



## **Notice of Extraordinary General Meeting & Explanatory Statement**

**Micro-X Limited ACN 153 273 735**

**To be held at:** The Offices of Thomson Geer, Level 39, 525 Collins Street, Melbourne, VIC 3000

**To be held on:** Thursday, 19 December 2019

**Commencing:** 9.00AM (Melbourne time)

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| <p>This Notice of Extraordinary General Meeting and Explanatory Statement should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.</p> |
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## Letter from the Chairman

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Dear Shareholders,

We are pleased to invite you to an Extraordinary General Meeting of Micro-X Limited (**Company**).

The Company is implementing a capital raising by way of a placement to raise up to \$16,500,000. The funds raised will be used to:

- provide on-going funding toward the development and commercialisation of MBI, Rover and Nano products and working capital, which is expected to cost up to \$12.7million;
- redeem most of the Convertible Notes on issue in the Company, which is expected to cost up to \$2.8million; and
- cover capital raising costs,

subject to any amendment contemplated by section 4.2 of the Explanatory Statement.

The placement comprises:

- the Tranche 1 General Placement, which is planned to be completed on or about 25 November 2019 and raised approximately \$2.49 million which is subject to ratification by Shareholders at this meeting;
- the Tranche 2 General Placement, to raise up to approximately \$13.66 million, which is subject to Shareholder approval at this meeting;
- the Gosling Director Placement, to raise \$0.05 million, which is subject to Shareholder approval at this meeting; and
- the O'Brien Director Placement, to raise \$0.30 million, which is subject to Shareholder approval at this meeting.

Each Director Placement will be on the same terms as the General Placement.

Further, as previously announced by the Company, the Company entered into the Thales Loan Agreement, under which Thales has provided the Company with a \$10 million loan facility, of which the Company has drawn down \$5 million. The Company may be required to issue Shares to Thales in satisfaction of amounts owing under the Thales Loan Agreement, as described further in the Explanatory Statement. This conversion right under the Thales Loan Agreement constitutes a "convertible security" (**Thales Convertible Security**). As such, the Company is seeking Shareholder approval of the Thales Convertible Security.

Please read the whole of this booklet carefully as it provides important information on the Extraordinary General Meeting, items of business and the Resolutions that you, as a Shareholder, are being asked to vote on.

Should you wish to discuss the matters in this Notice of Extraordinary General Meeting please do not hesitate to contact the Company Secretary, Ms Georgina Carpendale, on 08 7099 3966.

By order of the Board

Dated: 19 November 2019



Patrick O'Brien  
**Chairman**  
**Micro-X Limited**

## Important dates

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|---|---|
| Despatch of this Notice of Extraordinary General Meeting  | 19 November 2019                            |
| Date of issue of Tranche 1 Shares   | 25 November 2019                            |
| Deadline for lodgement of Proxy Forms for the Extraordinary General Meeting                     | 9.00AM (Melbourne time) on 17 December 2019 |
| Extraordinary General Meeting   | 9.00AM (Melbourne time) on 19 December 2019 |
| Company notifies ASX that the Resolutions have been passed at the Extraordinary General Meeting | 19 December 2019                            |
| Presently anticipated date of issue of the Tranche 2 Shares and Director Placement Shares       | 23 December 2019                            |

\*Dates are indicative only and subject to change. The occurrence of milestones after the Extraordinary General Meeting are conditional on the passing of the Resolutions at the Extraordinary General Meeting.

