

# Appendix 3B

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

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

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

Name of entity

BrainChip Holdings Ltd

ABN

64 151 159 812

We (the entity) give ASX the following information.

### Part 1 - All issues

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

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | <ol style="list-style-type: none"><li>1. Unlisted Options</li><li>2. Performance Rights – Restricted Stock Units (<b>RSUs</b>)</li><li>3. Ordinary Shares</li></ol>  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | <ol style="list-style-type: none"><li>1. 400,000</li><li>2. 650,000</li><li>3. 303,030</li></ol>   |
| 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) | <ol style="list-style-type: none"><li>1. Unlisted Options exercisable at \$AUD0.14 per option, expiring 10 years from the date of issue.</li><li>2. RSU's subject to vesting conditions tested 1 year from the date of grant. After vesting an additional share trading restriction period of 1 year is placed on the underlying security (FPO).</li></ol> |

+ See chapter 19 for defined terms.

4	<p>Do the <sup>+</sup>securities rank equally in all respects from the <sup>+</sup>issue date with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional <sup>+</sup>securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<ol style="list-style-type: none"> <li>1. No. Upon exercise of the Unlisted Option the fully paid ordinary shares will rank equally with the fully paid ordinary shares on issue and quoted on the ASX.</li> <li>2. No, however the fully paid ordinary shares received on vesting will rank equally with the fully paid ordinary shares on issue.</li> <li>3. Yes</li> </ol>
5	Issue price or consideration	<ol style="list-style-type: none"> <li>1. Nil consideration.</li> <li>2. Nil consideration</li> <li>3. \$0.165 per share</li> </ol>
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issues and grants of options and performance share rights are pursuant to employee incentive grants.</p> <p>The ordinary shares are issued in consideration for professional services provided in accordance with agreement between the parties.</p>
6a	<p>Is the entity an <sup>+</sup>eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the <sup>+</sup>securities the subject of this Appendix 3B, and comply with section 6i</p>	Yes
6b	<p>The date the security holder resolution under rule 7.1A was passed</p>	10 May 2018
6c	<p>Number of <sup>+</sup>securities issued without security holder approval under rule 7.1</p>	303,030

<sup>+</sup> See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable	
6f	Number of +securities issued under an exception in rule 7.2	1. 400,000 Unlisted Options 2. 650,000 RSUs	
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.	Not applicable	
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	Not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 - 155,634,047  7.1A – 103,758,051	
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	21 December 2018	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		1,049,833,519	Ordinary Fully Paid
9	Number and class of all securities not quoted on ASX (including all securities in section 2 if applicable)	Refer Attachment A	

+ See chapter 19 for defined terms.

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

## Part 2 - Pro rata issue

- 11 Is security holder approval required?
- 12 Is the issue renounceable or non-renounceable?
- 13 Ratio in which the +securities will be offered
- 14 +Class of +securities to which the offer relates
- 15 +Record date to determine entitlements
- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 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.
- 19 Closing date for receipt of acceptances or renunciations

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+ See chapter 19 for defined terms.

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

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+ See chapter 19 for defined terms.

32 How do security holders dispose of their entitlements (except by sale through a broker)?

33 +Issue date

### Part 3 - Quotation of securities

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

34 Type of +securities  
(tick one)

(a)  +Securities described in Part 1 (Fully paid ordinary shares only)

(b)  All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

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

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+ See chapter 19 for defined terms.

## Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	Not applicable				
39	+Class of +securities for which quotation is sought	Not applicable				
40	<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"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	Not applicable				
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	Not applicable				
42	Number and +class of all +securities quoted on ASX ( <i>including</i> the +securities in clause 38)	<table border="1"> <thead> <tr> <th data-bbox="785 1413 1088 1451">Number</th> <th data-bbox="1088 1413 1385 1451">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="785 1451 1088 1635"></td> <td data-bbox="1088 1451 1385 1635"></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

## Quotation agreement

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

2 We warrant the following to ASX.


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

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

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

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

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

Sign here:   
..... Date: 21 December 2018  
(Company Secretary)

Print name: Kim Clark

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+ See chapter 19 for defined terms.



