

3 February 2017

AirXpanders, Inc.

Disclosure Under Listing Rules 3.10.5A and 7.1A.4(b)

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, provides the following information in accordance with ASX Listing Rules 3.10.5A and 7.1A.4(b).

Background

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

AirXpanders announced that the Placement will be completed in two tranches with Tranche 1 consisting of 26,536,500 CDIs (representing 8,845,500 shares of Class A Common Stock) to be issued under the Company's capacity in accordance with ASX Listing Rule 7.1 and 7.1A. Tranche 2 will consist of 22,376,544 CDIs (representing 7,458,848 shares of Class A Common Stock) to be issued subject to stockholder approval at a special meeting of stockholders to be convened by the Company on or about February 17, 2017.

Information disclosed under Listing Rules 3.10.5A and 7.1A.4(B)

1 AirXpanders has today issued 26,536,500 CDIs (representing 8,845,500 shares of Class A Common Stock) to complete Tranche 1 of the Placement and those CDIs will rank equally with the existing CDIs on issue (**Tranche 1 CDIs**). The Company now has 264,261,624 CDIs (representing 88,087,208 shares of Class A Common Stock) on issue following the allotment today of the Tranche 1 CDIs.

Of the Tranche 1 CDIs issued, 5,395,608 CDIs (representing 1,798,536 shares of Class A Common Stock) were issued pursuant to Listing Rule 7.1A and 21,140,892 CDIs (representing 7,046,964 shares of Class A Common Stock) were issued pursuant to Listing Rule 7.1.

Details of the dilution (to the existing holders of CDIs), based upon the 264,261,624 CDIs now on issue (assuming all Shares are held as CDIs), follow below:

- (a) dilution as a result of the issue of CDIs under Listing Rule 7.1A is approximately 2.04%; and
- (b) dilution as a result of the issue of CDIs under Listing Rule 7.1 is approximately 8.00 %.

2 The Company issued the Tranche 1 CDIs as a placement under ASX Listing Rule 7.1A as it considered this the most efficient and expedient mechanism for raising the majority of the funds required to achieve its stated objectives.

3 No underwriting arrangements were in place for the Placement.

4 The Company incurred the following fees / other commissions in connection with the Tranche 1 CDIs issued today:

Lead Manager	Fees / Commissions on the Placement
The lead manager to the Placement was Canaccord Genuity (Australia) Limited (Canaccord).	Aggregate fee of A\$976,543

5 If Tranche 2 is approved by the Company's stockholders, the Company is expected to incur the following fees / other commissions in connection with Tranche 2 of the Placement:

Lead Manager	Fees / Commissions on the Placement
Canaccord	Aggregate fee of A\$823,457

Appendix 3B

Details of the CDIs allotted and to be allotted under the Placement are provided in a separate Appendix 3B.

- ENDS -

Company	Investor relations
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About AirXpanders:

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

Forward-Looking Statements

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

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

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

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