## Part A – Glossary

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| <b>\$</b>                                | Australian dollars.  |
| <b>15% Placement Capacity</b>            | Has the meaning given to that term in section 2.2 of the Explanatory Statement.  |
| <b>Additional 10% Placement Capacity</b> | Has the meaning given to that term in section 2.2 of the Explanatory Statement.  |
| <b>Adelaide time</b>                     | Daylight savings time in Adelaide, South Australia.  |
| <b>ASIC</b>                              | The Australian Securities and Investments Commission.  |
| <b>Associate</b>                         | Has the meaning given to that term in the Corporations Act.  |
| <b>ASX</b>                               | The Australian Securities Exchange operated by ASX Limited.  |
| <b>ASX Listing Rules</b>                 | The listing rules of the ASX.  |
| <b>Board</b>                             | The board of directors of the Company.   |
| <b>Chairman</b>                          | The chairman of the Company, who will also act as the chairman of the Extraordinary General Meeting.   |
| <b>Company</b>                           | Micro-X Limited ACN 153 273 735.   |
| <b>Company Secretary</b>                 | The company secretary of the Company.  |
| <b>Constitution</b>                      | The constitution of the Company.   |
| <b>Conversion Amount</b>                 | The amount (whether all or part of the amount outstanding under the Thales Loan Agreement (which includes both principal and accrued and capitalised interest)) which Thales requests that the Company convert into fully paid Shares. |
| <b>Conversion Request</b>                | A written request from Thales to the Company exercising its right to request to be issued with Shares under the Thales Loan Agreement.   |
| <b>Convertible Notes</b>                 | The outstanding unsecured convertible notes issued by the Company pursuant to a convertible note deed poll dated 3 April 2018 (as amended on 31 October 2019).   |
| <b>Corporations Act</b>                  | The <i>Corporations Act 2001</i> (Cth) for the time being in force together with the regulations of that act.  |
| <b>Director Placement</b>                | The Gosling Director Placement and the O'Brien Director Placement.   |
| <b>Director Placement Shares</b>         | The Gosling Shares and the O'Brien Shares.   |
| <b>Directors</b>                         | The directors of the Company.  |
| <b>Explanatory Statement</b>             | The explanatory statement accompanying the Notice of Extraordinary General Meeting and contained in Part D of this booklet.  |
| <b>Extraordinary General Meeting</b>     | The Extraordinary General Meeting of Shareholders to be held on 19 December 2019.  |
| <b>General Placement</b>                 | The Tranche 1 General Placement and the Tranche 2 General Placement.   |
| <b>General Placement Shares</b>          | The Tranche 1 Shares and the Tranche 2 Shares.   |
| <b>Glossary</b>                          | The glossary contained in Part A of this booklet.  |
| <b>Gosling Director Placement</b>        | The proposed placement of the Gosling Shares, to be completed on or about 23 December 2019   |
| <b>Gosling Shares</b>                    | 250,000 Shares proposed to be issued to Director, Alexander Gosling, and/or his associate/s.   |
| <b>Melbourne time</b>                    | Daylight savings time in Melbourne, Victoria.  |

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| <b>Notice of Extraordinary General Meeting</b> | The notice of the Extraordinary General Meeting accompanying the Explanatory Statement for the Extraordinary General Meeting and contained in Part B of this booklet.                      |
| <b>O'Brien Director Placement</b>              | The proposed placement of the O'Brien Shares, to be completed on or about 23 December 2019.  |
| <b>O'Brien Shares</b>                          | 1,500,000 Shares proposed to be issued to Director, Patrick O'Brien, and/or his associate/s.   |
| <b>Part</b>                                    | A part of this booklet.  |
| <b>Proxy Form</b>                              | The proxy form accompanying this booklet.  |
| <b>Resolution(s)</b>                           | The resolution(s) contained in the Notice of Extraordinary General Meeting.  |
| <b>Shareholders</b>                            | The holders of Shares and <b>Shareholder</b> means any one of them.  |
| <b>Shares</b>                                  | All of the shares on issue in the share capital of the Company and <b>Share</b> means any one of them.   |
| <b>Thales</b>                                  | Thales AVS France SAS.   |
| <b>Thales Convertible Security</b>             | The right of Thales to be issued Shares by the Company in satisfaction of amounts owing to Thales under the Thales Loan Agreement.   |
| <b>Thales Loan Agreement</b>                   | The convertible loan agreement between the Company and Thales dated 1 July 2019 (as amended).  |
| <b>Tranche 1 General Placement</b>             | The placement of the Tranche 1 Shares which completed on or about 25 November 2019.  |
| <b>Tranche 1 Shares</b>                        | 12,473,306 Shares issued to sophisticated and/or professional and/or other investors in accordance with sections 708(8), 708(10) and 708(11) of the Corporations Act.                      |
| <b>Tranche 2 General Placement</b>             | The proposed placement of the Tranche 2 Shares to be completed on or about 23 December 2019.   |
| <b>Tranche 2 Shares</b>                        | Up to 68,276,694 Shares proposed to be issued to sophisticated and/or professional and/or other investors in accordance with sections 708(8), 708(10) and 708(11) of the Corporations Act. |

## Part B – Notice of Extraordinary General Meeting

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### ***Time and place***

Notice is hereby given that the Extraordinary General Meeting of the Company will be held as follows:

- Held at: The Offices of Thomson Geer, Level 39, 525 Collins Street, Melbourne, VIC 3000
- Commencing at: 9.00AM (Melbourne time) on 19 December 2019.

### ***Explanatory Statement***

The Explanatory Statement which accompanies and forms part of this Notice of Extraordinary General Meeting describes the matters to be considered at the Extraordinary General Meeting.

### ***Defined terms***

Defined terms used in this Notice of Extraordinary General Meeting have the meanings given to them in the Glossary accompanying this Notice of Extraordinary General Meeting at Part A.