# ===== Appendix 3B – Annexure 1

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

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

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	969,080,512
<b>Add</b> the following: <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 <span style="float: right;">55,500,000</span></li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval <span style="float: right;">15,000,000</span></li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period <span style="float: right;">Nil</span></li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	1,039,580,512

+ See chapter 19 for defined terms.

<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	155,937,077
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> 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"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	303,030
<b>“C”</b>	303,030
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	155,937,077
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	303,030
<p><b>Total</b> [“A” x 0.15] – “C”</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>	155,634,047

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	1,039,580,512
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	103,958,051
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	Nil
<b>“E”</b>	Nil

+ See chapter 19 for defined terms.

<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
“A” x 0.10  <i>Note: number must be same as shown in Step 2</i>	116,896,055
<b>Subtract “E”</b>  <i>Note: number must be same as shown in Step 3</i>	Nil
<b>Total</b> [“A” x 0.10] – “E”	116,896,055  <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.

**Attachment A - Appendix 3B**

Item 9 (Number and class of all securities not quoted on ASX (including all securities in section 2 if applicable))	Number	Class	Exercise Price	Expiry Date	Vesting Terms
	800,000	Options	\$0.14 per option	5/10/2028	25% on each of 05/10/2019, 05/10/2020, 05/10/2021 and 05/10/2022
	500,000	Options	\$0.145 per option	17/07/2028	25% on each of 17/07/2019, 17/07/2020, 17/07/2021 and 17/07/2022
	600,000	Options	\$0.14 per option	16/06/2028	25% on each of 16/06/2019, 16/06/2020, 16/06/2021 and 26/06/2022
	1,000,000	Options	\$0.155 per option	8/08/2028	25% on each of 30/04/2019, 30/04/2020, 30/04/2021 and 30/04/2022
	500,000	Options	\$0.18 per option	8/08/2028	25% on each of 30/04/2019, 30/04/2020, 30/04/2021 and 30/04/2022
	5,550,000	Options	\$0.24 per option	21/12/2020	25% on each of 21/12/2016, 21/12/2017, 21/12/2018 and 21/12/2019
	1,500,000	Options	\$0.23 per option	1/02/2021	25% on each of 01/02/2017, 01/02/2018, 01/02/2019 and 01/02/2020
	15,000,000	Options	\$0.225 per option	30/09/2021	25% on each of 30/09/2017, 30/09/2018, 30/09/2019 and 30/09/2020
	23,000,000	Options	\$0.225 per option	30/09/2021	25% on each of 30/12/2017, 30/12/2018, 30/12/2019 and 20/12/2020
	6,000,000	Options	\$0.225 per option	30/09/2021	25% on each of 16/02/2018, 16/02/2019, 16/02/2020 and 16/02/2021
	6,000,000	Options	\$0.225 per option	30/09/2021	25% on each of 31/12/2018, 21/12/2019 and 31/12/2020 noting that the final 25% can only vest upon Change of Control and in accordance with the rules on issue

