) (Items 4(a) - 4(e)).

The maximum number of Options that may be acquired by Mr Dodson and the Non-Executive Directors if stockholder approval is given for each of Item 3 and Items 4(a) to 4(e) is 449,750 (equivalent to options to purchase 1,349,250 CDIs).

Subject to stockholder approval, the Options will be granted to Mr Dodson and the Non-Executive Directors on or shortly following the date of the Annual Meeting (23 May 2017) (and in any event, during the 2017 financial year).

Proposed grant of Options to Mr Dodson

The Board considers that the proposed grant of Options to Mr Dodson is aligned to the Company's long-term performance objectives. The remuneration package for Mr Dodson is based on the Company's performance and remuneration framework. This framework seeks to provide appropriate rewards and recognition to employees (balancing fixed and 'at risk' remuneration), with a view to attracting, retaining and motivating high calibre and motivated people.

The provision of securities under the long term incentive arrangements comprises Mr Dodson's 'at risk' remuneration. The Non-Executive Directors have concluded that the remuneration package for Mr Dodson is reasonable and appropriate having regard to the circumstances of the Company and the duties and responsibilities of Mr Dodson.

The Non-Executive Directors recommend that stockholders approve the grant to Mr Dodson of 200,000 Options in consideration for the successful achievement of a range of financial and strategic targets set by the Board for the 2016 financial year.

The Options will be granted to Mr Dodson on the terms set out below, under the Plan.

Proposed grants of Options to the Non-Executive Directors

The Company recognises that its operations are currently at the development and initial commercialisation stage and that it is essential to attract and retain high calibre non-executive directors while closely monitoring cash flow. The Board considers that the grant of Options to its Non-Executive Directors as part of their remuneration aligns their interests with the interests of the Company's stockholders.

The proposed issue of the Options to the Non-Executive Directors do not have performance hurdles or performance rights attached to them.

The Options will be granted to the Non-Executive Directors on the terms set out below, under the Plan.

Principal terms of the Options

If Item 3 and Items 4(a) to 4(e) are approved by stockholders, the Options to be issued to the Directors in respect of those Items will be issued on the following terms and conditions:

Exercise Price

The exercise price of the Options will be equal to the closing price of the Company's CDIs on ASX (multiplied by three for the per Share exercise price) on the date of the grant of the Options, as converted to US dollars. Upon exercise, each Option will entitle the optionee to one Share.

Vesting conditions

The vesting conditions for the Options will be as follows:

- For the Options to be issued to Mr Scott Dodson – 25% of the Options will vest on the 12-month anniversary of the date of grant, and an additional 1/48th of the Options will vest each month over the subsequent three-year period. In the event of a change of control of the Company, 50% of unvested Options shall immediately vest and the remaining Options shall vest equally each month over the following 12 months, provided that Mr Dodson makes himself reasonably available, if the Successor Company desires, to provide service to the Successor Company.
- For the Options to be issued to the Non-Executive Directors – the Options will vest over 12 months from the date of grant, in equal monthly instalments. There will be no acceleration of vesting of Options to the Non-Executive Directors upon a change of control of the Company.

Lapsing of Options

The Options will lapse in circumstances where:

- (i) the director is no longer providing services to the Company;
- (ii) the Options have not been exercised by the tenth (10th) anniversary of the date of grant.

Source of shares

At the discretion of the Board, the Shares required in connection with the Options may be provided either by issuing new Shares or by acquiring existing Shares.

Other information required by ASX Listing Rule 10.15

In accordance with ASX Listing Rule 10.15.4:

- Mr Barry Cheskin received 42,900 options for nil consideration, at an exercise price of US\$1.9235 per Share on 17 May 2016 in accordance with approval granted at the 2016 Annual Meeting;
- Mr Scott Dodson received 228,500 options for nil consideration, at an exercise price of US\$1.9235 per Share on 17 May 2016 in accordance with approval granted at the 2016 Annual Meeting;
- Mr Dennis Condon received 11,400 options for nil consideration, at an exercise price of US\$1.9235 per Share on 17 May 2016 in accordance with approval granted at the 2016 Annual Meeting;
- Mr Gregory Lichtwardt received 35,000 options for nil consideration, at an exercise price of US\$1.9235 per Share on 17 May 2016 in accordance with approval granted at the 2016 Annual Meeting;
- Ms Zita Peach received 35,000 options for nil consideration, at an exercise price of US\$1.9235 per Share on 17 May 2016 in accordance with approval granted at the 2016 Annual Meeting; and
- Mr Tadmor Shalon received 11,400 options for nil consideration, at an exercise price of US\$1.9235 per Share on 17 May 2016 in accordance with approval granted at the 2016 Annual Meeting.