## **BUSINESS**

### **1. Agenda Item 1 - Resolutions**

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#### ***Resolution 1: Ratification of issue of the Tranche 1 Shares***

To consider and, if thought fit, pass the following resolution, with or without amendment, as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of the Tranche 1 Shares on the terms and conditions set out in the Explanatory Statement."*

The Company will disregard any votes cast in favour of this resolution by a person who participated in the issue of the Tranche 1 Shares, and any associate of that person or those persons. However, the Company need not disregard a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney on the proxy form; or
- the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction on the proxy form to vote as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### ***Resolution 2: Approval of proposed issue of the Tranche 2 Shares***

To consider and, if thought fit, pass the following resolution, with or without amendment, as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue, not later than three (3) months after the date of this Extraordinary General Meeting, of up to all of the Tranche 2 Shares to sophisticated and/or professional and/or other investors in accordance with sections 708(8), 708(10) and 708(11) of the Corporations Act, at the discretion of the Board, to raise up to \$13,655,338.80 on the terms and conditions set out in the Explanatory Statement."*

The Company will disregard any votes cast in favour of this resolution by a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Tranche 2 Shares (except a benefit solely by reason of being a holder of ordinary shares in the Company), and any associate of that person or those persons. However, the Company need not disregard a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney on the proxy form; or
- the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction on the proxy form to vote as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 3: Approval of proposed issue of Shares to Director, Alexander Gosling**

To consider and, if thought fit, pass the following resolution, with or without amendment, as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue, not later than one (1) month after the date of this Extraordinary General Meeting, of the Gosling Shares to Director, Alexander Gosling, and/or his associate/s, to raise \$50,000 on the terms and conditions set out in the Explanatory Statement."*

The Company will disregard any votes cast in favour of this resolution by Director, Alexander Gosling, (and any person who might obtain a benefit if the resolution is passed, except a benefit solely in the capacity of a holder of ordinary shares in the Company) and any associate of any of those persons. However, the Company need not disregard a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney on the proxy form; or
- the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction on the proxy form to vote as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 4: Approval of proposed issue of Shares to Director, Patrick O'Brien**

To consider and, if thought fit, pass the following resolution, with or without amendment, as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue, not later than one (1) month after the date of this Extraordinary General Meeting, of the O'Brien Shares to Director, Patrick O'Brien, and/or his associate/s, to raise \$300,000 on the terms and conditions set out in the Explanatory Statement."*

The Company will disregard any votes cast in favour of this resolution by Director, Patrick O'Brien, and any person who might obtain a benefit if the resolution is passed, except a benefit solely in the capacity of a holder of ordinary shares in the Company) and any associate of any of those persons. However, the Company need not disregard a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney on the proxy form; or
- the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction on the proxy form to vote as the chair decides; or

- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Resolution 5: Approval of proposed issue of Thales Convertible Security**

To consider and, if thought fit, pass the following resolution, with or without amendment, as an **ordinary resolution**:

*"That, pursuant to and in accordance with ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of the convertible security comprising the Thales Loan Agreement on the terms and conditions set out in the Explanatory Statement."*

The Company will disregard any votes cast on this resolution by Thales and any person who will obtain a material benefit as a result of the proposed issue of the Thales Convertible Security (except a benefit solely by reason of being a holder of ordinary shares in the Company), and any associate of Thales or any such person. However, the Company need not disregard a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney on the proxy form; or
- the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction on the proxy form to vote as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Part C – How to vote**

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If you are entitled to vote at the Extraordinary General Meeting, you may vote by attending the meeting in person or by attorney, proxy or, in the case of corporate shareholders, corporate representative.

### **1. How to vote**

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You may vote in one of two ways:

- attending the meeting and voting in person (if a corporate shareholder, by representative); or
- voting by proxy (see below on how to vote by proxy).

### **2. Your vote is important**

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The business of the Extraordinary General Meeting affects your shareholding and your vote is important.

### **3. Corporations**

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To vote at the Extraordinary General Meeting, a Shareholder that is a corporation must appoint an individual to act as its representative. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the Extraordinary General Meeting evidence of his or her appointment, including any authority under which it is signed.



Alternatively, a corporation may appoint a proxy.

#### **4. Voting in person**

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To vote in person, attend the meeting on the date and at the time and place set out above.

#### **5. Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed. Further details on these changes are set out below.

##### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

##### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

## **6. Eligibility to vote**

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The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Extraordinary General Meeting are those that are registered Shareholders at 7:00pm (Melbourne time) on 17 December 2019. If you are not the registered holder of a relevant Share at that time you will not be entitled to vote in respect of that Share.