	2,000,000	Options	\$0.27 per option	10/10/2021	25% on each of 10/10/2017, 10/10/2018, 10/10/2019 and 10/10/2020
	4,000,000	Options	\$0.15 per option	10/10/2021	25% on each of 08/07/2017, 08/07/2018, 08/07/2019 and 08/07/2020
	7,000,000	Options	\$0.18 per option	1/11/2019	N/A
	1,750,000	Options	\$0.245 per option	1/02/2023	1/02/2018
	1,750,000	Options	\$0.245 per option	1/02/2024	1/02/2019
	1,750,000	Options	\$0.245 per option	1/02/2025	1/02/2020
	1,750,000	Options	\$0.245 per option	1/02/2026	1/02/2021
	3,000,000	Options	\$0.32 per option	16/02/2022	N/A
	3,000,000	Options	\$0.32 per option	31/12/2022	N/A
	100,000	Options	\$0.32 per option	16/02/2022	25% on each of 27/01/2018, 27/01/2019, 27/01/2020 and 27/01/2022
	20,000,000	Options	\$0.275 per option	31/03/2022	25% on each of 21/03/2018, 21/03/2019, 21/03/2020 and 21/03/2021
	2,000,000	Options	\$0.185 per option	31/01/2023	31/01/2018
	2,000,000	Options	\$0.185 per option	31/01/2024	31/01/2019
	2,000,000	Options	\$0.185 per option	31/01/2025	31/01/2020
	2,000,000	Options	\$0.185 per option	31/01/2026	31/01/2021
	2,000,000	Options	\$0.165 per option	7/07/2023	7/07/2018
	2,000,000	Options	\$0.165 per option	7/07/2024	7/07/2019
	2,000,000	Options	\$0.165 per option	7/07/2025	7/07/2020
	2,000,000	Options	\$0.165 per option	7/07/2026	7/07/2021
	500,000	Options	\$0.17 per option	14/12/2022	25% on each of 31/07/2018, 31/07/2019, 31/07/2020 and 31/07/2021
	5,300,000	Options	\$0.185 per option	14/12/2022	25% on each of 28/11/2018, 28/11/2019, 28/11/2020 and 28/11/2021
	27,000,000	Options	\$0.16 per option	11/08/2022	25% on each of 10/08/2018, 10/08/2019, 10/08/2020 and 10/08/2021
	400,000	Options	\$0.195 per option	14/12/2022	25% on each of 28/11/2018, 28/11/2019, 28/11/2020 and 28/11/2021
	1,300,000	Options	\$0.22 per option	13/03/2028	N/A

	2,000,000	Options	\$0.19 per option	13/03/2028	500,000 on 30/04/2018, 500,000 on 30/09/2018 and 1,000,000 on 16/02/2019
	150,000	Options	\$0.19 per option	13/03/2028	25% on each of 05/03/2019, 05/03/2020, 05/03/2021 and 05/03/2022
	1,500,000	Options	\$0.19 per option	13/03/2028	Vesting on 09 Dec 2019
	650,000	Options	\$0.19 per option	13/03/2028	Vesting on 15/01/2020
	800,000	Options	\$0.19 per option	13/03/2028	Vesting on 15/01/2021
	1,200,000	Options	\$0.19 per option	13/03/2028	Vesting on 05/07/2021
	800,000	Options	\$0.19 per option	13/03/2028	Vesting on 07/10/2021
	200,000	Options	\$0.185 per option	14/12/2022	25% on each of 01/12/2018, 01/12/2019, 01/12/2020 and 01/12/2021
	250,000	Options	\$0.36 per option	21/12/2020	N/A
<b>Total Employee Share Plan (ESP) Options</b>	<b>164,600,000</b>				
<b>Non ESP options</b>	6,250,000	Options	\$0.157 per option	10/09/2019	N/A
	20,000,000	Options	0.23 per option	31/05/2020	N/A
<b>Total Options on Issue</b>	<b>190,850,000</b>				
<b>Performance Share Rights</b>	150,000	Performance Rights	N/A		Vesting 06/08/2019
	300,000	Performance Rights	N/A		Vesting 03/09/3019
	200,000	Performance Rights	N/A		Vesting 08/10/2019
	50,000	Performance Rights	N/A		Vesting 17/07/2019
	1,000,000	Performance Rights	N/A		Vesting 08/05/2019
	2,950,000	Performance Rights	N/A		Vesting 08/06/2020
	7,500,000	Performance Rights	N/A		Vesting on 08/06/2019
	300,000	Performance Rights	N/A		Vesting on 03/09/2019
	200,000	Performance Rights	N/A		Vesting on 08/10/2019
	150,000	Performance Rights	N/A		Vesting on 06/08/2019
<b>Total PSR's on Issue</b>	<b>12,800,000</b>				