Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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	1) Options to acquire fully paid ordinary shares (unquoted) 2) Options to acquire fully paid ordinary shares (unquoted) 3) Class D Performance Rights (unquoted)
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	1) 23,000,000 2) 27,000,000 3) 2,000,000

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)	1) 23,000,000 Options exercisable at $0.225 per Option on or before 30 September 2021 issued to CEO under the Company's Long Term Incentive Plan approved by shareholders on 30 July 2015. 25% of the Options will vest and become exercisable on each anniversary of the Issue Date so long as the Participant is providing continuous service to the Company. 2) 27,000,000 Performance Options exercisable at $0.225 per Option on or before 30 September 2021 issued to CEO under the Company's Long Term Incentive Plan approved by shareholders on 30 July 2015. 25% of the Options will vest and become exercisable on each anniversary of the date of achievement of applicable milestones so long as the Participant is providing continuous service to the Company. 3) 2,000,000 Performance Rights – Class D Performance Rights issued to CEO under the Company's Performance Rights Plan approved by shareholders on 30 July 2015. Each Performance Right carries a right to one fully paid ordinary share, the Performance Rights will vest on the date the milestone relating to that Performance Right has been satisfied, no amount is payable upon the issue or vesting of the Performance Rights. The Performance Rights will automatically lapse on 10 September 2020 and the further terms set out in the Company's Notice of General Meeting announced on 30 June 2015.
4	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	1) No, upon the exercise of the Options the fully paid ordinary shares issued will rank equally with the fully paid ordinary shares on issue. 2) No, upon the exercise of the Options the fully paid ordinary shares issued will rank equally with the fully paid ordinary shares on issue. 3) No. Performance Rights are not quoted securities and do not rank equally with ordinary shares. Any ordinary share issued or transferred to the holder of a Performance Right upon vesting will rank equally from the date of allotment with other ordinary shares

+ See chapter 19 for defined terms.

5	Issue price or consideration	1) Nil, issued to CEO under the Company's Long Term Incentive Plan approved by shareholders on 30 July 2015 2) Nil, issued to CEO under the Company's Long Term Incentive Plan approved by shareholders on 30 July 2015 3) Nil, issued to CEO under the Company's Performance Rights Plan approved by shareholders on 30 July 2015
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	1) Issued to CEO under the Company's Long Term Incentive Plan approved by shareholders on 30 July 2015 2) Issued to CEO under the Company's Long Term Incentive Plan approved by shareholders on 30 July 2015. 3) Issued to CEO under the Company's Performance Rights Plan approved by shareholders on 30 July 2015.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h *in relation to the +securities the subject of this Appendix 3B*, and comply with section 6i	No
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	None
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.	N/A

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	N/A
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	N/A
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.	1) 30 September 2016 2) 30 September 2016 3) 30 September 2016

+ See chapter 19 for defined terms.

		Number	+Class
8	Number and +class of all +securities quoted on ASX (*including* the +securities in section 2 if applicable)	416,568,532	Ordinary fully paid shares (10,070,607 of which are subject to voluntary escrow arrangements).

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (*including* the +securities in section 2 if applicable)	327,381,894	Ordinary fully paid shares (restricted)
		50,000,000	Options Exercisable at $0.225 on or before 30 September 2021
		11,000,000	Options Exercisable at $0.225 on or before 30 November 2018
		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
		6,250,000	Options Exercisable at $0.157 on or before 10 September 2019 (restricted)
		13,500,000	Class A Performance Rights (restricted)
		13,500,000	Class B Performance Rights (restricted)
		13,500,000	Class C Performance Rights (restricted)
		46,500,000	Class D Performance Rights (restricted)
		2,000,000	Class D Performance Rights (voluntarily restricted)

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company has not formulated a dividend policy at this time.

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

(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

+ 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: Nerida Schmidt (~~Director~~/Company Secretary) Date: 4 October 2016

Print name: NERIDA SCHMIDT== == == == ==

+ See chapter 19 for defined terms.