Mr Dodson, Mr Cheskin, Mr Condon, Ms Hammack, Mr Lichtwardt and Ms Peach have not received and will not receive any loan from the Company in connection with the grant or exercise of the Options.

The directors of the Company as at the date of this Notice, being Mr Dodson, Mr Cheskin, Mr Condon, Mr Lichtwardt, Ms Peach and Mr Shalon, are all eligible to participate in the Plan. As set out in the introduction to **Item 1(a)** in the Explanatory Memorandum, Mr Shalon will retire as a Class 1I director immediately prior to the Annual Meeting. If elected a director under **Item 1(b)**, Ms Elizabeth Hammack will also be eligible to participate in the Plan.

Board Recommendation and Chairman's voting intentions for Item 3 and Items 4(a) to 4(e)

The directors (excluding with Mr Dodson, Mr Cheskin, Mr Condon, Mr Lichtwardt and Ms Peach abstaining in respect of their own proposed grant) unanimously recommend stockholders vote in favour of each of Item 3 and Items 4(a) to 4(e).

The Chairman of the meeting intends to vote undirected proxies **in favour** of each of these resolutions.

Voting Exclusion for Item 3 and Items 4(a) to 4(e)

Voting exclusions apply to Item 3 and Items 4(a) to 4(e) as set out in the Items of Business section of this document.

OTHER BUSINESS

The Company, being a company incorporated in the state of Delaware, United States, is not required to meet the Australian *Corporations Act 2001* (Cth) (**Corporations Act**) requirements to lay before the meeting the annual financial report and other related reports.

The Board of the Company has however decided to lay before the meeting the Company's financial statements and the reports for the year ended 31 December 2016.

The Corporations Act does not require a vote of stockholders on the reports or statements. However, the stockholders will be given ample opportunity to raise questions or comments in relation to the management of the Company.

Copies of the full financial report for consideration at the meeting can be accessed on the Company's website: http://www.airxpanders.com/asx_announcements.php.

If a hard copy is preferred by the stockholder, please contact the share registry.

STATUS OF CDIS

The CDIs are traded on ASX in reliance on the safe harbour provisions of Regulation S under the US Securities Act of 1933, as amended, and in accordance with the procedures established pursuant to the provisions of the no-action letter dated 7 January 2000 given to ASX by the staff of the US Securities and Exchange Commission. The relief was given subject to certain procedures and conditions described in the no-action letter. One of the conditions is that the issuer provides notification of the Regulation S status of its securities in shareholder communications such as this Notice of Annual Meeting.

LOCATION OF AIRXPANDERS, INC. ANNUAL MEETING OF STOCKHOLDERS

Johnson Winter & Slattery
Level 34, 55 Collins Street, Melbourne, Victoria, Australia
on Tuesday, 23 May 2017
at 9.00am Australian Eastern Standard Time
(Monday, 22 May 2017 at 4.00pm U.S. Pacific Daylight Time).

Beneficial owners of Shares held in the form of CDIs or in street name by a broker, bank, trust or other nominee may need proof of ownership to be admitted to the meeting. A brokerage or holding statement or letter from the broker, bank, trust or other nominee are examples of proof of ownership.



AirXpanders, Inc.
ABN 28 604 398 423

AXP

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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 all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

CDI Voting Instruction Form

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Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

- ☒ **Cast your vote**
- ☒ **Access the annual report**
- ☒ **Review and update your securityholding**

Your secure access information is:

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 9:00am (AEST) on Friday, 19 May 2017

Direction to Chess Depositary Nominees Pty Ltd

Each CHESS Depositary Interest (CDI) represents an indirect ownership in the Company's shares of Class A common stock (Shares). Each CDI is equivalent to one third of a Share of the Company so that every three (3) CDIs that you own as at 7:00pm on 14 April 2017 (Australian Eastern Standard Time), 2:00am (US Pacific Daylight Time), entitle you to one (1) vote. The underlying Shares are registered in the name of CHESS Depositary Nominees Pty Ltd (CDN). As holders of CDIs are not the legal owners of the Shares, CDN is entitled to vote at the meetings of stockholders on the instruction of the registered holders of the CDIs.

