



14 April 2016

Dear Shareholder

Notice to Eligible Shareholders of Non-Renounceable Entitlement Offer

We write to you as the registered holder of shares in BrainChip Holdings Ltd (ASX: BRN) (Company) as at today's date.

As advised in the Company's ASX announcement dated 14 April 2016, the Company is undertaking a non-renounceable pro rata entitlement offer to eligible shareholders of ordinary fully paid shares in the Company at an issue price of A\$0.15 per share and on the basis of 1 new share (New Share) for every 26 shares held on 20 April 2016 (Record Date) (Offer). Pursuant to the Offer, the Company will issue approximately up to 27,168,279 New Shares to raise approximately A\$4,075,000 before costs (assuming no unquoted options are exercised prior to the Record Date).

The Offer is available to all Company shareholders (Shareholders) registered on the Record Date whose registered address is in Australia or New Zealand (Eligible Shareholders). The Offer is not being extended to any Shareholders with addresses outside these jurisdictions.

1. Purpose of the Offer

The Company proposes to use the funds raised under the Offer to:

- (a) grow its R&D, engineering and marketing teams and recruit a CEO and VP Sales;
- (b) prototyping and development of chips;
- (c) pay the costs of the Offer; and
- (d) provide working capital.

2. Indicative Timetable

The New Shares will be offered in accordance with the following indicative timetable:



Event	Date
Lodgement of Appendix 3B and Prospectus with ASX Notice of Offer sent to Optionholders	14 April 2016
Notice of Offer sent to Shareholders	18 April 2016
Shares quoted on an "EX" basis	19 April 2016
Record Date for determining Entitlements	20 April 2016
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	22 April 2016
Last day to extend the offer closing date	29 April 2016
Closing Date of Offer (5pm WST)*	4 May 2016
Shares quoted on a deferred settlement basis	5 May 2016
Notification of Shortfall	6 May 2016
Anticipated date for issue of the Securities Deferred settlement trading ends	6 May 2016
Anticipated date for commencement of Shares trading on a normal settlement basis	9 May 2016

All dates are indicative only and subject to change without prior written notice. Any extension of the Closing Date will have a consequential effect on the date of issue of the New Shares.

3. Shortfall

The Company reserves the right, subject to any restrictions imposed by the Corporations Act and the Listing Rules, to issue the shortfall shares at their sole discretion. The Company may allocate any surplus shortfall to those who have applied for shortfall shares.



4. Capital Structure of the Company

The Company currently has 706,375,252 shares, 29,550,000 unquoted options (options are exercisable at various prices on with various expiry dates) and 87,000,000 unquoted performance rights on issue. On the basis that no unquoted options are exercised prior to the Record Date, the Offer is for a maximum of 27,168,279 New Shares.

5. Director Participation

The Directors (other than Peter van der Made, who is a US resident and therefore ineligible to participate in the Offer) have indicated that they intend to take up part of their entitlement under the Offer and are pleased to present this opportunity to Shareholders.

6. Prospectus

Details of the Offer are contained in the Prospectus. The Prospectus can be accessed from the Company's ASX platform at the ASX website, www.asx.com.au.

A copy of the Prospectus and the Entitlement and Acceptance Form are intended to be sent to Eligible Shareholders on 22 April 2016.

The Directors of the Company urge you to read the Prospectus carefully and seek advice from your financial adviser if you have any queries. This notice is to inform you of the Offer. You are not required to do anything in respect to this letter.

If you require clarification on any of the above matters, please contact the Company Secretary on by email at nschmidt@brainchip.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Eric Bolto".

Eric (Mick) Bolto
Chairman
BrainChip Holdings Ltd