

Tuesday 2nd July 2019

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

COMPLETION OF \$10M INVESTMENT BY GLOBAL TECHNOLOGY GIANT, THALES SA

Micro-X Ltd (ASX:MX1) and Thales SA (EPA:HO) made a joint announcement this morning at a reception at Parliament House in Adelaide hosted by The Premier of South Australia, The Honourable Steven Marshall MP, that completion has occurred for the \$10M investment in Micro-X by Thales, as part of a collaboration to finance the next generation of unique x-ray products.

This investment first announced on 1 April 2019, was subject to certain conditions precedent including the approval of the Foreign Investment Review Board. Following completion, the first A\$5M draw-down of this 6-year A\$10M convertible loan is now being processed. This loan will be convertible at Thales' sole discretion, at any time in the twelve months following 2nd July 2024, at the 30-day VWAP at the time of conversion. The loan will pay an annual interest rate of 185 bps above the 6-month BBSW, equating to a rate of approximately 3.0% at present.

Chris Jenkins, Chief Executive of Thales Australia, representing Jean-Jacques Guittard, Vice-President of Thales Microwave and Imaging Sub-Systems, announced the centrepiece of the alliance is a teaming agreement on new products which will lead to a new, game-changing, Thales high-speed airport checkpoint security system. Thales will contract Micro-X's engineering capability to design and develop the core imaging sensor of the system which may be built at Micro-X's facility in Adelaide. Thales shall integrate these core components into systems which it plans to sell to airports world-wide.

"Faster airport screening with improved threat detection in the airport screening market, and compact and agile systems with 3D imaging in the medical market are the Holy Grail." said Chris Jenkins. "Which is why we are proud to help anticipate these needs, by joining forces with Micro-X in this multi-faceted collaboration to develop X-ray imaging systems based on X-ray sources that use Carbon NanoTubes cathodes at their heart"

Another part of this alliance is a collaboration on the Micro-X's counter-terrorism Mobile Backscatter Imager or MBI for assessment of Improvised Explosive Devices (IEDs). The design and development is already underway in Adelaide following positive end-user feedback in the USA and Australia on the operational concept and a performance demonstration conducted for the Australian Defence Force's Counter-IED Task Force. Micro-X is well-positioned to sell the MBI directly within the Five Eyes alliance countries (USA, UK, Canada, Australia & NZ). Under this collaboration Thales, an established global supplier of defence and security technology systems, will sell the MBI product, manufactured in Adelaide, throughout the rest of the world. The addressable market for this product is estimated to be US\$1.8 Billion globally.

Underpinning the alliance on new products, Micro-X and Thales will join forces on the design and manufacture of a revolutionary new range of ultra-miniature x-ray tubes combining Micro-X's world-leading experience in CNT x-ray with Thales's 60 years' experience in x-ray devices. These tubes will be produced by Thales and manufactured in France, and will power Micro-X's future roadmap of innovative x-ray products for medical and security markets.

"This alliance with Thales is a key turning point in Micro-X's history." said Micro-X Managing Director, Peter Rowland. "with completion now occurring following FIRB approval, our collaboration work with Thales can ramp up to develop the innovative x-ray products which this technology allows. It is very exciting to be working with a global partner who

shares our vision for commercialising game-changing new products in both medical and security markets with this unique technology.”

For further information please contact:

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About Micro-X: Micro-X Limited (“MX1”) is an ASX listed company developing and commercialising a range of highly innovative products based on proprietary carbon nanotube emitter technology. This technology enables the miniaturisation of a number of X-ray applications for large global markets.