## **7. Voting procedure**

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Every question arising at this Extraordinary General Meeting will be decided in the first instance by a show of hands. A poll may be demanded in accordance with the Constitution. On a show of hands, every Shareholder entitled to vote who is present in person or by proxy, representative or attorney, will have one vote. Upon a poll, every person entitled to vote who is present in person or by proxy, representative or attorney will have one vote for each voting Share held by that person.

## **8. Enquiries**

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For all enquiries, please contact the Company Secretary, Ms Georgina Carpendale, on 08 7099 3966.

## Part D – Explanatory Statement

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This Explanatory Statement forms part of the Notice of Extraordinary General Meeting convening the Extraordinary General Meeting of Shareholders of the Company to be held at the Offices of Thomson Geer, Level 39, 525 Collins Street, Melbourne Street, VIC 3000, commencing at 9.00AM (Melbourne time) on 19 December 2019.

This Explanatory Statement is to be read in conjunction with the Notice of Extraordinary General Meeting.

### Purpose

The purpose of this Explanatory Statement is to provide information which the Directors believe is material to Shareholders in deciding whether or not to pass the Resolutions to be put forward in the Extraordinary General Meeting.

The Directors recommend Shareholders read the Notice of Extraordinary General Meeting and this Explanatory Statement in full before making any decisions relating to the Resolutions contained in the Notice of Extraordinary General Meeting.

### Defined terms

Defined terms used in this Explanatory Statement have the meanings given to them in the Glossary accompanying this Explanatory Statement at Part A.

### Further information

If you have any queries in respect to any of the matters set out in this booklet, please contact the Company Secretary, Ms Georgina Carpendale, on 08 7099 3966.

## 1. Resolution 1 – Ratification of issue of the Tranche 1 Shares

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### 1.1 Purpose of resolution

Resolution 1 seeks Shareholder ratification for the purpose of satisfying ASX Listing Rule 7.4 of the issue of the Tranche 1 Shares – i.e. the 12,473,306 new ordinary shares at an issue price of \$0.20 per share – which raised \$2,494,661.20 before costs.

Resolution 1 is proposed as an ordinary resolution.

### 1.2 Overview of regulatory approval requirements

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (**15% Placement Capacity**) without Shareholder approval.

ASX Listing Rule 7.1A provides that a company may obtain approval of its Shareholders at its annual general meeting to issue or agree to issue further equity securities during the 12 month period that represent a further 10% of the number of fully paid ordinary securities on issue at the date of the annual general meeting (**Additional 10% Placement Capacity**). The Company obtained this approval at its annual general meeting in 2018 and is seeking this approval again at its annual general meeting in 2019.

ASX Listing Rule 7.4 provides that an issue of securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purpose of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 and Shareholders subsequently approve it.

As such, approval under ASX Listing Rule 7.4 is being sought so that the issue of the Tranche 1 Shares, once ratified pursuant to this Resolution 1, does not use up the Company's 15% Placement Capacity or Additional 10% Placement Capacity.

### 1.3 Specific information

ASX Listing Rule 7.5 requires certain information to accompany a Notice of Extraordinary General Meeting in relation to approval sought under ASX Listing Rule 7.4. This information is set out below:

| ASX Listing Rule 7.5 requirement   | Information   |
|--|---|
| Names of the allottees or basis on which they were identified or selected: | The Tranche 1 Shares were issued to sophisticated and/or professional and/or other investors in accordance with sections 708(8), 708(10) and 708(11) of the Corporations Act, at the discretion of the Board. None of the investors comprised a related party of the Company, a member of the Company's key management personnel, a substantial holder of the Company, an adviser to the Company or an associate of any of the above, who was issued more than 1% of the Company's current issued capital.<br><br>The Tranche 1 General Placement was managed by Morgans Financial Limited. |
| Number of securities issued:   | 12,473,306 fully paid Shares were issued under the Tranche 1 General Placement.   |
| Terms of the securities:   | The Tranche 1 Shares issued were fully paid ordinary Shares ranking equally with the Company's existing listed ordinary Shares and are quoted on ASX.   |
| The date on which the securities are to be issued:                         | 25 November 2019.   |
| The issue price of the securities:   | The Tranche 1 Shares were issued at \$0.20 per Share.   |
| The intended use of funds raised:  | It is intended that the funds raised by the issue of the Tranche 1 Shares will be used to: <ul style="list-style-type: none"><li>• support on-going funding toward the development and commercialisation of MBI, Rover and Nano products and working capital; and</li><li>• cover capital raising costs,</li></ul> subject to any amendment contemplated by section 4.2 of the Explanatory Statement.   |
| Voting exclusion statement:  | A voting exclusion statement is contained in the Notice of Extraordinary General Meeting.   |

### 1.4 Directors' recommendations and interests

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote in favour of Resolution 1.

