

Appendix 3B

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

Note: Corrected Item 8 (only). This document replaces the Appendix 3B dated 18 October 2018

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 | Fully paid ordinary shares (Shares) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 6,000,000 |
| 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) | Shares issued upon the election of the holder, in accordance with the vesting conditions being met for Class C Performance Rights. |

+ See chapter 19 for defined terms.

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4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?	Yes
	<p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	
5	Issue price or consideration	Nil cash consideration
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issued on election of the Performance Right holder. The achievement of the milestone 3 basis for the vesting of the Class C Performance Rights were previously described to the market on 15 March 2016.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	10 May 2018
6c	Number of +securities issued without security holder approval under rule 7.1	Not applicable
6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable

+ See chapter 19 for defined terms.

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	6,000,000 (exception 4)					
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	<p>7.1 - 155,087,073</p> <p>7.1A - 105,058,049</p>					
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	18 October 2018					
8	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1,049,580,489*</td> <td style="text-align: center;">Ordinary Fully Paid</td> </tr> </tbody> </table>	Number	+Class	1,049,580,489*	Ordinary Fully Paid	<p>*This is correction from the Appendix 3B lodged on 18 October 2018 that described 1,043,580,489.</p>
Number	+Class						
1,049,580,489*	Ordinary Fully Paid						

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9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
	50,000	Performance Rights (RSUs)
	500,000	Options exercisable at \$0.145 per option, expiring ten years from the issue date and vesting at 25% per annum over four years
	2,000,000	Class B Performance Rights
	15,000,000	Performance Rights issued on 8 June 2018 under the BrainChip 2018 LTI.
	2,950,000	Performance Rights (RSUs)
	600,000	Options exercisable at \$0.14 per option, expiring ten years from the issue date and vesting at 25% per annum over four years
	1,000,000	Options exercisable at \$0.155 per option, expiring ten years from the issue date and vesting at a rate of 25% per annum over four years
	500,000	Options exercisable at \$0.18 per option, expiring ten years from the issue date and vesting at a rate of 25% per annum over four years.
	11,000,000	Options exercisable at \$0.225 on or before 30 November 2018.
	6,250,000	Options exercisable at \$0.157 on or before 10 September 2019.
	7,000,000	Options exercisable at \$0.18 on or before 1 November 2019.

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5,550,000	Options exercisable at \$0.24 on or before 21 December 2020.
250,000	Options exercisable at \$0.36 on or before 21 December 2020.
1,500,000	Options exercisable at \$0.23 on or before 1 February 2021.
50,000,000	Options exercisable at \$0.225 on or before 30 September 2021.
2,000,000	Options exercisable at \$0.27 on or before 10 October 2021.
4,000,000	Options exercisable at \$0.15 on or before 10 October 2021.
6,000,000	Options exercisable at \$0.245, with 50% on or before 16 February 2022 and the remainder on or before 31 December 2022.
100,000	Options exercisable at \$0.32 on or before 16 February 2022.
20,000,000	Options vesting in four equal tranches and exercisable at \$0.275 on or before 31 March 2021.
20,000,000	Options Exercisable at \$0.23 expiring on or before 31 May 2020.
8,000,000	Options vesting in four equal tranches and exercisable at \$0.185 expiring on or before five years from the date of each tranche vesting.

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7,000,000	Options vesting in four tranches and exercisable at \$0.245 expiring on or before five years from the date of each tranche vesting.
8,000,000	Options vesting in four tranches and exercisable at \$0.165 expiring on or before five years from the date of each tranche vesting.
27,000,000	Options Exercisable at \$0.16 on or before 11 August 2022 and vesting at a rate of 25% per annum over four years.
500,000	Options Exercisable at \$0.17 expiring five years from the date of issue.
5,500,000	Options Exercisable at \$0.185 expiring five years from the date of issue.
400,000	Options Exercisable at \$0.195 expiring five years from the date of issue.
500,000	Options Exercisable at \$0.225 expiring five years from the date of issue.
7,100,000	Options Exercisable at \$0.19 expiring ten years from the date of issue.
1,300,000	Options Exercisable at \$0.22 expiring ten years from the date of issue.

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

The Company has no dividend policy at this time.

+ See chapter 19 for defined terms.

Part 2 - Pro rata issue

- | | | |
|----|--|----------------|
| 11 | Is security holder approval required? | Not applicable |
| 12 | Is the issue renounceable or non-renounceable? | Not applicable |
| 13 | Ratio in which the +securities will be offered | Not applicable |
| 14 | +Class of +securities to which the offer relates | Not applicable |
| 15 | +Record date to determine entitlements | Not applicable |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | Not applicable |
| 17 | Policy for deciding entitlements in relation to fractions | Not applicable |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | Not applicable |
| 19 | Closing date for receipt of acceptances or renunciations | Not applicable |

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

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- 32 How do security holders dispose of their entitlements (except by sale through a broker)? Not applicable
- 33 +Issue date Not applicable

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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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 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Not applicable

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

Not applicable

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

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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:


.....
(Company Secretary)

Date: 19 October 2018

Print name: Julian Rockett

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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

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	849,200,426
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>1,000,000 – 29/10/2017 converted performance rights.</p> <p>500,000 – 7/11/17 converted performance rights.</p> <p>119,380,063 – 7/11/2017, ratified at 18/12/17 EGM.</p> <p>15,000,000 – 8/6/2018, approved at 10/5/18 AGM.</p> <p>10,000,000 – 9/10/2018 issued under the Company’s LTIP.</p> <p>49,500,000 – 9/10/2018 converted performance rights.</p> <p>6,000,000 – converted performance rights pursuant to this Appendix 3B.</p>
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	
“A”	1,050,580,489

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	157,587,073
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>1,500,000 Options – 8/6/2018</p> <p>1,000,000 Class B Performance Rights 8/06/2018</p>
“C”	2,500,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	157,587,073
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	2,500,000
Total [“A” x 0.15] – “C”	155,087,073 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	1,050,580,489
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	105,058,049
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
<p>“A” x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	105,058,049
<p>Subtract “E”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	Nil
<p>Total [“A” x 0.10] – “E”</p>	<p>105,058,049</p> <p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>

+ See chapter 19 for defined terms.