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AirXpanders Raises A\$45 Million in Private Placement

Highlights

- Commitments received under private placement from sophisticated and professional investors to raise A\$45 Million at an issue price of A\$0.92 per CDI
- Proceeds to be used primarily to build inventory for the U.S. market, accelerate investment for U.S. sales and marketing, complete commercial manufacturing capacity expansion and for general working capital

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 System, today announces that it has 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 Million (**Placement**).

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 during a special meeting of stockholders (**Special Meeting**) to be convened by the Company on or about 17 February 2017.

The funds raised from the Placement will be primarily used by the Company for:

- Building inventory for the U.S. market;
- Acceleration of investment for U.S. sales and marketing, including hiring of U.S. sales force;
- Completion of expansion of commercial manufacturing capacity in Costa Rica; and
- General working capital

Canaccord Genuity (Australia) Limited acted as the sole lead manager to the Placement.

"Following receipt of FDA *de novo* clearance in December 2016, we are now moving ahead with the commercial launch of AeroForm in the United States. This raise provides us with the capital to expedite the build out of our U.S. sales force, and increase our manufacturing capacity to ensure we have the inventory to meet the expected demand for the product," said Scott Dodson, President and CEO of AirXpanders.

"It's an exciting time for AirXpanders, and we thank our existing and new investors for their support."

The CDIs subscribed for under Tranche 1 of the Placement are expected to be issued on or around 3 February 2017. The CDIs will rank equally with existing AirXpanders CDIs.

Restrictions on resale of securities in the United States

The securities to be offered have not been registered under the United States Securities Act of 1933, as amended (**U.S. Securities Act**), or any state securities laws, and until so registered, may not be offered or

sold in the United States (**U.S.**) except pursuant to an exemption from the registration requirements of the US Securities Act and applicable state securities laws.

The Placement was made available to investors in reliance on the exemption from registration contained in Regulation S of the U.S. Securities Act for offers of securities which are made outside the U.S. This means that the CDIs issued in the Placement are subject to restrictions under Regulation S.

In order to comply with the requirements of Regulation S, investors may not re-sell any Placement CDIs (or underlying securities) into the U.S. to a U.S. person or for the account or benefit of a U.S. Person for a period of one year after the date of issue of the securities unless the re-sale of the securities is registered under the U.S. Securities Act or an exemption from registration is available.

Accordingly, in order to enforce the above transfer restrictions whilst ensuring that holders can still trade their CDIs on ASX, the CDIs will bear a "FOR US" designation on ASX. As a result of the imposition of the "FOR US" designation, all shareholders of the Company will be restricted from selling their CDIs on ASX to U.S. persons.

This announcement is not an offer to sell, nor a solicitation of an offer to buy any securities, nor shall there be any sale of these securities in any state or jurisdiction in which the offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction or an applicable exemption therefrom.

- ENDS -

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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, the anticipated gross proceeds from the Placement; completion and timing of the Placement, including ability to obtain stockholder approval for the Tranche 2 of the Placement; general market conditions and the satisfaction of customary closing conditions related to the Placement; 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.