The Chairman of the Extraordinary General Meeting intends to vote all available undirected proxies in favour of Resolution 1.

## 2. Resolution 2 – Approval of proposed issue of the Tranche 2 Shares

### 2.1 Purpose of resolution

Resolution 2 seeks Shareholder approval for the purpose of satisfying ASX Listing Rule 7.1 to allow the issue of the Tranche 2 Shares – i.e. up to 68,276,694 new ordinary shares at an issue price of \$0.20 per share – to raise \$13,655,338.80 before costs.

Resolution 2 is proposed as an ordinary resolution.

## 2.2 Overview of regulatory approval requirements

The Company does not have sufficient capacity under its 15% Placement Capacity or its Additional 10% Placement Capacity to issue the Tranche 2 Shares. As such, approval under ASX Listing Rule 7.1 is being sought to enable the Company to issue the Tranche 2 Shares.

## 2.3 Specific information

ASX Listing Rule 7.3 requires certain information to accompany a Notice of Extraordinary General Meeting in relation to approval sought under ASX Listing Rule 7.1. This information is set out below:

| ASX Listing Rule 7.3 requirement  | Information   |
|---|---|
| Names of the allottees or basis on which they will be identified or selected: | <p>The Tranche 2 Shares will be issued to sophisticated investors and/or professional investors and/or other investors in accordance with section 708(8), 708(10) and 708(11) of the Corporations Act, at the discretion of the Board.</p> <p>The Tranche 2 General Placement will be managed by Morgans Financial Limited. None of the investors would be persons who would be captured by ASX Listing Rule 10.11 (e.g. related parties of the Company, a substantial holder of the Company with a shareholding of 30% or more, etc.).</p> |
| Maximum number of securities to be issued:                                    | A maximum of 68,276,694 fully paid ordinary Shares will be issued under the Tranche 2 General Placement.  |
| Terms of the securities:  | <p>The Tranche 2 Shares to be issued pursuant to Resolution 2 shall be fully paid ordinary Shares ranking equally with the Company's existing listed ordinary Shares.</p> <p>The Company will apply to ASX for quotation of the Tranche 2 Shares on the ASX.</p>  |
| Date by which the securities will be issued:                                  | <p>The issue and allotment of the Tranche 2 Shares is anticipated to occur on 23 December 2019.</p> <p>In any event, the Tranche 2 Shares will be issued no later than three (3) months after the date of the Extraordinary General Meeting (or such other date as is permitted by an ASX waiver of the ASX Listing Rules).</p>   |
| The issue price of the securities:  | The Tranche 2 Shares will be issued at \$0.20 per Share.  |
| The intended use of funds raised:   | <p>It is intended that the funds raised by the issue of the Tranche 2 Shares will be used to:</p> <ul style="list-style-type: none"><li>• support on-going funding toward the development and commercialisation of MBI, Rover and Nano products and working capital;</li><li>• fund the redemption by the Company of the Convertible Notes; and</li><li>• cover capital raising costs,</li></ul> <p>subject to any amendment contemplated by section 4.2 of the Explanatory Statement.</p>  |
| Voting exclusion statement:   | A voting exclusion statement is contained in the Notice of Extraordinary General Meeting.   |

## 2.4 Directors' recommendations and interests

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote in favour of Resolution 2.

The Chairman of the Extraordinary General Meeting intends to vote undirected proxies in favour of Resolution 2.

### 3. **Resolution 3 – Approval of proposed issue of Shares to Director, Alexander Gosling and Resolution 4 – Approval of proposed issue of Shares to Director, Patrick O'Brien**

#### 3.1 **Purpose of resolution**

Resolution 3 seeks Shareholder approval for the purpose of satisfying ASX Listing Rule 10.11 to allow the issue of the Gosling Shares – being the 250,000 new ordinary shares at an issue price of \$0.20 per share to Director, Alexander Gosling, and/or his associate/s – to raise \$50,000 before costs.

Resolution 4 seeks Shareholder approval for the purpose of satisfying ASX Listing Rule 10.11 to allow the issue of the O'Brien Shares – being the 1,500,000 new ordinary shares at an issue price of \$0.20 per share to Director, Patrick O'Brien, and/or his associate/s – to raise \$300,000 before costs.

The Director Placement Shares will be issued on the same terms as the General Placement Shares.

Each of Resolutions 3 and 4 are proposed as an ordinary resolution.

#### 3.2 **Overview of regulatory approval requirements**

ASX Listing Rule 10.11 provides that a company must not, subject to specified exceptions, issue or agree to issue equity securities to a related party of the company without Shareholder approval. Related parties include directors of the company, their parents and children, and entities controlled by them.

