



Micro-X Limited,
1284 South Road, Tonsley,
Clovelly Park, South Australia, 5042

ABN: 21 153 273 735

Monday 1st May 2017

ASX Announcement – MICRO-X LIMITED (ASX: MX1)

QUARTERLY CASH FLOW & BUSINESS UPDATE

Micro-X Limited ('**Micro-X**') is pleased to provide an update to accompany the attached Appendix 4C Quarterly Cash Flow report for the period ended 31st March 2017.

The company held cash at the end of quarter of \$1.7M representing a net decrease of \$3.9M over the quarter. Cash receipts during the quarter included \$149K from Carestream Health Inc., our distribution partner, for prototype/demonstration deliveries of the DRX Revolution Nano ("**Nano**"), Micro-X's ultra-lightweight hospital mobile X-ray imaging system.

In the current quarter, Micro-X received the remaining \$200K balance of a \$3M loan from the South Australian Financing Authority. The Company also announced on 10th April 2017 the successful placement of \$5.2M and the launch of a \$4.8M entitlement offer ("**Entitlement Offer**"). The Entitlement Offer is fully underwritten.

Payments of \$3.3M during the quarter related to research and development, mostly for activities and equipment related to pre-production builds of the Nano. The expenditure also included an intensive reliability growth program.

Nano Commercialisation

On 15th March Carestream Health Inc. received the 'K' number for the Nano from the US Food and Drug Administration (FDA). This confirms that a valid 510(k) submission has been received by the FDA and the formal Acceptance Review has commenced. This submission marks a very significant milestone for Micro-X as it means that the Nano has satisfied all the rigorous design, safety and performance criteria for medical devices.

Carestream also lodged at the same time an application for a Medical Device Licence for the DRX Revolution Nano with the Therapeutic Products Directorate of Health Canada with a view to conducting Trade Trials in a Canadian hospital once the licence is issued.

Micro-X's intensive Reliability Growth Testing program for the Nano at Tonsley has now passed a number of cycles equivalent to a 10-year operation and this program has further boosted confidence in the durability of the unit as a competitive market discriminator. Learnings from this program are being incorporated into the next set of pre-production carts which will be used in the Reliability Demonstration Test.

16 pre-production Nano units are currently in build to meet the needs of this program and to satisfy Carestream's needs for pre-launch marketing, promotional and in-house training.

Teams from Carestream made visits to the new XinRay X-ray tube production facility in Raleigh, NC and Micro-X's assembly facility at Tonsley in order to conduct quality audits and a production readiness review of facilities, processes and staff and also to witness the reliability growth testing programs. The reviews were successful and Carestream expressed confidence in Micro-X's transition to production.

Service Training for Nano was successfully conducted in Rochester of Carestream technical product support staff from all parts of the world during April. Carestream's Internal Applications Evaluation program, a pre-cursor to hospital clinical Trade Trials, is currently in progress in Rochester.

The Nano was featured very successfully by Carestream Health at two important trade shows as part of the early marketing awareness campaign for the product. The very positive reactions from industry and clinical visitors to Arab Health in Dubai in February and the European Congress of Radiology in Vienna in March have confirmed strong interest in the Nano in these markets.

Staff and Facilities

Micro-X received its ISO 13485 accreditation certificate on 4th April. This is a major milestone in Micro-X's development as it confirms that the company has established and is operating at its Tonsley facility a comprehensive Quality Management System for the design and manufacture of medical devices. Compliance with ISO 13485 is a material deliverable to achieve compliance with the EU Medical Device Directive, and hence CE marking.

Two new staff joined the company during the quarter, bringing the total to 17. This includes our first USA-based employee, Dr Brian Gonzales, who is our Chief Imaging Scientist, supporting XinRay development and production activities.

For further information please contact:

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About Micro-X: Micro-X Limited ("MX1") is an Australian Securities Exchange listed company developing and commercialising a range of highly innovative products based on proprietary carbon nanotube emitter technologies exclusively licensed and sourced from XinRay Systems Inc., a US based technology developer. These technologies enable the miniaturisation of a number of X-ray applications relevant to large global markets.

The Company has three initial products in its development pipeline – a mobile medical X-ray imager for hospitals, a version for deployed military use and a mobile security back-scatter imager. It is establishing manufacturing for these products in an ISO13485 certified facility in Tonsley, South Australia.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Micro-X Ltd

ABN

21 153 273 735

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		149	369
1.2 Payments for			
(a) research and development		(3,330)	(11,718)
(b) product manufacturing and operating costs		-	-
(c) advertising and marketing		-	-
(d) leased assets		-	-
(e) staff costs		(516)	(1,265)
(f) administration and corporate costs		(339)	(1,311)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		8	19
1.5 Interest and other costs of finance paid		(40)	(96)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives (Research & Development Tax Incentive Refund)		-	8,219
1.8 Other (GST Refunds)		272	896
1.9 Net cash from / (used in) operating activities		(3,796)	(4,887)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(18)	(249)
(b) businesses (see item 10)		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(c) investments	-	-
	(d) intellectual property	(67)	(114)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(85)	(363)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	2,800
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	2,800

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,600	4,169
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,796)	(4,887)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(85)	(363)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,800

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,719	1,719

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,719	5,600
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,719	5,600

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter
\$A'000

306

-

Payments to Directors in relation to directors' fees and salaries for the quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter
\$A'000

-

-

N/A

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	3,000	2,800
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

During Q1 2017, the company entered into a loan commitment with the South Australian Government Financing Authority, amounting to \$3.0 million with an agreed interest rate of 5.75% per annum paid monthly in arrears.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	2,302
9.2 Product manufacturing and operating costs	584
9.3 Advertising and marketing	-
9.4 Leased assets	52
9.5 Staff costs	914
9.6 Administration and corporate costs	156
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	4,008

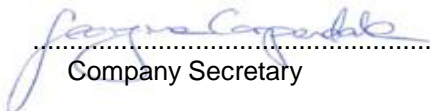
The estimated research and development outflows for the June 2017 quarter relate largely to accrued creditors. The estimated expenditure on research and development for the DRX Revolution Nano for the next quarter is \$852K.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


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Company Secretary

Date: 1st May 2017

Print name: Georgina Carpendale

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.