Appointment of Proxy

If you wish to attend the Meeting (defined overleaf) in person or appoint some person or company other than CDN, who need not be a stockholder, to attend and act on your behalf at the Meeting or any adjournment or postponement thereof, please insert your name or the name of your chosen appointee in the box in Step 2. Computershare will then send you a legal form of proxy which will grant you or the person specified by you the right to attend and vote at the Meeting. Please remember that a legal proxy is subject to all terms and conditions that apply to proxies as outlined in the Notice of Annual Meeting of Stockholders including any cut off time for receipt of valid proxies.

Signing Instructions

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 Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided, which state the office held by the signatory, ie Sole Director, Sole Company Secretary or Director and Company Secretary. Delete titles as applicable. With respect to a U.S. company or other entity, this form may be signed by one officer. Please give full name and title under the signature.

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

CDI Voting Instruction Form

Please mark **X** to indicate your directions

STEP 1 CHESSE Depositary Nominees will vote as directed

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Voting Instructions to CHESSE Depositary Nominees Pty Ltd

I/We being a holder of CHESSE Depositary Interests (CDIs) of AirXpanders, Inc. (Company) hereby direct CHESSE Depositary Nominees Pty Ltd (CDN) to vote the shares underlying my/our CDI holding at the Annual Meeting of stockholders of the Company to be held at **9:00am (Australian Eastern Standard Time) on Tuesday, 23 May 2017 at Johnson Winter & Slattery's Melbourne office, Level 34, 55 Collins Street, Melbourne, Victoria, Australia (Meeting)** and at any adjournment or postponement of that Meeting, in accordance with the following directions. By execution of this CDI Voting Instruction Form the undersigned hereby authorises CDN to appoint such proxies or their substitutes in their discretion to vote in accordance with the directions set out below.

STEP 2

If you wish to attend the Meeting in person or appoint some person or company other than CDN, who need not be a stockholder, to attend and act on your behalf at the Meeting or any adjournment or postponement thereof, please insert your name, or the name of your appointee, in this box.

Computershare will then send you a legal form of proxy which will grant you or the person specified by you the right to attend and vote at the Meeting. Please remember that the form of proxy is subject to all terms and conditions that apply to proxies as outlined in the Notice of Annual Meeting including any cut off time for receipt of valid proxies.

STEP 3

Voting Instructions - Voting instructions will only be valid and accepted by CDN if they are signed and received no later than 96 hours before the Meeting. Please read the instructions overleaf before marking any boxes with an X.

	For	Abstain
Item 1(a) Re-election of Mr Dennis Condon as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
Item 1(b) Election of Ms Elizabeth Hammack as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>

	For	Against	Abstain
Item 2 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Grant of Options to Mr Scott Dodson, President & CEO and a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4(a) Grant of Options to Mr Barry Cheskin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4(b) Grant of Options to Mr Dennis Condon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4(c) Grant of Options to Ms Elizabeth Hammack	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4(d) Grant of Options to Mr Gregory Lichtwardt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4(e) Grant of Options to Ms Zita Peach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you do not mark the "For", "Against" or "Abstain" box your vote will not be counted

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date ____ / ____ / ____

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▼ IF YOU HAVE NOT VOTED VIA THE INTERNET, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼



Proxy — AirXpanders, Inc.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held 4:00 p.m. May 22, 2017 (U.S. Pacific Daylight Time)

9:00 a.m. May 23, 2017 (Australian Eastern Standard Time)

Mr Barry Cheskin and Mr Scott Dodson, or either of them, each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Stockholders of AirXpanders, Inc. to be held on Monday, May 22, 2017 at 4:00 p.m. U.S. Pacific Daylight Time (Tuesday, 23 May 2017 at 9:00 a.m. Australian Eastern Standard Time), or at any postponement or adjournment thereof.

Shares represented by this Proxy Card will be voted by the proxies in accordance with the stockholder's instructions in this Proxy Card. If no such instructions are indicated, the proxies will have authority to vote in favor of (i.e., "FOR") Items 1(a) to 4(e). In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

(Items to be voted appear on reverse side.)