The issue of the Director Placement Shares are to related parties of the company. As such, approval under ASX Listing Rule 10.11 is being sought to enable the Company to issue the Director Placement Shares.

ASX Listing Rule 7.2 (Exception 14) provides that, if an issue of securities is approved for the purposes of ASX Listing Rule 10.11, ASX Listing Rule 7.1 does not apply. Accordingly, the Company is not required to seek approval of the issue of the Director Placement Shares under ASX Listing Rule 7.1.

#### 3.3 **Specific information**

ASX Listing Rule 10.13 requires certain information to accompany a Notice of Extraordinary General Meeting in relation to approval sought under ASX Listing Rule 10.11. This information is set out below:

| ASX Listing Rule 10.13 requirement         | Resolution 3 – Gosling Director Placement  | Resolution 4 – O'Brien Director Placement  |
|--|--|--|
|  | Information  |  |
| Name of the allottee:                      | The Gosling Shares will be issued to Director, Alexander Gosling, and/or associate/s of him. As Alexander Gosling is a Director, he is a related party of the Company. | The O'Brien Shares will be issued to Director, Patrick O'Brien, and/or associate/s of him. As Patrick O'Brien is a Director, he is a related party of the Company. |
| Maximum number of securities to be issued: | A maximum of 250,000 fully paid Shares will be issued under the Gosling Director Placement.  | A maximum of 1,500,000 fully paid Shares will be issued under the O'Brien Director Placement.  |

| ASX Listing Rule 10.13 requirement           | Resolution 3 – Gosling Director Placement   | Resolution 4 – O'Brien Director Placement |
|--|---|---|
|  | Information   |   |
| Terms of the securities:                     | The Director Placement Shares to be issued pursuant to each of Resolution 3 and 4 shall be fully paid ordinary Shares ranking equally with the Company's existing listed ordinary Shares.<br>The Company will apply to ASX for quotation of the Director Placement Shares on the ASX.   |   |
| Date by which the securities will be issued: | The issue and allotment of the Director Placement Shares is anticipated to occur on 24 December 2019.<br>In any event, the Director Placement Shares will be issued no later than one (1) month after the date of the Extraordinary General Meeting (or such other date as is permitted by an ASX waiver of the ASX Listing Rules).   |   |
| The issue price of the securities:           | The Director Placement Shares will be issued at \$0.20 per Share.   |   |
| The intended use of funds raised:            | It is intended that the funds raised by the issue of the Director Placement Shares will be used to: <ul style="list-style-type: none"> <li>• support on-going funding toward the development and commercialisation of MBI, Rover and Nano products and working capital; and</li> <li>• cover capital raising costs,</li> </ul> subject to any amendment contemplated by section 4.2 of the Explanatory Statement. |   |
| Voting exclusion statement:                  | Voting exclusion statements are contained in the Notice of Extraordinary General Meeting.   |   |

#### 3.4 Directors' recommendations and interests

Other than as expressly stated below, the Directors unanimously recommend that Shareholders vote in favour of each of Resolutions 3 and 4.

Alexander Gosling has an interest in the outcome of Resolution 3 so abstains from providing a recommendation on Resolution 3.

Patrick O'Brien has an interest in the outcome of Resolution 4 so abstains from providing a recommendation on Resolution 4.

Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote in favour of each of Resolution 3 and 4.

The Chairman of the Extraordinary General Meeting intends to vote undirected proxies in favour of each of Resolution 3 and 4.

## 4. Resolution 5 – Approval of proposed issue of Thales Convertible Security

### 4.1 Purpose of resolution

Resolution 5 seeks Shareholder approval for the purpose of satisfying ASX Listing Rule 7.1 to allow the issue of the Thales Convertible Security.

Under the Thales Loan Agreement, the Company has been advanced \$5 million and may be advanced, at the Company's election, up to a further \$5 million. After 2 July 2024, being the fifth anniversary of the initial drawdown of the Loan, or any date that falls on or after a takeover offer being made, Thales has the right to request (**Conversion Request**) that the Company

convert all, or part, of the amount outstanding (which includes both principal and accrued and capitalised interest) (**Conversion Amount**) into fully paid Shares. Thales can make such request not more than three (3) times. On receipt of a Conversion Request, the Company may elect to repay the Conversion Amount (at an amount equal to 120% of the Conversion Amount) or must otherwise issue the Shares to Thales. As noted in the letter from the Chairman, this conversion right is the "**Thales Convertible Security**".

