



ASX PRESS RELEASE

30 May 2016

Mr Wade Baggott
Principal Adviser, ASX Listings Compliance
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

RESPONSE TO ASX – PRICE AND VOLUME QUERY

Dear Wade,

I refer to your letter dated 30 May 2016 and provide responses below:

1. The Company is not aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities.
2. Not applicable.
3. The Company's recent non-renounceable pro-rata rights issue to eligible shareholders announced on 14 April 2016 on a 1 for 26 basis ("Rights Issue") which offered up to 27,169,585 new shares at an issue price of \$0.15 per share closed on 11 May 2016. The Company announced on 13 May 2016 that it had received acceptances for a total of 3,346,825 new shares (of total eligible entitlements of 9,821,221) along with shortfall applications for a total of a further 1,179,809 new shares to raise approximately \$0.68 million. In addition, issues to underwriters of the Rights Issue of 11,666,668 shares raising \$1.75 million and bringing total funds raised to approximately \$2.43 million, was made and the Appendix 3B lodged on 25 May 2016. The Company also disclosed in the announcement of 13 May 2016 that the Company had the option to place the remaining part of the Rights Issue over the next 90 days and that discussions had been started during the fund raising process with institutions and high net worth's who have been qualified as strategic investors capable of providing further support. These discussions have continued, working with our Corporate Adviser - Foster Stockbroking, and the Company hopes to confirm the placement of this shortfall in the near future.



ASX PRESS RELEASE

4. Confirmed.

Yours sincerely

A handwritten signature in black ink, appearing to read "N Schmidt".

Ms Nerida Schmidt
Company Secretary

About BrainChip Holdings Ltd (ASX:BRN)

BrainChip Inc, located in Aliso Viejo, CA, has developed a revolutionary new Spiking Neuron Adaptive Processor (SNAP) technology that has the ability to autonomously and rapidly learn and associate information just like the human brain. SNAP technology learns in seconds. This exemplifies a new level of machine learning that is expected to surpass deep learning, which requires days or weeks to train. The SNAP technology is fast, completely digital, and consumes very low power. Additional information is available by visiting www.brainchipinc.com

Forward Looking Statements

This press release may contain certain forward-looking statements and information, as defined within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and is subject to the Safe Harbor created by those sections. This material contains statements about expected future events and/or financial results that are forward-looking in nature and subject to risks and uncertainties. Such forward-looking statements by definition involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of BrainChip Holdings Limited to be materially different from the statements made herein.



ASX PRESS RELEASE

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30 May 2016

Ms Nerida Schmidt
Company Secretary
Brainchip Holdings Limited

By email: nschmidt@brainchip.com.au

Dear Ms Schmidt

Brainchip Holdings Limited (the “Entity”): ASX Price and Volume Query

We have noted a change in the price of the Company’s securities from a closing price of \$0.15 on Thursday, 26 May 2016, to an intra-day high at the time of writing of \$0.205 today, 30 May 2016. We have also noted an increase in the volume of trading in Company’s securities over this period.

In light of the price and volume increase, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.



When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **10:30 am (WST) today, 30 May 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at wade.baggott@asx.com.au and tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.



We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[sent electronically without signature]

Wade Baggott
Principal Adviser, ASX Listings Compliance