The circumstances relating to Resolution 5 were announced to the market on 15 November 2019. In summary, following a review by the ASX of the Company's draft notice of annual general meeting, the ASX determined that the Thales Loan Agreement comprises a convertible security under the ASX Listing Rules and as such would utilise the Company's available capacity under ASX Listing Rule 7.1 at the time the Thales Loan Agreement was entered into. The ASX permitted the Company to execute a variation of the Thales Loan Agreement with Thales, the effect of which is that the Thales Convertible Security is not taken to be issued (i.e. conversion right under the Thales Loan Agreement does not take effect) unless and until it has been approved by Shareholders.

Accordingly, the Company is seeking the approval of Shareholders pursuant to Resolution 5. Resolution 5 is proposed as an ordinary resolution.

#### 4.2 Consequences if resolution is not passed

##### ***Thales Loan Agreement may be amended or cancelled***

As part of the variation to the Thales Loan Agreement, if Resolution 5 is not passed by 31 December 2019 (or such later date as Thales may approve) (**Review Event**), then:

- the conversion right in the Thales Loan Agreement will cease to apply;
- during a 30 day period after failing to pass Resolution 5, the Company and Thales must meet and consult in good faith to agree a strategy to rectify the circumstances giving rise to the Review Event (which may include a restructure of the terms of the Thales Loan Agreement to the satisfaction of Thales); and
- after that meeting, or if no meeting occurs during that period, Thales may elect to:
  - change any terms or conditions of the Thales Loan Agreement and:
    - if the Company accepts the changes, those changes will take effect; or
    - if the Company does not accept those changes, the facility will be cancelled and the Company must pay Thales an amount equal to 120% of the amount outstanding (i.e. the \$5 million drawn down plus accrued interest) under the Thales Loan Agreement (**Early Prepayment Amount**) within 60 days of the cancellation; or
  - cancel the facility with effect from the last day of the 30 day consultation period, in which case the Company must pay Thales the Early Prepayment Amount within 60 days of the cancellation.

##### ***Tranche 2 Placement may not proceed***

If Resolution 5 is not passed and Thales exercises its rights described above in a manner which investors consider to be adverse to the Company, there is a risk that investors may no longer wish to provide their funds to subscribe for their Shares under the Tranche 2 General Placement.

Further, if Resolution 5 is not passed and the Company is required to pay the Early Prepayment Amount to Thales, funds raised under the General Placement may need to be applied towards repaying that amount instead of towards the use of funds described in this Notice of Extraordinary General Meeting. In such circumstances, the Company may need to undertake a further capital raising or consider alternative sources of funding.



#### 4.3 Overview of regulatory approval requirements

Approval under ASX Listing Rule 7.1 is being sought so that the issue of the Thales Convertible Security does not use up the Company's 15% Placement Capacity or Additional 10% Placement Capacity.

#### 4.4 Specific information

ASX Listing Rule 7.3 requires certain information to accompany a Notice of Extraordinary General Meeting in relation to approval sought under ASX Listing Rule 7.1. This information is set out below:

| ASX Listing Rule 7.3 requirement             | Information  |
|--|--|
| Names of the allottees:                      | Thales.  |
| Maximum number of securities to be issued:   | <p>The Company will issue one (1) Thales Convertible Security.</p> <p>The Thales Convertible Security entitles Thales to be issued a maximum of:</p> <ul style="list-style-type: none"><li>(a) 40,000,000 fully paid Shares calculated as the total \$10 million maximum principal drawable under the Thales Loan Agreement at a floor price of \$0.25 per Share; plus</li><li>(b) That number of Shares calculated as equivalent to the then accrued and unpaid interest at a floor price of \$0.25 per Share (N.B. The interest is calculated on the amount outstanding equal to 1.85% above the Australian Bank Bill Swap Reference Rate administered by ASX Benchmarks Pty Ltd for a six month period.</li></ul> <p>For the purposes of calculating the maximum number of securities that may be issued on conversion of the Thales Convertible Security, the Company has utilised the date of drawdown under the Thales Loan Agreement as the issue date.</p>   |
| Terms of the securities:                     | <p>A summary of the terms of the Thales Convertible Security are as follows:</p> <ul style="list-style-type: none"><li>• the Company may draw down up to \$10 million under the Thales Loan Agreement. The Company has already drawn down \$5 million;</li><li>• as noted in section 4.1, Thales may issue Conversion Requests to be issued Shares in satisfaction of the Conversion Amount and, unless the Company elects to pay the amount in cash, the Company must issue the Shares to Thales;</li><li>• Thales may issue Conversion Requests on or after 2 July 2024 (or any date that falls on or after a takeover offer being made);</li><li>• Shares must be issued within seven (7) business days of the request;</li><li>• the Shares to be issued on exercise of the Thales Convertible Security pursuant to Resolution 5 shall be fully paid ordinary Shares ranking equally with the Company's existing listed ordinary Shares; and the Company will apply to ASX for quotation of the Shares on the ASX.</li></ul> |
| Date by which the securities will be issued: | <p>Notwithstanding that the Thales Loan Agreement has already been entered into, the Thales Convertible Security will be deemed to be issued on the date on which Resolution 5 is passed.</p> <p>With regards to Shares issued on conversion of the Thales Convertible Security, as Shares must be issued within seven (7) business days of a Conversion Request and the Thales Loan Agreement expires on 2 July 2025, the last day by which Shares on conversion of the Thales Convertible Security may be issued to Thales is expected to be 11 July 2025.</p>   |

| ASX Listing Rule 7.3 requirement   | Information  |
|------------------------------------|--|
| The issue price of the securities: | <p>The Thales Convertible Security has an issue price of \$10 million (being the amount of the facility provided under the Thales Loan Agreement).</p> <p>With regards to Shares issued on conversion of the Thales Convertible Security, the price at which those Shares will be issued is an amount equal to 80% of the average of the volume weighted average price of a Share on ASX on each trading day over the 30 trading days preceding the issue date (subject to a floor price of \$0.25 per Share).</p>   |
| The intended use of funds raised:  | <p>In respect of the first \$5 million advanced under the Thales Loan Agreement, in accordance with the terms of the Thales Loan Agreement, \$4 million was applied by the Company solely towards assisting with costs and expenses associated with the Company's development of the Mobile Backscatter Imager project and the remaining \$1 million is to be applied towards the working capital requirements of the Company.</p> <p>In respect of each other advance (if the Company draws down any of the remaining \$5 million) under the Thales Loan Agreement, those amounts must be used towards funding the escrow account maintained by Thales for the purposes of funding payments to Thales under or in connection with the Development and Manufacturing Agreement entered into between the Company and Thales on or about 29 March 2019 in connection with the development, manufacture and sale by Thales to the Company of X-ray sources using carbon nanotubes, or any other purpose approved by Thales in its discretion.</p> <p>If the Thales Convertible Security is exercised, the issue of Shares will effectively extinguish the Conversion Amount(s) the subject of the Conversion Request(s) owing by the Company under the Thales Loan Agreement.</p> <p>If the Thales Convertible Security is exercised, the maximum number of Ordinary Shares issued to Thales cannot result in Thales having voting power in the Company in excess of 20%.</p> |
| Any other material terms:          | <p><b>Facility limit</b></p> <p>Under the Thales Loan Agreement, the Company may draw down up to \$10 million and, as noted above, the Company has already drawn down \$5 million.</p> <p><b>Interest</b></p> <p>The Company pays interest on the amount outstanding under the Thales Loan Agreement equal to 1.85% above the Australian Bank Bill Swap Reference Rate administered by ASX Benchmarks Pty Ltd for a six month period. Interest accrues daily and is payable ever six (6) months unless capitalised.</p> <p><b>Term</b></p> <p>The Company must repay amounts owing by it under the Thales Loan Agreement by 2 July 2025.</p> <p><b>Events of default</b></p> <p>Events of default include, but are not limited to, failing to pay amounts when due, being subject to an insolvency event, being subject to an investigation by a governmental agency, a representation given by the Company being not true or misleading in a material respect, there being in the opinion of Thales a material adverse effect on the Company, Thales being suspended from the official list of ASX for more than 10 consecutive trading days or Thales failing to comply with the listing rules.</p> <p>If an event of default is subsisting, Thales has usual rights as a lender, including to demand immediate repayment of the amounts outstanding or enforce its security over the assets of the Company.</p>   |

| ASX Listing Rule 7.3 requirement | Information   |
|----------------------------------|---|
| Voting exclusion statement:      | A voting exclusion statement is contained in the Notice of Extraordinary General Meeting. |

#### 4.5 **Directors' recommendations and interests**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote in favour of Resolution 5.

The Chairman of the Extraordinary General Meeting intends to vote all available undirected proxies in favour of Resolution 5.

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9.00AM (Melbourne time) Tuesday 17 December 2019**.

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

**Control Number: 183566**

**SRN/HIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark ☒ to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Micro-X Limited hereby appoint

☐ the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Micro-X Limited to be held at The Offices of Thomson Geer, Level 39, 525 Collins Street, Melbourne, VIC 3000 on Thursday, 19 December 2019 at 9.00AM (Melbourne time) and at any adjournment or postponement of that meeting.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

|              |   | For                      | Against                  | Abstain                  |
|--------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Ratification of issue of the Tranche 1 Shares                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Approval of proposed issue of the Tranche 2 Shares                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Approval of proposed issue of Shares to Director, Alexander Gosling | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Approval of proposed issue of Shares to Director, Patrick O'Brien   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Approval of proposed issue of Thales Convertible Security           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically