

DISPATCH OF PROSPECTUS WITH ENTITLEMENT & ACCEPTANCE FORM

Adelaide, Australia, 24 April 2020: Australian high-tech company Micro-X Ltd (ASX: MX1) (**Micro-X** or the **Company**) a leader in cold cathode x-ray technology for health and security markets globally, announces that it has today dispatched to eligible shareholders the Prospectus and accompanying Entitlement and Acceptance Forms for the underwritten Non-Renounceable Entitlement Offer as announced on 17 April 2020 (the **Entitlement Offer**). These documents are attached to this Announcement.

The Entitlement Offer is an offer to eligible shareholders at the record date of Wednesday, 22 April 2020 to subscribe for 1 New Share for every 5.6 Shares, at a price of 14 cents per New Share, to raise approximately \$6.25 million. The Entitlement Offer closes at 5.00pm (ACST) on Wednesday 6 May 2020.

The Entitlement Offer is fully underwritten by Bell Potter Securities Limited and Morgans Corporate Limited.

On 23 April 2020, the Company also completed the \$8.75 million Placement at 14 cents per share.

Key events	Date
Announcement of Placement & Entitlement Offer	Friday, 17 April 2020
Prospectus Lodged	Friday, 17 April 2020
Record Date for Entitlement Offer	Wednesday, 22 April 2020
Prospectus dispatched to eligible shareholders	Friday, 24 April 2020
Entitlement Offer Closes	5.00pm (ACST) Wednesday, 6 May 2020
Results of Entitlement Offer Announced	Monday, 11 May 2020
Settlement of Entitlement Offer	Tuesday, 12 May 2020
Allotment of Shares Issued under Entitlement Offer	Wednesday, 13 May 2020
Quotation of New Shares issued under the Entitlement Offer on ASX	Thursday, 14 May 2020
Updated CHESS notices and issuer sponsored holding statements	

Authorised by the board of Micro-X.

– ENDS –

About Micro-X

Micro-X Limited (the **Company**) is an ASX listed hi-tech company developing and commercialising a range of innovative products for the global health and security markets, based on proprietary cold cathode, carbon nanotube emitter technology. The electronic control of emitters with this technology enables X-ray products with significant reduction in size, weight and power requirements, enabling greater mobility and ease of use in existing x-ray markets and a range of new and unique security and defence applications. The Company has its core R&D, engineering and production capability at its facility in Adelaide, Australia.

The Company's first product, the *Carestream DRX Revolution Nano*, is an ultra-lightweight digital medical x-ray system for the rapidly expanding mobile x-ray market in hospitals and healthcare. The *Carestream DRX Revolution Nano* holds 510(k) and CE Mark certifications and is sold commercially in a number of global markets by the Company's exclusive distributor, Carestream Health, Inc. The Company has a portfolio of innovative products in development, aimed at customer solutions where there is little or no competition. This includes the Mobile Backscatter Imager or MBI which will image Improvised Explosive Devices for airport security, defence and counter-terrorism applications. The MBI is being jointly developed in partnership with Thales, a global supplier of defence and security technology systems, who are providing technical support and \$10 million of funding.

CONTACTS

Micro-X Limited	Investor Enquiries
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Prospectus

MICRO-X

Micro-X Limited ACN 153 273 735

1 for 5.6 pro-rata non-renounceable entitlement offer of Micro-X Limited ordinary shares at an offer price of \$0.14 per New Share to raise approximately \$6.25 million (**Entitlement Offer** or **Offer**).

The Entitlement Offer is underwritten by Morgans Corporate Limited ABN 32 010 539 607 and Bell Potter Securities Limited ABN 25 006 390 772 (together the **Joint Lead Managers** and **Underwriters**).

This document is not for release or distribution in the United States.

IMPORTANT NOTICE

This is an important document which is accompanied by a personalised entitlement and acceptance form and both should be read in their entirety. Please call your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser if you have any questions.

Important information

About this Prospectus

This Prospectus relates to the 1 for 5.6 pro-rata non-renounceable entitlement offer (**Entitlement Offer** or **Offer**) of New Shares by Micro-X Limited ACN 153 273 735 (**Micro-X** or **Company**). This Prospectus is dated 17 April 2020 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on the same date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Shares issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

Micro-X will apply to ASX for official quotation of the New Shares offered pursuant to this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In preparing this Prospectus regard has been had to the fact that Micro-X is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers whom investors may consult. Investors should therefore have regard to the other information disclosed to ASX in relation to Micro-X before deciding whether to invest.

Eligible Shareholders should read this Prospectus in its entirety and seek professional advice where necessary.

Defined words and expressions

Some words and expressions used in this Prospectus have defined meanings. These words and expressions are capitalised and are defined in the Glossary in section 7 of this Prospectus.

Financial amounts and times

A reference to dollars, (\$) or cents in this Prospectus is a reference to Australian currency unless otherwise indicated. A reference to time in this Prospectus is a reference to the time in Adelaide, Australia.

This Prospectus does not provide financial product or investment advice – you should seek your own professional investment advice

The information provided in this Prospectus is not investment advice or financial product advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read this Prospectus in full before deciding whether to invest in the New Shares and consider all of the risks that could affect the performance of New Shares or Micro-X. Risks identified in relation to investing in New Shares that you should consider include those described in section 5. You should carefully consider these risks and your investment objectives, financial situation or particular needs (including financial and taxation issues) and seek independent professional advice from your stockbroker, accountant, solicitor, or other professional adviser before deciding whether to invest in the New Shares.

The potential tax effects of the Entitlement Offer will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

Future performance and forward-looking statements

This Prospectus contains certain "forward-looking statements". Forward-looking statements can generally be identified by the use of forward-looking words such as "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of Micro-X, the outcome and effects of the Entitlement Offer and the use of proceeds. To the extent that certain statements contained in this Prospectus may constitute "forward-looking statements" or statements about "future matters", the information reflects Micro-X's intent, belief or expectations as at the date of this Prospectus. Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Micro-X's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Prospectus in light of those disclosures and not place reliance on such statements. Any forward looking statements, opinions and estimates in this Prospectus are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Neither Micro-X, the Joint Lead Managers and Underwriters, the Corporate Advisor nor their respective related bodies corporate or affiliates nor their respective directors, officers, partners, employees and agents give any warranty, representation, assurance or guarantee that the occurrence of the events expressed or implied in any of the forward-looking statements in this Prospectus will actually occur. In addition, please note that past performance should not be relied upon as (and is not) an indication or guarantee of future performance.

Except as required by law or regulation (including the Listing Rules), Micro-X undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

Past performance

Investors should note that past performance, including the past share price performance of Micro-X and pro forma historical information in this Prospectus is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future Company performance, including future share price performance. The pro forma historical information is not represented as being indicative of Micro-X's views on its future financial condition and/or performance.

Financial Information

Non-IFRS financial measure

Certain financial data included in, or incorporated by reference into, the Prospectus are non-IFRS financial information under ASIC Regulatory Guide 230 (*Disclosing non-IFRS financial information*). These measures include revenue and working capital. These non-IFRS financial measures do not have a standardised meaning prescribed by Australian Accounting Standards (AAS) and therefore may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with AAS. Although Micro-X believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this Prospectus.

Proforma historical balance sheet

The Prospectus contains Micro-X's pro forma historical balance sheet as at 31 December 2019 showing the proposed application of the proceeds of the Placement and the Entitlement Offer. The pro forma historical balance sheet provided is for illustrative purposes only and should not be relied upon as, and is not represented as being indicative of Micro-X's future financial condition and/or performance.

This Prospectus does not include forecast financial information for future periods.

See Section 4 for further details on the financial information.

Disclaimer of representations

No person is authorised to provide any information or to make any representation in connection with the Entitlement Offer that is not contained in this Prospectus. Any information or representations not contained in this Prospectus may not be relied upon as having been authorised by Micro-X, the Joint Lead Managers and Underwriters, the Corporate Advisor, any of their respective related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees and agents in connection with the Entitlement Offer.

None of the Joint Lead Managers and Underwriters, the Corporate Advisor, any of their related bodies corporates and affiliates, or any of their respective directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Prospectus or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Joint Lead Managers and Underwriters, the Corporate Advisor, their related bodies corporate and affiliates and each of their directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Prospectus being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. None of the Joint Lead Managers and Underwriters, the Corporate Advisor, any of their related bodies corporates and affiliates, or any of their respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Entitlement Offer, nor do they make any representations or warranties to you concerning this Entitlement Offer or any information, and you represent, warrant and agree that you have not relied on any statements made by the Joint Lead Managers and Underwriters, the Corporate Advisor, any of their related bodies corporates and affiliates or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Shares or the Entitlement Offer generally.

The Joint Lead Managers and Underwriters and the Corporate Advisor may also hold interests in the securities of Micro-X or earn brokerage, fees or other benefits from Micro-X. The engagement of the Joint Lead Managers and Underwriters and the Corporate Advisor by Micro-X is not intended to create any agency, fiduciary or other relationship between the Joint Lead Managers and Underwriters, the Corporate Advisor, or any other investor.

Determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal requirements and regulatory requirements, logistical and registry constraints and the discretion of Micro-X and the Joint Lead Managers and Underwriters. To the maximum extent permitted by law, Micro-X, the Joint Lead Managers and Underwriters, the Corporate Advisor, their respective related bodies corporate and affiliates, and their respective directors, officers, partners, employees and agents expressly disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion.

To the maximum extent permitted by law, the Joint Lead Managers and Underwriters, the Corporate Advisor, their related bodies corporate and affiliates, and their respective directors, officers, partners, employees and agents expressly disclaim all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Prospectus.

Restrictions applicable to Foreign Shareholders

The Entitlement Offer will not be extended to any Shareholder with a registered address outside Australia or New Zealand on the Record Date.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law. If you are a Shareholder in any jurisdiction outside Australia or New Zealand and you come into possession of this Prospectus, then you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation.

No action has been taken to register or qualify the Entitlement Offer or the New Shares, or otherwise permit a public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The Entitlement Offer is being extended to New Zealand Shareholders in reliance on the New Zealand Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

United States

This Prospectus, the Investor Presentation, any accompanying ASX announcements relating to the Entitlement Offer and the Entitlement and Acceptance Form do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person holds ordinary shares in Micro-X and is acting for the account or benefit of a person in the United States).

The New Shares have not been, and will not be, registered under the US Securities Act 1933 (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered, sold, resold or otherwise transferred, directly or indirectly, in the United States or to persons acting for the account or benefit of a person in the United States (to the extent such persons hold ordinary shares in Micro-X and are acting for the account or benefit of a person in the United States).

The New Shares may only be offered and sold to certain investors that are outside of the United States, in selected jurisdictions in reliance on Regulation S under the US Securities Act and the applicable laws of the jurisdiction in which the New Shares are being offered and sold.

This Prospectus may not be distributed in the United States.

Application for New Shares

An application for New Shares by Eligible Shareholders will only be accepted by following the instructions on the Entitlement and Acceptance Form accompanying this Prospectus as described in section 2 of this Prospectus.

Privacy

Please read the privacy statement located under section 6.14. It is important you understand that by submitting an Entitlement and Acceptance Form in or accompanying this Prospectus and applying for New Shares, you consent to the matters outlined in that statement.

Enquiries

If you would like more information or have any questions in relation to the Entitlement Offer, please contact your stockbroker, accountant, solicitor, or other professional adviser to determine whether it meets your objectives, financial situation and needs, or call the Micro-X Entitlement Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

If you have any questions on how to:

- a) complete the personalised entitlement and acceptance form accompanying this Prospectus which Eligible Shareholders may use to apply for New Shares; or
- b) take up all or part of your Entitlement,

please call the Micro-X Entitlement Offer Information Line between 8.00am and 4.30pm (ACST) Monday to Friday during the period from and including the date on which the Entitlement Offer opens until and including the date on which it closes on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

If you take no action or your application is not supported by cleared funds, your Entitlement will lapse and you will not be issued with New Shares. As the Company will have issued the Placement Shares to new and existing Shareholders by the date of settlement of the Entitlement Offer, you should note that if you do not take up all or part of your Entitlement, then your percentage shareholding in Micro-X will be diluted by your non-participation in the Entitlement Offer. Eligible Shareholders who do not take up their Entitlement in full will not receive any payment or value for that part of their Entitlement they do not take up.

If you have misplaced your Entitlement and Acceptance Form and would like a replacement form, please call the applicable number above. Alternatively, if you have internet access and have the Securityholder Reference Number or Holder Identification Number for your holding(s), you can download a replacement form from Micro-X's website, <https://micro-x.com/>.

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Summary of the Entitlement Offer and key dates

Key Entitlement Offer statistics

Entitlement Offer Ratio	1 New Share for every 5.6 Shares held at the Record Date
Offer Price	\$0.14 per New Share
Number of New Shares offered under the Entitlement Offer	44,646,511
Number of Shares on issue at completion of the Entitlement Offer	Up to 357,166,968
Entitlement Offer proceeds (before Entitlement Offer costs)	Approximately \$6.25 million

Note: The Offer proceeds have been assumed in respect of the Entitlement Offer on the basis that the Entitlement Offer is fully subscribed. The number of New Shares issued and the amount raised under the Entitlement Offer are estimates only due to the rounding of Entitlements and reconciliations of Entitlements under the Entitlement Offer to Shareholders as at the Record Date. The exact number of New Shares to be issued under the Entitlement Offer will not be known until settlement of the Entitlement Offer.

Summary of key dates

Prospectus lodged and Entitlement Offer announcement	17 April 2020
Trading resumes	Following lift of the trading halt on 17 April 2020
Ex date	21 April 2020
Record Date for Entitlement Offer Settlement of Placement	22 April 2020
Issue and quotation of New Shares under the Placement	23 April 2020
Dispatch of Prospectus and personalised Entitlement and Acceptance Forms to Eligible Shareholders and Entitlement Offer opens	24 April 2020
Close of Entitlement Offer	5.00pm on 6 May 2020
New Shares quoted on deferred settlement basis	7 May 2020
Announcement of results of Entitlement Offer and Shortfall (if any)	11 May 2020
Entitlement Offer settlement	12 May 2020
Issue of New Shares under the Entitlement Offer	Before noon on 13 May 2020
Quotation of New Shares issued under the Entitlement Offer on ASX	14 May 2020
Updated CHESS notices and issuer sponsored holding statements in relation to the New Shares issued under the Entitlement Offer dispatched	14 May 2020

The timetable above is indicative only and may be subject to change. Micro-X reserves the right to amend any or all of these dates and times without prior notice subject to the Corporations Act, the Listing Rules and other Applicable Laws. In particular, Micro-X reserves the right to extend the closing date of the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date of the Entitlement Offer will have a consequential effect on the issue date of New Shares.

The commencement of quotation of New Shares is subject to confirmation from ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Shareholders wishing to participate in the Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Entitlement Offer opens.

What should you do?

This Prospectus contains important information in relation to the Entitlement Offer. You should read all of this Prospectus carefully, including section 5 which identifies the key risks associated with an investment in Micro-X and New Shares.

It is also important for you to read carefully and understand the information on Micro-X and the Entitlement Offer made publicly available, including the information lodged by Micro-X with the ASX as part of its continuous disclosure obligations, prior to deciding whether to take up all or part of your Entitlement or do nothing in respect of your Entitlement. In particular, please refer to the other announcements made available at www.asx.com.au (search by reference to Micro-X's ASX ticker which is MX1), including announcements which may be made by Micro-X after publication of this Prospectus and announcements relevant to the Entitlement Offer.

If you are in doubt as to the course of action you should follow, you should consult your broker, legal, financial or other professional adviser before making an investment decision.

Chairman's Letter

Dear Shareholder,

On behalf of the Board, I invite you to participate in Micro-X's fully underwritten 1 for 5.6 pro rata non-renounceable entitlement offer at the price of \$0.14 per New Share (**Offer Price**) to raise approximately \$6.25 million (**Entitlement Offer** or **Offer**).

Micro-X has developed and is currently selling its first product, a mobile X-ray device for medical use, marketed as the 'Carestream DRX Revolution Nano' (**Nano**). The Nano is registered for sale in 43 countries and holds a number of regulatory clearances which enable commercial sale, including clearances from FDA and TGA and a CE marking. Since January 2020, there has been a major change in the market for mobile X-ray products with the emergence of the COVID-19 pandemic. Chest X-rays are used to provide vital clinical information in monitoring respiratory issues associated with the illness.

There has been a significant increase in global demand for mobile X-ray as a result of the urgent need for imaging of COVID-19 patients. The majority of the increased demand has come from government agencies and non-hospital buyers who require short delivery times of less than 4 weeks from placing a purchase order.

Since January 2020, Micro-X has received purchase orders for the Nano totalling approximately \$3.6 million. The Board has therefore decided to ramp up production and reduce delivery times for the Nano, to meet the current and anticipated demand. This ramp up will require approximately \$4.0 million additional funding for inventory and capital equipment to test finished components and is a key purpose for the Entitlement Offer and the Placement.

Micro-X will also deploy \$3.5 million of funds raised from the Entitlement Offer and Placement to develop, test and manufacture a proprietary high-voltage generator. This generator has been designed to provide higher power output than that currently provided by a generator from a third party supplier. This higher powered generator is necessary to meet customer requirements for the Rover mobile medical X-ray unit for deployed military use.

Micro-X believes that the ramp up of Nano production and reduced delivery times to meet current and future orders, as well as developing its own in-house high powered generator for the Rover product, are key strategic initiatives for the Company.

Micro-X proposes to apply a portion of the funds from the Entitlement Offer and Placement towards obtaining regulatory approval for and commercialising the Rover, and sales and marketing and development work on the Mobile Backscatter Imager (**MBI**). The remainder of the funds will be applied for working capital and transaction costs.

Micro-X has appointed Hawkesbury Partners Pty Limited as Corporate Advisor and Morgans Corporate Limited and Bell Potter Securities Limited as Joint Lead Managers and Underwriters to the Entitlement Offer.

Entitlement Offer

The Entitlement Offer is being conducted by way of a 1 for 5.6 pro rata non-renounceable entitlement offer. The Entitlement Offer is fully underwritten by the Joint Lead Managers and Underwriters.

New Shares issued under the Entitlement Offer will rank equally with Existing Shares in all respects.

The shareholding of Eligible Shareholders for the purposes of participating in the Entitlement Offer will be determined by the number of Shares held at 7:00pm (ACST) on the Record Date of 22 April 2020.

Eligible Shareholders can choose to take up all, part or none of their Entitlement.

The Entitlement Offer will open on 24 April 2020, and close at 5.00pm on 6 May 2020. If you are an Eligible Shareholder and you wish to take up all or part of your Entitlement, you need to ensure that you have

completed and returned your Entitlement and Acceptance Form before this time in the manner described in section 2.5 of this Prospectus.

Further details on the Entitlement Offer are included in section 2 of this Prospectus.

Further Information

Please carefully read this Prospectus in its entirety and consult your broker, legal, financial or other professional adviser before making your investment decision. In particular, you should read and consider the risk factors in section 5 of this Prospectus, which contains a summary of some of the key risks associated with an investment in Micro-X and participation in the Entitlement Offer.

If you have any questions in respect of the Entitlement Offer, please call the Micro-X Entitlement Offer Information Line on 1300 850 505 (if within Australia) or +61 3 9415 4000 (if outside Australia) from 8.00am to 4.30pm (ACST) Monday to Friday.

On behalf of the Board, I encourage you to participate in the Entitlement Offer and thank you for your continued support.

Yours faithfully,



Patrick O'Brien
Chairman
Micro-X Limited

1. Investment overview

This section is not intended to provide full information for investors intending to apply for New Shares offered pursuant to this Prospectus. This Prospectus and all of its sections should be read and considered in their entirety.

1.1. What are the options available to Eligible Shareholders?

Option	Key considerations
Am I eligible to participate in the Entitlement Offer?	If you are an Eligible Shareholder, you are eligible to participate in the Entitlement Offer. An Eligible Shareholder under this Prospectus is a Shareholder as at the Record Date and who: a) has a registered address in Australia or New Zealand; b) is not a Foreign Shareholder; and c) is not in the United States and is not acting for the account or benefit of a person in the United States (to the extent such a person holds ordinary shares in Micro-X and is acting for the account or benefit of a person in the United States). If you are a Shareholder on the Record Date who is not an Eligible Shareholder, then you are an Ineligible Shareholder.
If you wish to take up all or part of your Entitlement	If you wish to take up all or part of your Entitlement, please either: a) complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies; or b) pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form, in each case, so that payment is received by no later than 5:00pm (ACST) on 6 May 2020. If you take up and pay for all or part of your Entitlement before the close of the Entitlement Offer, it is expected that you will be issued New Shares on 13 May 2020. Micro-X's decision on the number of New Shares to be issued to you will be final. Micro-X also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to an Eligible Shareholder if Micro-X believes that shareholder's claims to be overstated or if it or its nominees fail to provide information to substantiate its claims to Micro-X's satisfaction (see section 2.5). If you take up all of your Entitlement, you may also apply for additional New Shares under the Top Up Facility up to a maximum of 50% of your Entitlement at the Offer Price. There is no guarantee that you will be allocated any additional New Shares under the Top Up Facility. If you only take up part of your Entitlement, you will not be entitled to apply for additional New Shares under the Top Up Facility.

Option	Key considerations
If you do not wish to take up any part of your Entitlement, your Entitlement will lapse and you will receive no value for those lapsed Entitlements	If you take no action you will not be allocated any New Shares and your Entitlement will lapse. Your Entitlement to participate in the Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any payment or value for those Entitlements they do not take up. As the Company will have issued the Placement Shares to new and existing Shareholders by the date of settlement of the Entitlement Offer, the percentage holding of Eligible Shareholders who do not participate fully in the Entitlement Offer will be diluted.

1.2. Overview of the Entitlement Offer & How to Apply

Topic	Summary	Further information
What is the Entitlement Offer?	Under the Entitlement Offer, all Eligible Shareholders are being offered the opportunity to purchase 1 New Share for every 5.6 Existing Shares at the Offer Price of A\$0.14 per New Share. This is a pro-rata non-renounceable entitlement offer of New Shares in Micro-X. The Entitlement Offer is fully underwritten by the Joint Lead Managers and Underwriters. Eligible Shareholders' shareholding will be determined by the Shares they hold as at the Record Date of 7.00pm (ACST) on 23 April 2020. Eligible Shareholders will be allotted Entitlements under the Entitlement Offer which can be taken up in whole or in part. Entitlements are non-renounceable. Eligible Shareholders who take up their full Entitlement may also participate in the Top Up Facility by applying for additional New Shares in excess of their Entitlement up to a maximum of 50% of their Entitlement at the Offer Price. You should read this Prospectus carefully before making any decisions in relation to your Entitlement.	See section 2.1
What is the Offer Price?	\$0.14 per New Share.	See section 2.1
Who is the Issuer of this Prospectus?	Micro-X Limited ACN 153 273 735.	See Important Information section
How much will be raised through the Entitlement Offer?	Micro-X is seeking to raise approximately \$6.25 million from the Entitlement Offer. The Offer proceeds have been assumed in respect of the Entitlement Offer on the basis that all Eligible Shareholders take up their Entitlement in full. The actual amount raised under the Entitlement Offer depends on the level of subscriptions received under the Entitlement Offer.	See sections 2.1 and 3.1

Topic	Summary	Further information																
What is the purpose of the Entitlement Offer and how will the proceeds of the Entitlement Offer be used?	The purpose of the Entitlement Offer is to raise funds to ramp up production and reduce delivery times for the Nano, and to support development of the Rover and the high power generator and to further develop the MBI. As announced to the market on 17 April 2020, Micro-X has received firm commitments for a capital raising of \$8.75 million by way of a placement of 62.5 million Shares with sophisticated and professional investors. The Placement and Entitlement Offer is seeking to raise approximately\$15 million in aggregate. <table><tr><th>Uses</th><th>Proceeds (\$m)</th></tr><tr><td>Nano - Scale up and inventory²</td><td>\$4.00</td></tr><tr><td>Rover - Develop high power generator³</td><td>\$3.50</td></tr><tr><td>Rover - Regulatory & commercial launch⁴</td><td>\$1.00</td></tr><tr><td>Mobile Backscatter Imager - Development</td><td>\$1.50</td></tr><tr><td>Commercialisation & working capital⁵</td><td>\$4.00</td></tr><tr><td>Transaction costs associated with the Placement and Entitlement Offer</td><td>\$1.00</td></tr><tr><td>Total uses</td><td>\$15.00¹</td></tr></table> Notes: - As the Entitlement Offer is fully underwritten, the offer proceeds have been assumed in respect of the Entitlement Offer on the basis that the Entitlement Offer is fully subscribed. - Nano scale up and inventory includes \$0.6 million of capital equipment and \$3.4 million of raw materials and finished or semi complete Nano units available for sale. - Rover high powered generator project includes capital equipment, external consultants and internal engineering costs. This generator is intended to meet higher powered X-ray requirements for the military. - Rover costs associated with regulatory submission to FDA and for CE Mark, final development costs, and commercial launch and sales and marketing expenses. - Commercialisation includes sales and marketing and associated activities. Funds for working capital are in addition to the Company's current cash on hand of \$8.12 million as at 31 March 2020.	Uses	Proceeds (\$m)	Nano - Scale up and inventory ²	\$4.00	Rover - Develop high power generator ³	\$3.50	Rover - Regulatory & commercial launch ⁴	\$1.00	Mobile Backscatter Imager - Development	\$1.50	Commercialisation & working capital ⁵	\$4.00	Transaction costs associated with the Placement and Entitlement Offer	\$1.00	Total uses	\$15.00¹	See section 3.1
Uses	Proceeds (\$m)																	
Nano - Scale up and inventory ²	\$4.00																	
Rover - Develop high power generator ³	\$3.50																	
Rover - Regulatory & commercial launch ⁴	\$1.00																	
Mobile Backscatter Imager - Development	\$1.50																	
Commercialisation & working capital ⁵	\$4.00																	
Transaction costs associated with the Placement and Entitlement Offer	\$1.00																	
Total uses	\$15.00¹																	
Is the Entitlement Offer underwritten?	The Entitlement Offer is fully underwritten by the Joint Lead Managers and Underwriters. The underwriting is subject to the terms and conditions set out in section 6.8.	See section 6.8																
What is the effect of the Entitlement Offer on control of the Company?	As the Entitlement Offer is structured as a pro rata issue to all Eligible Shareholders, it will not have any material effect or consequence on the control of the Company if all Eligible Shareholders take up their Entitlements. As the Company will have issued the Placement Shares to new and existing Shareholders by the date of settlement of the Entitlement Offer, if some Shareholders do not take up their Entitlements (whether because	See section 3.2																

Topic	Summary	Further information
	they are Ineligible Shareholders or otherwise), their shareholding in the Company will be diluted. The shareholding of Shareholders who only take up part of their Entitlement will also be diluted, but to a lesser extent. The Company and the Joint Lead Managers and Underwriters will cap the extent to which an Eligible Shareholder may take up New Shares under the Shortfall such that there will be no Shareholder whose interest would exceed 19.9% on completion of the Entitlement Offer, as a result of the Entitlement Offer.	
What are the costs of the Placement and Entitlement Offer?	The costs of the Placement and Entitlement Offer are approximately \$1 million.	See section 3.1
What is my Entitlement?	Your Entitlement is the right granted to you under the Entitlement Offer to subscribe for 1 New Share for every 5.6 Existing Shares you hold at the Record Date. If you are an Eligible Shareholder, your Entitlement will be set out in the personalised Entitlement and Acceptance Form which accompanies this Prospectus.	See Entitlement and Acceptance Form and section 2.1.3
How can I accept my Entitlement?	There are two ways you can apply for your Entitlement if you are an Eligible Shareholder: a) submit your completed Entitlement and Acceptance Form together with a cheque, bank draft or money order with the requisite Application Monies; or b) pay your Application Monies via BPAY®, in each case, so that payment is received by no later than 5:00pm (ACST) on 6 May 2020.	See section 2.5
Can I withdraw my application?	There are no cooling off rights with respect to the Entitlement Offer. As such, to the extent permitted by law, once you have sent in the completed Entitlement and Acceptance Form and Application Monies, your application will be irrevocable.	See section 6.10
What happens if I choose to do nothing?	If you take no action you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement to participate in the Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.	See section 2.6
How much will I pay per New Share?	\$0.14.	

Topic	Summary	Further information
What are the rights and liabilities attaching to New Shares under the Entitlement Offer?	The New Shares to be issued pursuant to this Prospectus will rank equally in all respects with Existing Shares in Micro-X. Full details of the rights attaching to Micro-X's Shares are set out in its Constitution, a copy of which can be inspected at Micro-X's registered office. Further, a summary of those rights is set out in section 6.4.	See section 6.4
What happens if I am not an Eligible Shareholder?	If you are not an Eligible Shareholder, you will not be entitled to subscribe for New Shares under the Entitlement Offer. If you receive this Prospectus and a personalised Entitlement and Acceptance Form but you are an Ineligible Shareholder, please disregard.	See section 2.1.2
What is my Entitlement if I become a Shareholder after the Record Date?	You have no Entitlement to subscribe for New Shares under the Entitlement Offer.	See section 7 (Definition of an Eligible Shareholder)
I am an Eligible Shareholder - can I apply for New Shares in excess of my Entitlement?	If you take up your Entitlement in full, you may also apply for additional New Shares under the Top Up Facility, up to an additional 50% of your Entitlement. Any New Shares not taken up by the Closing Date may be made available under the Top Up Facility to those Eligible Shareholders who have taken up their Entitlement in full and applied for additional New Shares. There is no guarantee that you will receive the number of New Shares applied for, or any New Shares, under the Top Up Facility. New Shares will only be allocated under the Top Up Facility if available and if Micro-X so determines, in its absolute discretion.	See section 2.1
Can I trade my Entitlement?	No, your Entitlement to participate in the Entitlement Offer is non-renounceable and cannot be traded on ASX or any other exchange. Nor can it be privately transferred. Eligible Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.	See section 2.6
What happens if there is a shortfall under the Entitlement Offer?	Any Shortfall under the Entitlement Offer will be allocated at the discretion of the Directors in consultation with the Joint Lead Managers and Underwriters. Micro-X will not issue Shortfall so that any party's voting power in the Company will exceed 19.9%. Any Shortfall will be issued within 3 months of the Closing Date. Any issue of Shortfall will be at the same price as the Entitlement Offer.	See section 2.15
Is the Entitlement Offer subject to Shareholder approval?	No, the Entitlement Offer is not subject to Shareholder approval.	-

1.3. Key risks associated with an investment in Micro-X

There are risks involved with investing in New Shares and in Micro-X. Many of these risks are outside of the control of Micro-X, its directors and senior management. These risks include those described in section 5 and other matters referred to in this Prospectus. These risks may affect the future strategy, operating and financial performance of Micro-X and the value of Micro-X Shares. Before making any investment decision, you should read the entire Prospectus and carefully consider these risk factors.

Below is a summary of some of the key risks associated with an investment in shares in Micro-X. This summary is not exhaustive or comprehensive. Before making any investment decision, you should read all the risks described in section 5.

Topic	Summary	Further information
Current capital reserves and ability to raise additional capital	The Company is at an early revenue stage and there is no guarantee that the Company will ever achieve cashflow breakeven or profitability. Accordingly, the Company requires significant additional capital to continue to operate and deliver on its proposed commercial strategies. In the absence of such additional financing, there is a risk that (i) the Company may not be able to continue to operate beyond the next 12 months; and (ii) there may be a delay and indefinite postponement of the Company's activities and potential development programs. There can be no assurance that additional financing will be available when needed. If additional financing is available, the terms of the financing may not be favourable to the Company and may involve substantial dilution to Shareholders. The occurrence of any of these events could have a material adverse effect on the Company's financial performance and financial position.	See section 5
Funding from the Placement or Entitlement Offer is delayed or not received	The Company is not reliant on the Placement and Entitlement Offer to provide the funding necessary to continue its operations at this time. However, the Company believes that there has been a significant increase in global demand for the Nano as a result of the urgent need for imaging of COVID-19 patients and as such, has decided to ramp up production and reduce delivery times for the Nano, to meet the current and anticipated demand. The funding from the Placement and Entitlement Offer would assist in maintaining working capital at a level to meet increased demand for the Nano with short delivery timeframes. If the funding from the Placement and Entitlement Offer is delayed or not received it may impact the Company's ability to meet the increased demand or delay the development of future products, which could have a material effect on the Company's financial performance and financial position. If the Company is unable to meet the increased short-term demand for the Nano, it may not be able to recoup these sales in the future as the market is unlikely to sustain the current high demand for mobile x-ray units (including the Nano) after the COVID-19 pandemic.	See section 5
Working capital constraints and scale up risk	The Company currently manufactures the Nano product in response to purchase orders received from the Distributor. The procurement and manufacturing process can currently take up to 12 weeks during which time the Company has to expend funds on	See section 5

Topic	Summary	Further information
	the necessary components, labour and other direct costs. Upon shipment, the Company issues the Distributor with an invoice for payment for the Nano units which have been shipped. There is a standard period before payment of these invoices is required to be made by the Distributor. The timing gap between when the Company incurs these manufacturing costs and the receipt of payment under the invoice, can place financial pressure on the Company to manage its working capital during this period. The Company is currently ramping up its production for the Nano, such that there are larger numbers of purchase orders being received and Nano units being manufactured and invoiced. This could increase the risk of financial pressure on the Company as a result of managing working capital. The Company may not have sufficient resources to fund this working capital if there are significant increase in purchase orders or there is a delay in payment of invoices for completed Nano units. The Company is currently increasing its inventory levels for the Nano to support the increase in demand being faced. There is a risk that future demand for the Nano may decline or cease and the Company may be left with significant levels of inventory. This would place further pressure on the Company's working capital and the ability to fund its operations, which may have a material adverse effect on the Company's financial position.	
Default under debt facilities	If the Company defaulted under its debt facilities, then there is a risk that the relevant lender would be able to demand immediate repayment of the loan. The Company continues to comply with the terms of the debt facilities.	See section 5
Difficulties encountered with early commercialisation of new technology	There are a number of risks associated with the early commercialisation of new technology, which is the Company's current stage of development, including an inherent risk of failure, and the possibility that the products developed by the Company may fail to demonstrate material customer benefit or advancement, be difficult or impossible to manufacture on the necessary scale, be uneconomical to market or otherwise not commercially exploitable, fail to be developed prior to the successful marketing of alternative products by competitors, or fail to achieve the support of the targeted industry. The commercialisation risk is also high when developing new medical technologies and also new security applications.	See section 5
Competition risk, including larger and better resourced competitors	There can be no assurance that other parties will not develop and commercialise technology or intellectual property that compete with, or substitute, the Company's cold cathode carbon nanotube based x-ray technology in either the security or the healthcare markets. The mobile diagnostic x-ray market contains a number of mobile x-ray devices (with others likely to be in development) which compete directly with the Nano. These competitors may react to the Company's Nano product through aggressive pricing or other strategies that may diminish the competitiveness of the Nano, the Company's ability to sell the Nano, and/or the Company's ability to achieve the sales price for the Nano. The Company does not believe that it has notable competitors for the Rover product for the mobile military X-ray market, however this is no guarantee that a competitor will not enter the market. In order for the Rover product to be approved for release to the market, the Company must comply with cyber security	See section 5

Topic	Summary	Further information
	requirements, obtain an FDA 510(k) approval and engage in a contracting process with the United States Materiel Defence Agency. There is a risk that one or more of these steps may become protracted or delayed or not completed. This would result in delays to the Rover product being approved for release to the market and therefore result in delays to the timing of revenue received by the Company from Rover sales. This may adversely affect the Company's ability to achieve its forecasted growth. Further, the MBI is being designed for detection of improvised explosive devices (IEDs), and is intended for sale primarily to government security organisations such as the military and police. While the Company's approach is novel and the Company believes it provides significant advantage, there are existing technologies in use for IED detection, and therefore there is a risk that established competitors will develop competing technology that may diminish the commercial success of the MBI. Similar to the Rover, there is a risk of a delay to revenue for the MBI as a result of delays related to cyber security compliance and contracting processes with customers given the Company is required to engage with local authorities, and state and federal government departments in specific countries.	
Reliance on partners and distributors to sell the Company's products	The Company's commercial strategy with regard to its Nano product is primarily to act as an OEM supplier to a channel partner as its Distributor for sales to end-users In this context, the Company is wholly reliant on channel partners' sales and marketing capabilities, willingness, effort, expenditure and infrastructure to sell its products. The Company's channel partners may not sell the Company's products to the extent forecasted, may change strategy, discontinue or reduce sales of the Company's products, may be acquired by another entity, become insolvent or otherwise cease to trade with the result that the Company's sales revenues will be materially reduced. In 2016, the Company appointed an exclusive global distributor (Distributor) for the Nano. There is a risk that the Distributor may not be able to effectively sell the Nano in all global markets, and that this may negatively impact the Company's ability to derive revenues from those markets. There is a risk that the Distributor, as the Company's exclusive distributor of the Nano, may reorganise or change its current activities, cease or downsize its sales in the mobile x-ray market. Furthermore, there is a risk that the Distributor may seek to renegotiate the Distribution Agreement on less favourable terms, or give notice of non-renewal of the Distribution Agreement on or before 26 January 2021, or cease to be a distributor for the Nano altogether for any reason. In such a case, the Company would require another distributor immediately. If a new distributor could not be appointed on terms acceptable to the Company, the Company may be required to adapt the product to make it more appealing to another distributor partner, or, alternatively, build its own sales and distribution infrastructure, both of which would require significant additional capital of the Company.	See section 5

2. Details of the Entitlement Offer and How to Apply

References to “you” in this section 2 are references to Eligible Shareholders.

2.1. Entitlement Offer

This Prospectus invites Eligible Shareholders to participate in the Entitlement Offer which is a pro rata non-renounceable entitlement offer of 44,646,511 New Shares on the basis of 1 New Share for every 5.6 Existing Shares held at 5.00pm (ACST) on the Record Date at an Offer Price of \$0.14 per New Share, for the purpose of raising approximately \$6.25 million.

The Offer opens on 24 April 2020 and closes on 6 May 2020.

The Entitlement Offer is fully underwritten by the Joint Lead Managers and Underwriters.

As announced on 17 April 2020, the Company is also undertaking a placement to sophisticated and professional investors of 62.5 million Shares at the Offer Price (**Placement Shares**) under its Listing Rule 7.1 capacity to raise \$8.75 million (before costs) (**Placement**).

As part of the temporary emergency capital raising measures introduced by the ASX in response to the COVID-19 pandemic, the ASX granted a series of class order waivers under Listing Rule 18.1 on 31 March 2020 (expiring 31 July 2020 unless the ASX otherwise decides to remove or extend them), including a class order waiver in relation to an entity's Listing Rule 7.1 capacity in certain circumstances. Under this class order waiver, the ASX has increased the 15% limit on placements under Listing Rule 7.1 to 25%, subject to entities using this additional capacity either making a follow-on pro rata entitlement offer under exceptions 1, 2, and/or 3 of Listing Rule 7.2, or a follow-on offer to retail investors under a share purchase plan, in each case at the same or a lower price than the placement price (**Temporary Extra Placement Capacity**). The Company is seeking to rely on the Temporary Extra Placement Capacity to allow it to issue the Placement Shares without requiring shareholder approval under Listing Rule 7.1.

Together with the Entitlement Offer, the Company will raise approximately \$15 million (before costs).

As at the date of this Prospectus, the Company has 250,020,457 Shares on issue.

In addition, the Company has on issue 2.5 million unlisted Options expiring 1 April 2021, 320,000 unlisted Options expiring 1 December 2020, 3,703,698 unlisted Options expiring 31 December 2020, and 6,650 unlisted convertible notes.

On the assumption that no Options are exercised before the Record Date, and subject to rounding, the Entitlement Offer is for a maximum of 44,646,511 New Shares to raise approximately \$6.25 million (before costs).

You should note that not all Shareholders will be eligible to participate in the offer of New Shares. Please see section 1 and the associated definitions in the glossary in section 7 of this Prospectus for more details.

Eligible Shareholders will be allotted Entitlements under the Entitlement Offer which can be taken up in whole or in part. Entitlements are also non-renounceable.

All of the New Shares offered under this Prospectus will rank equally with the Existing Shares on issue as at the date of this Prospectus. Please refer to section 6.4 of this Prospectus for further information regarding the rights and liabilities attaching to the Shares.

There are no minimum or maximum amounts of New Shares which must be subscribed for under the Entitlement Offer. If you take up your Entitlement in full, you may also apply for additional New Shares under the Top Up Facility, up to an additional 50% of your Entitlement. There is no guarantee that you will receive the number of

New Shares applied for, or any New Shares, under the Top Up Facility. New Shares will only be allocated under the Top Up Facility if available and if Micro-X so determines, in its absolute discretion.

You should read this Prospectus carefully before making any decisions in relation to your Entitlement.

Please consider the Entitlement Offer in light of your particular investment objectives and circumstances.

Please consult with your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser if you have any queries or are uncertain about any aspects of the Entitlement Offer. You should also refer to the risks associated with investment in Micro-X and the New Shares which are set out in section 5 of this Prospectus.

An investment in the New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Micro-X, including possible loss of income and principal invested. Micro-X does not guarantee any particular rate of return or the performance of Micro-X, nor does it guarantee the repayment of capital from Micro-X or any particular tax treatment.

2.1.1. Eligible Shareholders

If you are an Eligible Shareholder, you are eligible to participate in the Entitlement Offer.

An Eligible Shareholder under this Prospectus is a Shareholder as at the Record Date and who:

- a) has a registered address in Australia or New Zealand;
- b) is not a Foreign Shareholder; and
- c) is not in the United States and is not acting for the account or benefit of a person in the United States (to the extent such a person holds ordinary shares in Micro-X and is acting for the account or benefit of a person in the United States).

If you are a Shareholder on the Record Date who is not an Eligible Shareholder, then you are an Ineligible Shareholder.

2.1.2. Ineligible Shareholders

Ineligible Shareholders are not entitled to participate in the Entitlement Offer. If you receive this Prospectus and a personalised Entitlement and Acceptance Form but you are an Ineligible Shareholder, please disregard.

Micro-X has determined that it would be unreasonable on this occasion to extend the Entitlement Offer to Ineligible Shareholders, having regard to the number of Ineligible Shareholders, the number and value of New Shares the Ineligible Shareholders would have been offered, and the cost of complying with the legal and regulatory requirements which would apply to an offer of securities to Ineligible Shareholders in those places.

2.1.3. Your Entitlement under the Entitlement Offer

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 5.6 Existing Shares you held as at the Record Date. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares.

If you take up your Entitlement in full, you may also apply for additional New Shares under the Top Up Facility, up to an additional 50% of your Entitlement.

If you have more than one registered holding of Existing Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding. New Shares issued under the Entitlement Offer will be fully paid and from allotment rank equally in all respects with

Existing Shares and will be entitled to dividends on the same basis as Existing Shares. The rights and liabilities attaching to the New Shares are set out in the Constitution, which can be inspected at Micro-X's registered office.

Please also refer to section 6.4 which contains a summary of the rights and liabilities attaching to the New Shares.

2.1.4. Allotment of New Shares under the Entitlement Offer

New Shares under the Entitlement Offer will be allotted on the Allotment Date (expected to be 13 May 2020). No certificates will be issued in respect of New Shares. Following allotment, Eligible Shareholders who accept their Entitlement will be sent a holding statement which sets out the number of New Shares allotted to them. Applicants may contact the Registry after the Allotment Date on the Micro-X Entitlement Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000] (outside Australia) between 8.00am to 4.30pm Monday to Friday to seek confirmation of their allocation.

2.2. Foreign shareholders

The Entitlement Offer is only being extended to Shareholders with registered addresses in Australia or New Zealand. All other Shareholders (**Foreign Shareholders**) will not be offered Entitlements under this Prospectus.

Micro-X has determined in accordance with the Listing Rules, that it would be unreasonable to make the Entitlement Offer under this Prospectus to Foreign Shareholders having regard to:

- a) the number of Shareholders in the places where the Entitlement Offer would be made;
- b) the number of Entitlements that would be offered; and
- c) the cost of complying with the legal requirements of those places.

No Entitlement and Acceptance Forms are being sent to Foreign Shareholders.

The distribution of this Prospectus and Entitlement and Acceptance Form in jurisdictions outside Australia or New Zealand may be restricted by law. If you are a Shareholder in any jurisdiction outside Australia or New Zealand and you come into possession of this Prospectus, then you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus, however, does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the New Shares or otherwise permit a public offering of the New Shares in any jurisdiction other than Australia or New Zealand. In particular, the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered, sold or resold in the United States.

Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder. See section 2.3 for further information.

Micro-X reserves the right to reject any application which it believes comes from a person who is not an Eligible Shareholder.

2.3. Notice to nominees and custodians

If Micro-X believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Entitlement Offer is not available to Ineligible Shareholders.

Persons acting as nominees for other persons may not take up Entitlements on behalf of, or send any documents relating to the Entitlement Offer to, any person in the United States or any person who is acting for the account or benefit of a person in the United States (to the extent such person holds ordinary shares in Micro-X and is acting for the account or benefit of a person in the United States) or other jurisdiction outside Australia or New Zealand.

Micro-X is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of Existing Shares or Entitlements.

2.4. Options available to you

If you are an Eligible Shareholder, you may take either of the following actions:

- a) take up all or part of your Entitlement (see section 2.5); or
- b) do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements (see section 2.6).

If you take up your Entitlement in full, you may also apply for additional New Shares under the Top Up Facility, up to an additional 50% of your Entitlement.

The Entitlement Offer is a pro rata offer to Eligible Shareholders only (as defined in section 7).

Eligible Shareholders who take up their Entitlements in full will not have their percentage shareholding in Micro-X diluted by the Entitlement Offer. Eligible Shareholders who take up their Entitlement in full may have their percentage shareholding in Micro-X (held at the Record Date) increased if other Eligible Shareholders do not take up their Entitlements.

As the Company will have issued the Placement Shares to new and existing Shareholders by the date of settlement of the Entitlement Offer, the percentage shareholding in Micro-X (held at the Record Date) of Eligible Shareholders who do not take up all of their Entitlements will be diluted (i.e. it will reduce). Ineligible Shareholders who are not eligible to take up their Entitlements will also have their percentage shareholding in Micro-X (held at the Record Date) diluted.

2.5. How to Apply under the Entitlement Offer

If you wish to take up all or part of your Entitlement, please either:

- a) complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies; or
- b) pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

in each case, so that payment is received by no later than 5:00pm (ACST) on the Closing Date.

If you apply to take up all of your Entitlement, you may also apply for additional New Shares under the Top Up Facility, up to a maximum of 50% of your Entitlement. Micro-X may treat amounts it receives in excess of the Offer Price multiplied by your Entitlement as an application to apply for as many additional New Shares in the Top Up Facility as will be paid in full from the excess amounts.

If you take up and pay for all or part of your Entitlement before the close of the Entitlement Offer, it is expected that you will be issued New Shares on 13 May 2020. If your application for New Shares under the Top Up Facility is accepted in whole or in part, your New Shares will be issued to you at the same time that other New Shares are issued under the Entitlement Offer. Micro-X's decision on the number of New Shares to be issued to you will be final. There is no guarantee that you will be allocated any additional New Shares.

Micro-X also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to an Eligible Shareholder if Micro-X believes that Shareholder's claims to be overstated or if it or its nominees fail to provide information to substantiate its claims to Micro-X's satisfaction (see section 2).

2.6. If you wish to do nothing

If you take no action you will not be allocated New Shares and your Entitlement will lapse.

Your Entitlement to participate in the Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

Eligible Shareholders who do not participate fully in the Entitlement Offer will have their percentage holding in Micro-X reduced.

2.7. Payment

You can pay in the following ways:

- a) by BPAY®; or
- b) by cheque or bank draft.

Cash payments will not be accepted. Receipts for payment will not be issued.

Micro-X will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

2.7.1. Payment by BPAY

For payment by BPAY, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- a) you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in section 6.10; and
- b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

Should you choose to pay with BPAY®, it is your responsibility to ensure that your BPAY® payment is received by the Micro-X Registry by no later than 5:00pm (ACST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

Micro-X takes no responsibility for any failure to receive Application Monies or payment by BPAY® before the Entitlement Offer closes arising as a result of, amongst other things, delays in postage or processing of payments by financial institutions.

2.7.2. Payment by cheque or bank draft

For payment by cheque or bank draft, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque or bank draft in Australian currency for the amount of the Application Monies, payable to “Micro-X Limited” and crossed “Not Negotiable”.

Your cheque or bank draft must be:

- a) for an amount equal to the Offer Price multiplied by the number of New Shares that you are applying for; and
- b) in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

Should you choose to pay by cheque or bank draft, it is your responsibility to ensure that your payment is received by the Registry by no later than 5:00pm (ACST) on the Closing Date. Cash payments will not be accepted. Receipts for payment will not be issued.

2.8. Mail

To participate in the Entitlement Offer, your payment must be received no later than the close of the Entitlement Offer, being 5:00pm (ACST) on 6 May 2020.

If you make payment via cheque, or bank draft, you should mail your completed personalised Entitlement and Acceptance Form together with Application Monies to:

Micro-X Entitlement Offer

GPO Box 505
Melbourne VIC 3001

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at Micro-X's registered or corporate offices, or other offices of the Micro-X Registry.

2.9. Returning the form or making a BPAY® payment

By returning your Entitlement and Acceptance Forms or making a payment by BPAY® you will be deemed to have given certain representations and warranties to Micro-X. Please see section 6.10 for further information.

2.10. Issue of New Shares

New Shares issued under the Entitlement Offer are expected to be issued on or around 13 May 2020. Fractional entitlements to New Shares will be rounded up to the nearest whole number of New Shares.

2.11. ASX quotation and trading of New Shares

On the date of this Prospectus, Micro-X has applied to ASX for the New Shares to be quoted on ASX. While Micro-X is not aware of any reason why quotation would be denied, there is no assurance that the application will be granted. If ASX does not grant quotation of the New Shares, Micro-X will refund all Application Monies in accordance with the Corporations Act and without payment of interest.

The fact that ASX may grant quotation of the New Shares is not to be taken as an indication of the merits of Micro-X or the New Shares issued under the Entitlement Offer. Subject to approval being granted, it is expected that normal trading the New Shares allotted under the Entitlement Offer will commence on 14 May 2020.

Holding statements are expected to be dispatched by the Registry to Eligible Shareholders on 14 May 2020. It is the responsibility of each Applicant to confirm their holding before trading in New Shares. Any Applicant who sells New Shares before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. Micro-X, the Joint Lead Managers and Underwriters, the Corporate Advisor, their respective related bodies corporate and affiliates, and their respective directors, officers, partners, employees and agents disclaim all liability whether in negligence or otherwise (and to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statement from the Registry, whether on the basis of confirmation of the allocation provided by Micro-X, the Registry or the Joint Lead Managers and Underwriters.

2.12. CHESS and issuer sponsored holdings

New Shares will participate from the date of commencement of quotation in CHESS. New Shares must be held in uncertificated form (i.e. no share certificate will be issued) on the CHESS sub register normally under sponsorship of a participant (usually a broker) or on the issuer-sponsored sub register. Arrangements can be made at any subsequent time, through your controlling participant, to convert your holding from the issuer-sponsored sub register to the CHESS sub register or vice versa.

2.13. Application Monies and interest

Application Monies received from an Applicant will, until New Shares in respect of the Application Monies are issued, be held by Micro-X in a trust account. If you are allotted less than the number of New Shares you applied for, you will be sent a refund cheque for the relevant amount of Application Monies (without interest) not applied towards the issue of New Shares, as soon as practicable after the Allotment Date. Any balance of Application Monies that is remaining as a result of rounding will be refunded to you except where the amount is less than \$2, in which instance it will be retained by Micro-X or donated to charity.

Micro-X reserves the right to withdraw or vary all or part of the Entitlement Offer at any time, subject to Applicable Laws, in which case Micro-X will refund Application Monies in relation to Entitlements or New Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, each Applicant agrees that such Application Monies shall not bear or earn interest for the Applicant, irrespective of whether or not all or any New Shares applied for by the Applicant are issued to the Applicant, and that any interest earned on Application Monies held by Micro-X shall be the property of Micro-X.

2.14. Taxation implications

The Directors do not consider it appropriate to give Shareholders or investors advice regarding the taxation consequences of subscribing for Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders or investors. As a result, Shareholders and investors should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

2.15. Shortfall

Any New Shares under the Entitlement Offer that are not subscribed for will form the Shortfall. The offer to issue Shortfall is a separate offer under the Prospectus (**Shortfall Offer**). The Shortfall Offer will be on the same terms and conditions as the Entitlement Offer, except as set out in this Prospectus, and will remain open for up to three months from the Closing Date. The issue price for each New Share to be issued under the Shortfall Offer will be \$0.14 (the same issue price as under the Entitlement Offer).

Subject to the terms of the Underwriting Agreement, the Shortfall will be allocated at the discretion of the Directors in consultation with the Joint Lead Managers and Underwriters. The Directors reserve the right to scale back Applications for additional New Shares in their absolute discretion.

Micro-X will not issue Shares under the Shortfall so that any party's voting power in the company will exceed 19.9%.

Directors cannot be issued Shares under the Shortfall without prior Shareholder approval.

2.16. Disclaimer

Micro-X and the Joint Lead Managers and Underwriters reserve the right to determine whether a Shareholder is an Eligible Shareholder. Please see sections 2.1.1 of this Prospectus for details of what constitutes an Eligible Shareholder. Please also refer to section 6.10 of this Prospectus which sets out the representations and warranties that accepting Shareholders will be deemed to have given (confirming that they are an Eligible Shareholder) by completing and returning their personalised Entitlement and Acceptance Form or making a payment by BPAY®.

Micro-X, the Joint Lead Managers and Underwriters, their respective related bodies corporate and affiliates, and their respective directors, officers, partners, employees and agents disclaim all liability (to the maximum extent permitted by law) in respect of the determination as to whether a Shareholder is an Eligible Shareholder.

2.17. Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the Micro-X Entitlement Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 outside Australia). The Micro-X Entitlement Offer Information Line will be open from 8.00am to 4.30pm (ACST), Monday to Friday. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

3. Purpose and Effect of the Placement and Entitlement Offer

3.1. Sources and uses

Micro-X is seeking to raise approximately \$6.25 million pursuant to the Entitlement Offer.

The total gross proceeds of the Entitlement Offer will be equal to the number of Shares issued under the Entitlement Offer multiplied by the Offer Price. On the basis that the Placement completes, cash at hand will increase by approximately \$15 million (in aggregate) before costs (assuming no existing Options are converted into Shares prior to the Record Date).

The following table details the sources of the proceeds of the Placement and Entitlement Offer.

Sources	Proceeds (\$m)
Placement	\$8.75
Entitlement Offer	\$6.25 (approximately)
Total sources	\$15.00

Note: As the Entitlement Offer is fully underwritten, the offer proceeds have been assumed in respect of the Entitlement Offer on the basis that the Entitlement Offer is fully subscribed.

The purpose of the Entitlement Offer is to raise funds to ramp up production and reduce delivery times for the Nano, and to support development of the Rover and the high power generator and the further development of the MBI.

As announced to the market on 17 April 2020, Micro-X has received firm commitments for a capital raising of \$8.75 million by way of a placement of 62.5 million Shares with sophisticated and professional investors.

The following table details the uses of the proceeds of the Placement and Entitlement Offer.

Uses	Proceeds (\$m)
Nano - Scale up and inventory ²	\$4.00
Rover - Develop high power generator ³	\$3.50
Rover - Regulatory & commercial launch ⁴	\$1.00
Mobile Backscatter Imager - Development	\$1.50
Commercialisation & working capital ⁵	\$4.00
Transaction costs associated with the Placement and Entitlement Offer	\$1.00
Total uses	\$15.00¹

Notes:

1. As the Entitlement Offer is fully underwritten, the offer proceeds have been assumed in respect of the Entitlement Offer on the basis that the Entitlement Offer is fully subscribed.
2. Nano scale up and inventory includes \$0.6 million of capital equipment and \$3.4 million of raw materials and finished or semi complete Nano units available for sale.
3. Rover high powered generator project includes capital equipment, external consultants and internal engineering costs. This generator is intended to meet higher powered X-ray requirements for the military.
4. Rover costs associated with regulatory submission to FDA and for CE Mark, final development costs, and commercial launch and sales and marketing expenses.
5. Commercialisation includes sales and marketing and associated activities. Funds for working capital are in addition to the Company's current cash on hand of \$8.12 million as at 31 March 2020.

3.2. Capital structure

3.2.1. Current capital structure as at the Record Date

Current capital structure		
250,020,457 Shares	2,500,000 unlisted Options expiring 1 April 2021 320,000 unlisted Options expiring 1 December 2020 3,703,698 unlisted Options expiring 31 December 2020	6,650 unlisted Convertible Notes

3.2.2. Substantial Shareholders in Micro-X

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

Substantial holder	Shares	
	Number	Percentage
Thorney Investment Group	15,708,611	6.28%

3.2.3. Effect of the Placement and Entitlement Offer on capital structure

The indicative capital structure of the Company following completion of the Placement and the Entitlement Offer is set out below.

	As at the Record Date	On issue of Placement Shares	On issue of New Shares
Ordinary Shares	250,020,457	312,520,457	357,166,968
Options	6,523,698	6,523,698	6,523,698
Convertible Notes	665,000	665,000	665,000

Notes:

1. The number of New Shares issued has been assumed in respect of the Entitlement Offer on the basis that the Entitlement Offer is fully subscribed. The number of New Shares issued under the Entitlement Offer are estimates only due to the rounding of Entitlements and reconciliations of Entitlement under the Entitlement Offer to Shareholders as at the Record Date. The exact number of New Shares to be issued under the Entitlement Offer will not be known until settlement of the Entitlement Offer.

2. Unlisted Options

2,500,000 Unlisted Options at \$0.625 (62.5 cents) on or before 1 April 2021.

320,000 Unlisted Options at \$0.625 (62.5 cents) on or before 1 December 2020.

3,703,698 Unlisted Options at \$0.400 (40.0 cents) on or before 31 December 2020.

3. Convertible Notes

1,650 Unlisted Convertible Notes of Face Value \$100.00 per Note with a Conversion Price of \$0.40 (40.0 cents).

5,000 Unlisted Convertible Notes of Face Value \$100.00 per Note with a Conversion Price of between \$0.23 (23.0 cents) and \$0.40 (40.0 cents).

3.2.4. Effect of the Entitlement Offer on capital structure and control of the Company

As the Entitlement Offer is structured as a pro rata issue to all Eligible Shareholders, it will not have any material effect or consequence on the control of the Company if all Eligible Shareholders take up their Entitlements. As the Company will have issued the Placement Shares to new and existing Shareholders by the date of settlement of the Entitlement Offer, if Shareholders do not take up their Entitlements (whether because they are Ineligible Shareholders or otherwise), their shareholding in the Company will be diluted. The shareholding of Shareholders who only take up part of their Entitlements will also be diluted, but to a lesser extent.

None of the Joint Lead Managers and Underwriters is presently a Shareholder of the Company and the extent to which Shares are issued pursuant to the underwriting will increase the voting power of the Joint Lead Managers and Underwriters in the Company. The Joint Lead Managers and Underwriters are not related parties of the Company.

Shareholders should note that if they do not participate in the Entitlement Offer, and after completion of the Placement, their holdings are likely to be diluted by approximately 30.0%.

4. Financial information

4.1. Preparation of Pro forma historical balance sheet

The historical financial information (**Financial Information**) contained in this section 4, which has been prepared for inclusion in this Prospectus, includes a Historical Consolidated Balance Sheet at 31 December 2019 and a Historical Consolidated Pro forma Balance Sheet at 31 December 2019.

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest thousand dollars.

4.2. Basis of preparation and presentation of Financial Information

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the historical financial position of the Company, together with the effect of the Placement and Entitlement Offer.

The Directors are responsible for the preparation of the Financial Information.

The Financial Information presented in this section is not audited. The Financial Information is presented in an abbreviated form and does not contain all of the presentation, disclosures, statements and comparative information as required by Australian Accounting Standards that are usually provided in an annual or interim financial report prepared in accordance with the Corporations Act.

The Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards as issued by the Australian Accounting Standards Board and Micro-X's accounting policies and prevailing as at 31 December 2019. The accounting policies as at 30 June 2019 are set out in Micro-X's Annual Report 2019 which can be found on Micro-X's website, <https://micro-x.com/>.

4.3. Historical Balance Sheet

Set out below is a summary of the Company's historical consolidated balance sheet as at 31 December 2019, derived from the Company's published half year accounts (**Historical Balance Sheet**).

Micro-X Limited
Historical Consolidated Balance Sheet
As at 31 December 2019

	31-Dec-19 Reviewed \$'000
<u>Assets</u>	
Current assets	
Cash and cash equivalents	12,372
Trade and other receivables	2,014
Inventories	1,641
Other assets	43
Total current assets	16,070
Non-current assets	
Plant and equipment	2,588
Right-of-use assets	4,896
Intangibles assets	1,423
Total non-current assets	8,907
Total assets	24,977
<u>Liabilities</u>	
Current liabilities	
Trade and other payables	3,732
Borrowings	3,000
Provisions	406
Lease liabilities	524
Total current liabilities	7,662
Non-Current liabilities	
Borrowings and other financial instruments	4,543
Derivative financial instruments	1,031
Provisions	131
Lease liabilities	4,582
Total non-current liabilities	10,287
Total liabilities	17,949
Net assets/(liabilities)	7,028
<u>Equity</u>	
Issued capital	69,518
Share based payment reserve	407
Convertible notes	1,165
Accumulated losses	-64,062
Total equity/(deficiency)	7,028

4.4. Historical Pro Forma Historical Balance Sheet as at 31 December 2019

Set out below is the Historical Balance Sheet with pro forma adjustments as at 31 December 2019 that assume the Placement and Entitlement Offer to raise approximately \$15 million (in aggregate).

Micro-X Limited
Historical Consolidated Proforma Balance Sheet
As at 31 December 2019

	Pro forma 31 Dec 2019 Reviewed \$'000
<u>Assets</u>	
Current assets	
Cash and cash equivalents	26,372
Trade and other receivables	2,014
Inventories	1,641
Other assets	43
Total current assets	30,070
Non-current assets	
Plant and equipment	2,588
Right-of-use assets	4,896
Intangibles assets	1,423
Total non-current assets	8,907
Total assets	38,977
<u>Liabilities</u>	
Current liabilities	
Trade and other payables	3,732
Borrowings	3,000
Provisions	406
Lease liabilities	524
Total current liabilities	7,662
Non-Current liabilities	
Borrowings and other financial instruments	4,543
Derivative financial instruments	1,031
Provisions	131
Lease liabilities	4,582
Total non-current liabilities	10,287
Total liabilities	17,949
Net assets/(liabilities)	21,028
<u>Equity</u>	
Issued capital	84,518
Share based payment reserve	407
Convertible notes	1,165
Accumulated losses	-65,062
Total equity/(deficiency)	21,028

5. Key Risks

This section includes details of the key risks attaching to an investment in shares in Micro-X. These risks may affect the future strategy, operating and financial performance of Micro-X and the value of Micro-X Shares. The key risks are not set out in any particular order.

Additional risks and uncertainties that Micro-X is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Micro-X's strategy, operating and financial performance. You should note that the occurrence or consequences of some of the risks described in this section are partially or completely outside the control of Micro-X, its directors and senior management. Further, you should note that this section focuses on the potential key risks and does not purport to list every risk that Micro-X may have now or in the future. It is also important to note that there can be no guarantee that Micro-X will achieve its stated objectives or that any forward-looking statements or forecasts contained in this Prospectus will be realised or otherwise eventuate. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position.

This section contains an outline of the material business risks that may impact on the Micro-X achieving its strategic objectives and business operations and should be read in conjunction with Micro-X's Annual Report 2019, which is available at www.asx.com.au (search by reference to Micro-X's ASX ticker which is "MX1").

Investors should note that past performance may not be a reliable indicator of future performance. Before deciding whether to invest in New Shares, you should consider whether such an investment is suitable for you having regard to publicly available information (including this Prospectus), your personal circumstances and following consultation with a financial or other professional adviser.

5.1. Business Specific Risks

Key risks relating to Micro-X are set out below. It is not, however, possible to describe all the risks to which Micro-X and its business may become subject and which may impact adversely on Micro-X's prospects and performance. Specific risk factors which may have a significant impact on the future performance of Micro-X include the following:

5.1.1. Current capital reserves and ability to raise additional capital

The Company is at an early revenue stage and there is no guarantee that the Company will ever achieve cashflow breakeven or profitability.

As at 31 March 2020, the Company's bank balance was approximately \$8.12 million.

Furthermore, the Company has secured debt facilities to the South Australian Government Financing Authority (**SAFA**) and Thales AVS France SAS (**Thales**) (together, the **Lenders**). These facilities prevent the Company from raising additional finance, either by way of a loan or debt instrument, without the prior approval of the Lenders. Furthermore, the security granted to the Lenders prevents the Company from dealing with, licensing or selling its intellectual property without the Lenders' prior permission.

Accordingly, the Company requires significant additional capital to continue to operate and deliver on its proposed commercial strategies. In the absence of such additional financing, there is a risk that (i) the Company may not be able to continue to operate beyond the next 12 months; and (ii) there may be a delay and indefinite postponement of the Company's activities and potential development programs.

There can be no assurance that additional financing will be available when needed. If additional financing is available, the terms of the financing may not be favourable to the Company and may involve substantial dilution to Shareholders. The occurrence of any of these events could have a material adverse effect on the Company's financial performance and financial position.

5.1.2. Funding from the Placement or Entitlement Offer is delayed or not received

The Company is not reliant on the Placement and Entitlement Offer to provide the funding necessary to continue its operations at this time. However, the Company believes that there has been a significant increase in global demand for the Nano as a result of the urgent need for imaging of COVID-19 patients and as such, has decided to ramp up production and reduce delivery times for the Nano, to meet the current and anticipated demand. The funding from the Placement and Entitlement Offer would assist in maintaining working capital at a level to meet increased demand for the Nano with short delivery timeframes. If the funding from the Placement and Entitlement Offer is delayed or not received it may impact the Company's ability to meet the increased demand or delay the development of future products, which could have a material effect on the Company's financial performance and financial position.

In the current climate, the Company believes that the long-term forecast demand for the Nano has not been increased but rather, the timing of demand for the Company's sales of the Nano has been brought forward. If the Company is unable to meet the increased short-term demand for the Nano, it may not be able to recoup these sales in the future as the market is unlikely to sustain the current high level of demand for mobile x-ray units (including the Nano) after the COVID-19 pandemic.

5.1.3. Working capital constraints and scale up risk

The Company currently manufactures the Nano product in response to purchase orders received from the Distributor. The manufacturing process can currently take up to 12 weeks during which time the Company has to expend funds on the necessary components, labour and other direct costs. Once the Nano products for the purchase order have passed all final tests they are then shipped to the end customer. Upon shipment, the Company issues the Distributor with an invoice for payment for the Nano units which have been shipped. There is a standard period before payment of these invoices is required to be made by the Distributor. The timing gap between when the Company incurs these manufacturing costs and the receipt of payment under the invoice, can place financial pressure on the Company to manage its working capital during this period.

The Company is currently ramping up its production for the Nano, such that there are larger numbers of purchase orders being received and Nano units being manufactured and invoiced. This could increase the risk of financial pressure on the Company as a result of managing working capital. The Company may not have sufficient resources to fund this working capital if there are significant purchase orders or there is a delay in payment of invoices for completed Nano units.

The Company is currently increasing its inventory levels for the Nano to support the increase in demand being faced. There is a risk that future demand for the Nano may decline or cease and the Company may be left with significant levels of inventory. This would place further pressure on the Company's working capital and the ability to fund its operations, which may have a material adverse effect on the Company's financial position.

5.1.4. Default under debt facilities

If the Company defaulted under either of its debt facilities, then there is a risk that the relevant Lender would be able to demand immediate repayment of the loan. The Company continues to comply with the terms of the debt facilities.

5.1.5. Difficulties encountered with early commercialisation of new technology

There are a number of risks associated with the early commercialisation of new technology, which is the Company's current stage of development, including an inherent risk of failure, and the possibility that the products developed by the Company may fail to demonstrate material customer benefit or advancement, be difficult or impossible to manufacture on the necessary scale, be uneconomical to market or otherwise not commercially exploitable, fail to be developed prior to the successful marketing of alternative products by competitors, or fail to achieve the support of the targeted industry.

Accordingly, the Company gives no guarantee that the development and commercialisation of its intellectual property will be successful, that development and commercialisation milestones will be achieved, or that product commercialisations will be successful. Projects can be delayed or fail to demonstrate any performance advantage over existing solutions or may cease to be viable for a range of scientific and commercial reasons. Product development expenditures may be much higher than forecast, and the manufacturing cost of products may preclude successful sales exploitation.

The commercialisation risk is also high when developing new medical technologies and also new security applications. These risks include the Company's ability to:

- a) transition into a commercialisation-stage company, and implement and execute its business strategy as planned;
- b) increase awareness of its brand and market acceptance of its products;
- c) obtain and maintain regulatory registrations and market clearances;
- d) manage expanding operations in multiple markets;
- e) respond effectively to competitive pressures and developments;
- f) manage costs and margins to deliver projected returns;
- g) manage scale up of manufacturing and supply chain logistics;
- h) manage working capital requirements; and
- i) access the necessary capital to fund the business.

5.1.6. Competition risk, including larger and better resourced competitors

There can be no assurance that other parties will not develop and commercialise technology or intellectual property that compete with, or substitute, the Company's cold cathode carbon nanotube (**CNT**) based x-ray technology in either the security or the healthcare markets.

Nano

The mobile diagnostic x-ray market contains a number of mobile x-ray devices (with others likely to be in development) which compete directly with the Nano. These competing products are manufactured and or sold by well established, large and well-resourced competitor companies including Canon, FujiFilm, Sedecal, Siemens, Konica-Minolta, Shimadzu, GE, Philips, Samsung and AGFA(**Competitors**).

These Competitors may react to the Company's Nano product through aggressive pricing or other strategies that may diminish the competitiveness of the Nano, the Company's ability to sell the Nano, and/or the Company's ability to achieve the sales price for the Nano.

Rover

The Company does not believe that it has notable competitors for the Rover product for the mobile military X-ray market, however this is no guarantee that a competitor will not enter the market.

The military market generally is dominated by large contractors and multi-nationals who can exert significant influence within the market, and the corresponding end-users, which may adversely affect the Company and its ability to sell the Rover. Since the Company is planning to sell the Rover directly, it will not have the benefit of a large partner or distributor to assist against any anti-competitive behaviour.

The Company is not currently a registered vendor to military customers and may need to become registered to enable sales of its Rover product to the military. There is a risk of higher than budgeted non-recurring engineering costs.

In order for the Rover product to be approved for release to the market, the Company must comply with cyber security requirements (which requires the product to pass the United States Department of Defence (**US DoD**) risk management Authority to Operate process), obtain an FDA 510(k) approval and engage in a contracting process with the United States Army Medical Materiel Agency. There is a risk that one or more of these steps may become protracted or delayed or not completed. This would result in delays to the Rover product being approved for release to the market and therefore result in delays to the timing of revenue received by the Company from Rover sales. This may adversely affect the Company's ability to achieve its forecasted growth.

To mitigate these risks, the Company has engaged experienced external contractors and partner experts to assist with development of cyber-security requirements, the 501(k) submission and to assist with key communications with the US DoD.

MBI

The MBI is being designed for detection of improvised explosive devices (**IEDs**), and is intended for sale primarily to government security organisations such as the military and police. While the Company's approach is novel and the Company believes it provides significant advantage, there are existing technologies in use for IED detection, and therefore there is a risk that established competitors will develop competing technology that may diminish the commercial success of the MBI. The Company has internal processes to monitor and measure expenditure, however there is the risk of higher than budgeted non-recurring engineering costs being incurred during the course of product development.

Similar to the Rover, there is a risk of a delay to MBI revenue as a result of delays related to contracting processes with customers given the Company is required to engage with local authorities, and state and federal government departments in specific countries. To mitigate this risk, the Company has engaged with external contractors that specialise in cyber security compliance and contracting processes in the US, and have similar engagement plans with other customers.

5.1.7. Reliance on partners and distributors to sell the Company's products

The Company's commercial strategy with regards to its Nano product is primarily to act as an OEM supplier to a channel partner as its Distributor for sales to end-users.

In this context, the Company is wholly reliant on partners' sales and marketing capabilities, willingness, effort, expenditure and infrastructure to sell its products. The Company's partner may not sell the Company's products to the extent forecasted, may change strategy, discontinue or reduce sales of the Company's products, may be acquired by another entity, become insolvent or otherwise cease to trade with the result that the Company's sales revenues will be materially reduced.

In 2016, the Company appointed an exclusive global distributor (**Distributor**) for the Nano. The Distributor, however, is not active in Japan, and only has sub distributors in some parts of the European Union. There is a risk that the Distributor may not be able to effectively sell the Nano in all global markets, and that this may negatively impact the Company's ability to derive revenues from those markets.

There is a risk that the Distributor, as the Company's exclusive distributor of the Nano, may reorganise or change its current activities, cease or downsize its sales in the mobile x-ray market.

Furthermore, there is a risk that the Distributor may seek to renegotiate the Distribution Agreement on less favourable terms, or give notice of non-renewal of the Distribution Agreement on or before 26 January 2021, or cease to be a distributor for the Nano altogether for any reason. In such a case, the Company would require another distributor immediately. If a new distributor could not be appointed on terms acceptable to the Company, the Company may be required to adapt the product to make it more appealing to another distributor partner, or, alternatively, build its own sales and distribution infrastructure, both of which would require significant additional capital of the Company.

5.1.8. Limited sales and marketing experience and resources

The Company currently relies on the Distributor as the exclusive distributor to sell its Nano product, and will require active engagement with the Distributor's sales and marketing activities under this arrangement.

The Company plans to sell its next products, the Rover and the MBI, directly to customers.

In this respect, the Company has limited sales and marketing resources and its management has limited sales and marketing expertise in the relevant markets in which the Company intends to sell its products.

While the Company does not plan to build a large, globally diverse sales operation, it will need to, among other things, employ resources in sales and marketing in order to sell directly its MBI and Rover products and execute its growth strategy. There is a risk that the Company will be unable to develop sufficient sales and marketing capabilities to effectively commercialise its products.

5.1.9. Hospitals and healthcare organisations are facing budget constraints

The Company's ability to generate revenue from the Nano will depend on how effectively the Distributor can market and sell the Nano, which is not a reimbursed product, to organisations within the healthcare industry.

Hospitals and healthcare organisations face regular and significant budget constraints; the competition for limited capital budgets is intense and the budget allocation process and approvals for spending on medical equipment is complex and time-consuming. As a result, marketing and sales to hospitals and other healthcare organisations is competitive, and the revenue cycle for medical equipment can be lengthy and unpredictable with highly variable results.

These factors may cause the Company's sales of Nano to fluctuate or adversely affect the Company's ability to achieve its forecasted growth.

5.1.10. Contractual risk dealing with military customers

The Company is planning to sell its Rover product directly to the military including the Australian Defence Force, the UK Ministry of Defence and the United States Army Medical Materiel Agency (**Agency**).

The Company does not have a track record of dealing with military customers or managing procurement and contracting processes. The Company is also not a registered vendor to the military and this may impact the ability to compete in tenders or provide products to these customers.

Military procurement processes can take an extensive period of time to complete and are subject to change, delay or cancellation for a number of factors including global military activity, policy change and change in the political climate.

While the Rover and MBI are diagnostic devices not weapons, weapons systems, vehicles or munitions and therefore not considered arms, agreeing to sell to particular militaries, including the United States, may impose further restrictions on trade with other nations' militaries.

The Agency has recently advised of a new Cyber Security Risk Management Framework for the US Military that all new medical equipment procured must meet. The Company will need to make adjustments in the Rover to the software and operating system used in the Nano and to its own internal processes, in order to meet those requirements. These activities may require an external audit to verify compliance and there is a risk that this may cause delays or prevent the Company being able to sell the Rover to the Agency.

5.1.11. Single site for manufacturing activities and research

The Company performs all of its manufacturing activities and the majority of its research and development (R&D) at its facility in Tonsley, Adelaide. Should operations at the facility be disrupted or production halted for any reason (for example, due to labour strikes, extreme weather or other events outside the Company's control), the Company may not have enough products available to satisfy customer demand in a timely manner.

While alternative arrangements could be made to transfer the manufacturing process to a different facility, this would take some time and may involve other risks. If such disruption were to occur, it would adversely affect the Company's ability to sell its products and customers might instead purchase products from competitors. There may also be an ongoing sales impact in the form of a reduction of goodwill as a result of the Company ceasing sales for a period of time.

5.1.12. Regulatory approvals to be received and maintained

Medical devices and products which emit ionising radiation exist in a highly regulated environment. The Company's operations are reliant on maintaining regulatory certifications, including ISO13485. Whilst the Company has processes in place and a culture of quality, there is a risk that operations may be impacted if incidents of non-compliance are identified in audit findings by regulatory bodies.

Commercialising the Company's products requires regulatory approvals for medical devices, including a CE Mark for the European market, TGA for the Australian market and 510(k) for the US market, among others. Regulatory approvals may take longer than planned or may not be able to be achieved in one or more markets, impacting the Company's ability to commercialise those products. There is also a risk of regulatory approvals being withdrawn due to an issue of non-compliance. Future products may not be able to rely on a predicate device to accelerate regulatory approvals and may involve lengthy and costly clinical trials, which may not succeed, in order to obtain approval to sell into various markets.

The regulatory environment globally is not homogeneous and is subject to change which is outside the Company's control. Changes to the regulatory environment may drive significant changes, including delays or cancellation, to the Company's project schedules. The occurrence of any of these events could have a material adverse effect on the operations of the business, and in turn the financial position of the Company.

As an x-ray device manufacturer, the Company must retain certification by the South Australian Environmental Protection Authority to operate and manufacture ionizing radiation emitting devices. While the Company has strong radiation control processes in place, any impact to those certifications could impact the Company's ability to manufacture devices and thus commercialise its products.

5.1.13. Product liability

In medical markets, the Company's products are used for diagnostic imaging. For the Nano, the clinical diagnostic decision is made by a qualified radiologist based on an image provided by a qualified radiographer. The imaging software is the Distributor's certified imaging software. As such the potential contribution of the Company's product to an incorrect diagnosis is a very low risk for the Company. The Nano is also a small lightweight product, independently certified and compliant to IEC60601 medical device safety standard. The Company's manufacturing and quality system ensures products manufactured meet the standard.

There is risk that injury may occur to a patient or operator from misdiagnosis or through a quality defect in manufacturing, or possibly a failure introduced by misuse. As with all medical devices, these could be reportable issues resulting in a product recall.

In security markets and medical markets, Company products pose a radiation and high voltage hazard. All products meet the applicable test standards but risk resides from a failure of protections in place to prevent radiation exposure or electroshock. Failure to meet compliance or safety for radiation and/or high voltage poses a significant risk to patient or operator safety. The likelihood of occurrence is very low however an incident could represent a serious risk in the safety of the Company's products and thus their viability. The occurrence of any of these events could have a material adverse effect on the operations of the business, and in turn the financial performance and financial position of the Company.

5.1.14. Reliance on third party technology vendors and partners

The Company's products include components that are manufactured and supplied by third parties. The Company currently relies, and may in the future rely on, partners to supply key technology or manufacturing services. There are inherent risks in relying on third party suppliers for these product components, since any change to the manufacturing process of an approved medical device requires extensive documentation and, in many cases, supplemental testing. Such partners may not supply to the required price, quality or volume, may change their strategy and discontinue supply, may become insolvent or otherwise cease to trade and the effect of any of these on the Company would be for the Company to incur significant costs and delays in securing replacement services which would interrupt the Company's revenue.

The Company does not have second source suppliers for many of these components. A disruption at a key supplier could therefore cause a substantial delay in the availability of the Company's products, leading to a potential loss of sales and reputation in the market.

Where partner companies have access to the Company's confidential information, intellectual property or know-how, there is a risk of a whole or partial loss of the confidential information, intellectual property or know-how to competing organisations.

The performance of the Company's partners may also be impacted by either related or unrelated regulatory changes or breaches and other actions of other sovereign governments.

5.1.15. Intellectual property

The Company strategy for protecting intellectual property is to obtain legal coverage through patents and registrations using the international patent co-operation treaty (**PCT**) and completing national filings in Australia, USA, Europe, Japan and China. Company owned patents are held on innovative elements of the Company's products as a barrier to duplication.

The Company holds two core patents for high current density field emitters and RF modulation of field emitters. These patents are intended to provide the Company with a barrier to competition, however a published patent can enable an expert in the field to replicate or reverse engineer the technology. Notwithstanding the patents, there is a risk that competitors will replicate this intellectual property and produce competing small x-ray tubes. This risk may also be higher in countries where intellectual property laws may not adequately protect the Company.

The Company has a published patent for the CNT technology. This patent has passed the examination phase and has been published but this patent has not yet been granted. There is a risk that an objection may be lodged to the patent and that the patent may not be granted. If the patent was not ultimately granted, the Company may not be able to protect its intellectual property.

There is a risk that (i) third parties may circumvent intellectual property, particularly from the leaking of trade secrets from current or ex-employees, or by carrying out intellectual property theft including cyber security attack; (ii) patents may be challenged for validity; or (iii) there may be an inadvertent breach of third party patents of which the Company has not researched in its freedom to operate. The occurrence of any of these events could have a material adverse effect on the operations of the business, and in turn the financial performance and financial position of the Company.

5.1.16. Manufacturing risk and low margins

While the Company has internal capability in manufacturing operations and supply chain management including scaling of production to meet higher volume, there is a risk of delays or issues in the manufacturing processes.

The Company is currently developing cost-down initiatives including its own high voltage generator platform. Each of these development projects are required to be completed to enable planned insource manufacture of these items. Each of these components are required to deliver planned margin improvement. There is a risk that these projects may not be successful and the Company may not be able to improve its margins to a satisfactory level.

5.1.17. Reliance on key personnel and ability to recruit additional personnel

The Company's future depends significantly on its ability to attract and retain key personnel, particularly those with highly specialist skills in areas of technology central to the Company's future products. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

5.1.18. Cyber security

As with most companies, and particularly high-technology companies, the Company stores much of its data electronically. There is a risk that the Company's electronic storage systems may suffer a data breach or attack through hacking, trojans, viruses or other cyber-attacks. Such a breach or attack could cause loss, damage or theft of information relating to intellectual property, trade secrets, product development, company employee data, contract information, strategic and financial information, and regulatory information, causing a disruption to business operations and/or eroding competitive advantage. The occurrence of any of these events could have a material adverse effect on the operations of the business, and in turn the financial performance and financial position of the Company.

5.1.19. International trade and foreign exchange risk

The Company operates in a global market and its business operations are subject to trade agreements. Changes to international trade agreements, including free trade agreements, may have an impact on the commercial viability and supply of components for the manufacture of the Company's products and the sale of those products to its customers.

A material portion of the Company's business is with companies operating in the United States. Global markets have seen volatility in United States trade recently and there is a risk the Company's business including commercialisation of product or supply of components could be adversely affected.

The Company buys components and sells products in multiple foreign currencies. Changes in foreign exchange, particularly AUD to USD, may adversely impact the commercial viability of the Company's products.

5.1.20. Business Interruption

The Company operates using a global supply and customer base. This global supply and customer base may be exposed to hazards outside of the Company's control including changing political climates and natural disasters which could interrupt business. In the event of such an interruption, the Company cannot guarantee that it will be able to source appropriate replacement components or find alternate customer pathways with a commercially viable arrangement or within a required timeframe to prevent interruption to its operations. Such an interruption may have a material adverse effect on the financial position and financial performance of the Company.

5.2. General Risks

5.2.1. Economic and government risks

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries including, but not limited to, the following:

- a) general economic conditions in jurisdictions in which the Company operates;
- b) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- c) the interpretation of taxation laws by the relevant taxation authority differing from the Company's interpretation;
- d) the strength of the equity and share markets in Australia and throughout the world;
- e) movement in, or outlook on, exchange rates, interest rates and inflation rates in jurisdictions in which the Company operates; and
- f) natural disasters, industrial disputes, social upheaval or war in jurisdictions in which the Company operates.

5.2.2. Financial markets risks

Share market conditions may affect the value of the Company's quoted Shares regardless of the Company's operating performance. Share market conditions may be affected by many factors including, but not limited to, the following:

- a) general economic outlook;
- b) interest rates and inflation rates;
- c) currency fluctuations;
- d) changes in investor sentiment toward particular market sectors;
- e) the demand for, and supply of, capital; and
- f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company, nor the directors warrant the future performance of the Company or any return on an investment in the Company.

5.2.3. Reputational risk

Issues of a varying nature may arise that would give rise to reputational risk and cause harm to Micro-X's business dealings and prospects. These issues include appropriately dealing with potential conflicts of interest, legal and regulatory requirements, issues of ethics, money laundering laws, trade sanctions legislation, privacy, information security policies, sales and trading practices and conduct by companies in which Micro-X holds strategic interests. Failure to address these issues appropriately could give rise to additional legal risk, subject entities within the Company to regulatory actions, fines and penalties, or harm the reputation of Micro-X or the Company among its shareholders, customers and investors.

5.2.4. Risk of litigation, claims and disputes

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of claims by shareholders, regulatory authorities, employees, competitors or joint venture partners, personal injury and property damage claims, environmental and indemnity claims, employee claims and other litigation and disputes. The Company may also need to institute proceedings from time to time, such as to defend a proprietary right. There is a risk that such litigation, claims and disputes could materially and adversely affect the Company's operating and financial performance due to the cost of defending and/or settling such claims, and could affect the Company's reputation.

5.2.5. Investment risk

An investment in the Shares to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the price paid for the Shares. Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

5.2.6. Legislative risk

Changes in government regulations and policies, including potential changes to Australia's tax laws and foreign tax laws relevant to the Company, may adversely affect the financial performance or the current and proposed operations of the Company.

5.2.7. Force majeure

Events may occur within or outside Australia that could impact upon the Australian economy, Micro-X's operations and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on Micro-X's ability to conduct business.

5.2.8. COVID-19

The COVID-19 pandemic is a major community and economic issue which is having an impact on business operations in the areas affected by the outbreak. While Micro-X has created and is evolving processes and strategies to manage the situation, there is a risk that there may be a major disruption to Micro-X's supply chain and/or internal operations which could impact on Micro-X's ability to deliver its strategy.

Whilst over 85% of parts used in the Nano are domestically sourced, Micro-X is dependent on supply chains with countries affected by the COVID-19 outbreak for some components. Some of Micro-X's suppliers, subcontractors or customers may also be dependent on such supply chains or have such links. If suppliers in their supply chains have had to cease or reduce operations, it may take time for suppliers in their supply chains to resume work or return to the same capacity that they were operating at prior to the outbreak. If so, there is a risk that Micro-X's suppliers or subcontractors may not be able to deliver supplies or their contracted scope of works within the scheduled timeframe to complete works or that Micro-X's customers may suspend or delay works. These business interruptions may have a material adverse effect on the profitability of Micro-X and the ability of Micro-X to meet the increased demand for the Nano relating to the COVID-19 pandemic, particularly if the interruptions continue for a prolonged period.

There is also a risk that employees and other persons whom Micro-X is reliant on to conduct its business (such as production, supply chain and quality employees) may be unable to work for a period if they contract COVID-19 or are quarantined after visiting an area affected by COVID-19. Further, there is a risk that if one or more of Micro-X's employees contracts COVID-19, there would need to be a temporary shutdown of Micro-X's manufacturing facilities for cleaning and testing of staff. Certain states in Australia have enacted various degrees of lockdown, which could restrict employees and other persons from being able to attend work. Depending on the severity of the COVID-19 outbreak in Australia, Australia may continue to enact more restrictive lockdown measures, which could further restrict employees and other persons from being able to attend work. This could create delays to Micro-X's activities such as manufacturing x-rays tubes and Nano products to meet the increased demand relating to the COVID-19 pandemic, which could increase Micro-X's costs, delay receipt of revenue, result in the loss of revenue for products sold and in turn, could have a material adverse effect on Micro-X's financial position and prospects.

To mitigate risk as far as possible and in adherence to Federal and South Australian state policy for managing the spread of COVID-19, Micro-X has rapidly implemented a working from home policy for non-production staff to reduce the risk of production staff being exposed to COVID-19, a rearrangement of production workstations to provide personal distancing, split shifts to maintain one operational shift should a production member be diagnosed with COVID-19, extensive cleaning during operations and distribution of sanitiser. Development work in laboratories has been separated from production operations, with technical staff using separate entrances and break areas to prevent co-mingling.

Micro-X's supply chain and production teams are operating a daily supplier engagement and management initiative to expedite and resolve issues that arise with respect to the supply of parts. As part of this, Micro-X has provided letters to some of its suppliers which support the need to maintain supply of Nano components as the manufacture of mobile x-ray units would be considered an essential service to support the response to the COVID-19 pandemic.

Micro-X will continue to monitor developments and will ensure Shareholders are provided with up-to-date and material disclosures if and when required.

5.3. General Risks associated with Equity Investments

5.3.1. Risks associated with an investment in Shares

There are general risks associated with investments in equity capital. The trading price of Micro-X shares may fluctuate with movements in equity capital markets in Australia and internationally. Generally applicable factors which may affect the market price of shares over which Micro-X and Directors have no control include:

- a) general movements in Australian and international stock markets;
- b) investor sentiment;
- c) Australian and international economic conditions and outlook;
- d) changes in interest rates and the rate of inflation;
- e) change in government regulation and policies; and

- f) geo-political stability, including international hostilities and acts of terrorism.

No assurances can be given that the new shares offered under the Entitlement Offer will trade at or above the Offer Price. None of Micro-X, its Directors or any other person guarantees the market performance of the new shares.

5.3.2. There is a risk of shareholder dilution

In the future, Micro-X may elect to issue new Shares in connection with future fundraising. While Micro-X will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a rolling 12-month period (other than where certain exceptions apply), there is a risk that the future issue of additional equity could result in dilution for Shareholders.

5.3.3. Taxation changes may occur

Future changes in tax laws, including changes in interpretation or application of those laws by a court or tax authority may affect the tax treatment of an investment in Micro-X shares, or the holdings and disposal of those shares. Tax considerations may differ between Micro-X shareholders. Therefore, prospective investors are encouraged to seek professional tax advice in connection with any investment in Micro-X shares.

Tax rules or their interpretation for both Micro-X and its Shareholders may change. There is a risk that both the level and basis of taxation may change both in Australia and in foreign jurisdictions where Micro-X currently transacts, as well as new markets it may enter in the future. The tax considerations of investing in the Shares may differ for each Shareholder. Each prospective investor is encouraged to seek professional tax advice in connection with any investment in Micro-X.

5.3.4. Unforeseen risk

There may be other risks of which the Directors are unaware at the time of issuing this Prospectus which may impact Micro-X, its operations and/or the valuation and performance of Shares. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Micro-X's services and its ability to conduct business.

5.3.5. Trading and liquidity in Shares

Even though the New Shares are to be quoted on the ASX, there can be no guarantee of an active trading market for such Shares or that the price of those Shares will increase following completion of the Entitlement Offer. There may be relatively few potential buyers or sellers of these Shares on ASX at any given time. This may increase the volatility of the market price for their Shares that is less or more than the price that Shareholders paid for their New Shares under the Entitlement Offer.

5.3.6. Inability to pay dividends or make other distributions or potential for dividends paid not to be franked

Micro-X's dividend policy will be at the discretion of the Board and may change over time. Decisions relating to the dividend policy post the Entitlement Offer will depend on Micro-X's market situation and strategy for its business.

There is no guarantee that dividends will be paid on Shares in the future, as this is a matter to be determined by the Board in its discretion and the Board's decision will have regard to, amongst other things, free cash flow generation, profit generation and availability of franking credits.

To the extent to which a dividend can be franked will depend on Micro-X's franking account balance and its level of distributable profits. Micro-X's franking account balance is contingent on Micro-X making Australian taxable profits and will depend on the amount of Australian income tax paid by Micro-X on those Australian taxable profits. Micro-X's Australian taxable profits may be volatile, making the payment of franked dividends unpredictable.

5.4. Entitlement Offer Risks

5.4.1. Equity raising dilution risk

As the Company will have issued the Placement Shares to new and existing Shareholders by the date of settlement of the Entitlement Offer, if shareholders do not participate in the Entitlement Offer then their percentage shareholding in Micro-X will be diluted.

6. Additional Information

This section sets out a number of matters of which you should be aware that have not been addressed in detail elsewhere in this Prospectus. It gives details of the availability of certain other important documents and a summary of some of these documents that are relevant for your investment decision. In addition, certain other prescribed details in respect of the Entitlement Offer have been set out in this section 6.

6.1. Nature of this Prospectus

This Prospectus is a prospectus for continuously quoted securities to which the special content rules under section 713 of the Corporations Act apply. This provision allows the issue of a more concise prospectus in relation to offers of securities in a class which have been continuously quoted on ASX for the three months prior to the date of this Prospectus.

Shares in Micro-X have been continuously quoted by ASX for the three months prior to the date of this Prospectus.

This Prospectus is a "transaction specific prospectus". In general terms, a transaction specific prospectus is only required to contain information in relation to the effect of the issue of securities on a company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus also has the effect of facilitating the secondary trading of the Placement Shares as they will be issued without disclosure to investors under Part 6D.2 of the Corporations Act. The Company is not issuing the Placement Shares with the purpose of the persons to whom they are being issued selling or transferring their Shares, or granting, issuing or transferring interests in those Shares within 12 months of the issue but this Prospectus provides them the ability to do so should they wish.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange.

As an ASX listed company, Micro-X has provided ASX with a substantial amount of information regarding its activity and that information is publicly available. This Prospectus is intended to be read in conjunction with that publicly available information. Investors should therefore have regard to the other publicly available information in relation to Micro-X before making a decision whether or not to invest.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

6.2. Reporting and disclosure obligations

Micro-X is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, Micro-X is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by Micro-X which a reasonable person would expect to have a material effect on the price or value of its Shares, subject to certain exemptions.

Micro-X is also required to prepare and lodge with ASIC and ASX both yearly and half-yearly financial statements accompanied by a Directors' declaration and report, and an audit or review report.

6.3. Availability of other documents

The ASX maintains files containing publicly disclosed information about all listed companies. Micro-X's file is available for inspection at ASX during normal working hours, and Micro-X's announcements may be viewed on the ASX website (www.asx.com.au). In addition, copies of documents lodged by, or in relation to, Micro-X with ASIC may be obtained from, or inspected at, an ASIC office.

Micro-X will provide a copy of any of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- a) the annual financial report for the year ended 30 June 2019;
- b) the half year financial report for the half year ended 31 December 2019; and
- c) any other document used to notify ASX of information relating to Micro-X under the continuous disclosure provisions of the Listing Rules and the Corporations Act after the date of the annual financial report referred to above and before lodgement with ASIC of this Prospectus.

All requests for copies of the above documents should be addressed to:

The Company Secretary

Micro-X Limited

A14, 6 MAB Eastern Promenade

1284 South Road, Tonsley SA 5042

Micro-X lodged its last annual report (being the annual report for the year ended 30 June 2019) with ASX on 30 August 2019.

Since then, Micro-X has made the following announcements to the ASX, shown in the table below.

Date	Description of Announcement
30/08/2019	Appendix 4G and Corporate Governance Statement
03/09/2019	Appendix 3B
03/09/2019	Cleansing Notice
05/09/2019	UK Government Follow-On Airport Security Contract
12/09/2019	Shareholder Open Day - Tuesday 17th September
15/10/2019	Appendix 3B
21/10/2019	Carbon Nanotube Emitter Patent Published
23/10/2019	Timing of Quarterly Results & Investor Call
24/10/2019	Quarterly Cash Flow & Business Update
31/10/2019	Amendment to Terms of April 2018 Convertible Notes
01/11/2019	Notice of Annual General Meeting/Proxy Form
04/11/2019	Trading Halt
06/11/2019	Suspension from Official Quotation

Date	Description of Announcement
11/11/2019	Extension of Voluntary Suspension
15/11/2019	Market Update
19/11/2019	Micro-X \$16.5M Private Placement
19/11/2019	Reinstatement to Official Quotation
19/11/2019	Notice of Extraordinary General Meeting/Proxy Form
19/11/2019	Lodgement of Prospectus
25/11/2019	DRX Revolution Nano Installed – Alfred Hospital Melbourne
25/11/2019	Appendix 3B
29/11/2019	2019 AGM Chairmans Address
29/11/2019	2019 AGM Presentation
29/11/2019	Results of Annual General Meeting
19/12/2019	Results of Extraordinary General Meeting
24/12/2019	Appendix 2A
24/12/2019	Change of Directors' Interest Notice
24/12/2019	Close of Prospectus Offer
02/01/2020	Lapse of Options
02/01/2020	Change of Director's Interest Notice
02/01/2020	Appendix 2A
02/01/2020	Cleansing Notice
31/01/2020	Quarterly Cash Flow & Business Update
03/02/2020	Details of Quarterly Results Investor Call
13/02/2020	Trading Halt
13/02/2020	Market Update
13/02/2020	Appendix 4D & Half-Year Financial Report
19/02/2020	Micro-X Appoints New Chief Financial Officer
05/03/2020	Market Update
26/03/2020	Market Update
30/03/2020	Appointment of Non Executive Director

Date	Description of Announcement
02/04/2020	Initial Director's Interest Notice
07/04/2020	Major Nano Adoption Over \$1M New Australian Orders
08/04/2020	Quarterly Activities & Cash Flow Report
15/04/2020	Trading halt
17/04/2020	Micro-X \$15.0m Placement & Underwritten Entitlement Offer
17/04/2020	Appendix 3B

All documents are also available on the ASX website (www.asx.com.au).

6.4. Rights and liabilities attaching to Shares

The New Shares to be issued pursuant to this Prospectus will rank equally in all respects with existing Shares in Micro-X.

Full details of the rights attaching to Micro-X's Shares are set out in its Constitution, a copy of which can be inspected at Micro-X's registered office.

The following is a summary of the principal rights which attach to Micro-X's Shares.

General meeting and notices

Notice of a general meeting must be given in accordance with the Corporations Act to each eligible shareholder. Except as permitted by the Corporations Act, general meetings must be called on at least the minimum number of days' notice required by the Corporations Act (which at the date on which the Constitution was adopted is 28 days) and otherwise in accordance with the procedures set out in the Corporations Act. Subject to the requirements of the Corporations Act, the content of a notice of general meeting called by the Directors must be decided by the Directors.

Voting rights

Subject to the Constitution and to any rights or restrictions attaching to any class of Shares:

- a) every Member may vote;
- b) subject to the Company's Constitution and the Corporations Act, on a show of hands every Member has one vote; and
- c) on a poll every Member has:
 - i. for each fully paid Share held by the Member, one vote; and
 - ii. for each partly paid Share held by the Member, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable, whether or not called (excluding amounts credited), on the Share. An amount paid on a Share in advance of a call is not to be taken as paid for this purpose; and
- d) during a breach of the Listing Rules relating to Shares which are Restricted Securities, or a breach of a restriction agreement, the holder of the relevant Restricted Securities is not entitled to any voting rights in respect of those Restricted Securities.

Issues of further Shares

The Directors, may, on behalf of the Company, issue shares and grant options over unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, Listing Rules, the Corporations Act and any rights and restrictions attached to a class of shares.

Variation of Rights

The rights attached to Shares or any other class of shares in the Company may be varied in accordance with the Corporations Act.

The provisions of the Constitution relating to general meetings apply, with necessary changes, to a meeting of a class of Members holding shares in the Company in that class as if it was a general meeting except that:

- a) a quorum is two persons holding or representing by proxy, whether or not the Member or Members they represent cast Direct Votes, attorney or Representative not less than 25% of the shares in the Company of the class or, if there is one holder of shares in the Company in the class, that holder or a proxy, attorney or representative of that holder; and
- b) any holder of shares in the Company of the class present in person or by proxy, whether or not the Member the proxy represents cast Direct Votes, attorney or Representative may demand a poll.

The rights conferred on the holders of any class of shares in the Company are taken as not having been varied by the creation or issue of further shares in the Company ranking equally with them.

Transfer of Shares

Subject to the Company's Constitution, a Member may transfer Shares held by that Member.

Subject to formal requirements, Shares may be transferred by:

- a) a written transfer instrument in any usual or common form; or
- b) any other form approved by the Directors.

The Company may participate in any computerised or electronic system for market settlement, securities transfer and registration conducted in accordance with the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules, or corresponding laws or financial market rules in any other country.

If the Company participates in a system of this kind then despite any other provision of the Constitution:

- a) Shares may be transferred, and transfers may be registered, in any manner required or permitted by the Listing Rules or the ASX Settlement Operating Rules (or corresponding laws or financial market rules in any other country) applying in relation to the system. The Company must comply with and give effect to those rules; and
- b) the Company may, in accordance with those rules, decline to issue certificates for holdings of Shares.

A written transfer instrument must be:

- a) executed by the transferor or (where the Corporations Act permits) stamped by the transferor's broker;
- b) unless the Directors decide otherwise in the case of a fully paid Share, executed by the transferee or (where the Corporations Act permits) stamped by the transferee's broker; and
- c) in the case of a transfer of partly paid Shares, endorsed or accompanied by an instrument executed by the transferee or by the transferee's broker to the effect that the transferee agrees to accept the Shares subject to the terms and conditions on which the transferor held them, to become a Member and to be bound by the Constitution.

Subject to the Corporation Act, the written transfer instrument may comprise more than one document.

Except as required by the ASX Settlement Operating Rules:

- a) a transferor of Shares remains the holder of the Shares transferred until the transfer is registered and the name of the transferee is entered in the Register in respect of the Shares; and
- b) a transfer of Shares does not pass the right to any dividends on the Shares until such registration.

Partly paid Shares

The Directors may, subject to compliance with the Constitution, the Corporations Act and Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited voting rights.

Dividend rights

The Directors may by resolution either:

- a) declare a dividend and may fix the amount, the time for and method of payment; or
- b) determine a dividend or interim dividend is payable and fix the amount and the time for and method of payment.

Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company:

- a) divide among the Members in kind all or any of the Company's assets; and
- b) for that purpose, determine how he or she will carry out the division between the different classes of Members,

but may not require a Member to accept any Shares or other securities in respect of which there is any liability.

The liquidator may, with the sanction of a special resolution of the Company, vest all or any of the Company's assets in a trustee on trusts determined by the liquidator for the benefit of the contributories.

Dividend reinvestment and Share plans

The Directors may:

- a) establish a plan under which Members or any class of Members may elect to reinvest cash dividends paid or payable by the Company by acquiring by way of issue or transfer (or both) Shares or other securities; and
- b) vary, suspend or terminate the arrangements established in the Constitution.

Directors

The Company's Constitution states there will be:

- a) minimum of 3 Directors; and
- b) a maximum of 7 Directors.

Powers of the Board

The Directors have the power to manage the business of the Company and may exercise all powers of the Company that the Constitution, the Corporations Act or the Listing Rules do not require to be exercised by the Company in general meeting.

Share buy backs

Subject to the Corporations Act and the Listing Rules, the Company may buy Shares on terms and at times determined from time to time by the Directors.

Unmarketable parcels

If one or more Members hold less than a Marketable Parcel of Shares, the Directors may invoke the procedure for the sale of Shares. Marketable Parcel has the same meaning as in the ASX Settlement Operating Rules in force from time to time. The procedure may only be invoked once in any 12-month period and requires the company to give the shareholder notice of the intended sale.

If a shareholder does not want his or her shares sold they may notify the Company accordingly.

Capitalisation of profits

The Directors may resolve:

- a) to capitalise any sum available for distribution to Members; and
- b) that:
 - i. no Shares be issued and no amounts unpaid on Shares be paid up on capitalisation of the sum; or
 - ii. the sum be applied for the benefit of Members in the proportions in which the members would have been entitled if the sum had been distributed by way of dividend.

Capital reduction

Subject to the Corporations Act and the Listing Rules, the Company may reduce its share capital in any manner.

Preference Shares

The Company may issue preferential shares, including preference shares that are liable to be redeemed. The rights attaching to preferential shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company's Shareholders.

6.5. Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

6.6. Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

6.7. Directors' interests

6.7.1. Interests

Except as disclosed in this Prospectus, no Director, and no firm in which a Director has an interest:

- a) has any interest, nor has had any interest in the last two years prior to the date of this Prospectus, in the formation or promotion of the Company, the Entitlement Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Entitlement Offer; or
- b) has been paid or given, or will be paid or given, any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Entitlement Offer.

6.7.2. Directors' Holdings

Set out in the table below are details of Directors' relevant interests in the securities of the Company at the date of this Prospectus:

Director	Shares		Options	Convertible Notes	TOTAL	
	Number	Percentage of Shares	Number	Number	Number	Percentage (on a fully diluted basis)
Peter Rowland	12,425,000	4.97%	-	200	12,425,200	4.97%
Patrick O'Brien	6,125,380	2.45%	-	-	6,125,380	2.45%
Yasmin King	50,000	0.02%	320,000	500	370,500	0.15%
Dr. Alexander Gosling	360,000	0.14%	-	-	360,000	0.14%
David Knox	-	-	-	-	-	-

Notes:

1. Unlisted Options

320,000 Unlisted Options at \$0.625 (62.5 cents) on or before 1 December 2020.

2. Unlisted convertible notes

700 Unlisted Convertible Notes of Face Value \$100.00 per Note with a Conversion Price of between \$0.23 (23.0 cents) and \$0.40 (40.0 cents).

6.7.3. Remuneration of Directors

In accordance with the Constitution, the Shareholders have approved an aggregate amount of up to \$300,000 per annum to be paid as non-executive Directors' fees.

It is currently resolved that Directors' fees are \$75,000 per annum for the Chairman and \$136,986 per annum for Non-Executive Directors in aggregate (exclusive of statutory superannuation

contributions). Payments of Directors' fees will be in addition to any payments to Directors in any employment or consultancy capacity.

Members of the Audit and Risk Committee currently receive \$43,836 in aggregate (exclusive of statutory superannuation contributions).

Members of the Nomination and Remuneration Committee currently receive \$21,918 in aggregate (exclusive of statutory superannuation contributions).

Peter Rowland currently receives annual remuneration of \$291,548 (exclusive of superannuation), as Managing Director of the Company.

The table below sets out the remuneration provided to the Directors or their related entities for the preceding two financial years prior to this Prospectus.

Director	Financial Year	Salary and Fees	Superannuation	Cash Bonus	Total
Peter Rowland	2019	\$277,500	\$26,363	\$-	\$303,863
	2018	\$263,221	\$27,381	\$25,000	\$315,602
Patrick O'Brien	2019	\$60,000	\$-	\$-	\$60,000
	2018	\$60,000	\$-	\$-	\$60,000
Yasmin King	2019	\$36,529	\$3,470	\$-	\$39,999
	2018	\$36,529	\$3,470	\$-	\$39,999
Dr. Alexander Gosling	2019	\$36,529	\$3,470	\$-	\$39,999
	2018	\$36,529	\$3,470	\$-	\$39,999
David Knox	2019	\$-	\$-	\$-	\$-
	2018	\$-	\$-	\$-	\$-

6.8. Underwriting

By an agreement between the Joint Lead Managers and Underwriters and the Company dated 17 April 2020 (**Underwriting Agreement**), the Joint Lead Managers and Underwriters have agreed to fully underwrite the Entitlement Offer.

Pursuant to the Underwriting Agreement, the Company has agreed to pay to the Joint Lead Managers and Underwriters (in their respective proportion) an underwriting fee of 3.0% (plus GST) of the gross proceeds of the Entitlement Offer and a management and selling fee of 2.0% (plus GST) of the gross proceeds of the Entitlement Offer.

In addition, the Joint Lead Managers and Underwriters have acted as joint lead managers to the Placement, and the Company has agreed to pay to the Joint Lead Managers and Underwriters a fee of 5.0% (plus GST) of the gross proceeds of the Placement.

The Joint Lead Managers and Underwriters will be responsible for the payment of any commissions and other fees agreed to be paid by them to sub-underwriters.

The Joint Lead Managers and Underwriters are also entitled to be reimbursed for their costs and expenses incurred in relation to the Entitlement Offer.

The obligations of the Joint Lead Managers and Underwriters to underwrite the Entitlement Offer may be terminated at any time before completion of the Entitlement Offer if:

- a) a certificate which is required to be provided by the Company under the Underwriting Agreement is not provided by the time specified or any statement in a certificate is untrue, inaccurate, incomplete or misleading or deceptive in any material respect;
- b) the Company is prevented from issuing the New Shares within the time required by the Listing Rules, applicable laws, an order of a court of competent jurisdiction or a Governmental Agency;
- c) the Prospectus, a document relating to the Entitlement Offer or any aspect of the Entitlement Offer does not comply in any material respect with the Corporations Act or the Listing Rules or any other applicable law;
- d) the Company issues, or is required to issue a supplementary prospectus because of section 719(1) of the Corporations Act or lodges a supplementary prospectus with ASIC in a form or substance that has not been approved by the Joint Lead Managers and Underwriters;
- e) the Company withdraws the Prospectus or the Entitlement Offer or any circumstance arises after lodgement of the Prospectus with ASIC that results in the Company either repaying any money received from applicants under the Entitlement Offer or offering applicants under the Offer an opportunity to withdraw their application for Offer Shares and be repaid their application monies;
- f) the S&P/ASX 200 Index falls by 10% or more below the level of the S&P/ASX 200 Index on the Business Day immediately preceding the date of the Underwriting Agreement at the close of trading on any day in the period between (and including) the date of the Underwriting Agreement and the Business Day immediately prior to the settlement date of the Entitlement Offer;
- g) the occurrence of ASIC action against the Company, including applying for orders, holding a hearing, commencing an investigation;
- h) there is an application to a Governmental Agency for an order, declaration or other remedy, or a Governmental Agency commences any investigation or hearing or announces its intention to do so, in each case in connection with the Entitlement Offer (or any part of it) or any agreement entered into in respect of the Entitlement Offer (or any part of it);
- i) ASX announces that the Company will be removed from the official list or that any Shares will be delisted or suspended from quotation by ASX;
- j) the occurrence of any of the following: a Director being charged with an indictable offence, a public action being initiated against a Director or a Director is disqualified from managing a corporation under the Corporations Act;
- k) the Company or a group member is insolvent or there is an act or omission which may result in the Company or a group member becoming insolvent;
- l) the Company alters its capital structure or constitution without the prior written consent of the Joint Lead Managers and Underwriters (such consent not to be unreasonably withheld or delayed);
- m) unconditional approval by the ASX for official quotation of the Shares issued under the Placement or the New Shares is refused or is not granted by the dates set out in the timetable;
- n) any group member breaches or defaults under any provision, undertaking, covenant or ratio of any material financing arrangement or an event of default, potential event of default or review event which gives a lender the right to accelerate or requirement payment of the debt occurs under any material financing arrangement;
- o) a delay in the timetable for more than 2 Business Days occurs without the prior written consent of the Joint Lead Managers and Underwriters (such consent not to be unreasonably withheld or delayed);

- p) public and other media statements made by or on behalf of the Company contain a statement which is or becomes misleading or deceptive or likely to mislead or deceive or any forecasts, expressions of opinion, intention or expectation which are not based on reasonable assumptions;
- q) any information supplied by or on behalf of the Company to the Joint Lead Managers and Underwriters is or becomes misleading or deceptive, including by way of omission;
- r) hostilities not presently existing commence or a major escalation in existing hostilities occurs involving any one or more of the United States, Australia, New Zealand, the United Kingdom, Russia, United Arab Emirates, North Korea, South Korea, the People's Republic of China, Japan, Singapore or a member state of the European Union or the declaration by any of these countries of a national emergency or war or a major terrorist act is perpetrated anywhere in the world;
- s) a change in Australian law or policy which does or is likely to prohibit or regulate the Entitlement Offer, capital issues or stock markets or adversely affects the Company or investors in it;
- t) a contravention by the Company or a group member of the Corporations Act, the Constitution, the Listing Rules or any other applicable law;
- u) the Company fails to perform or observe any of its obligations under the Underwriting Agreement;
- v) a representation or warranty made or given by the Company under the Underwriting Agreement proves to be, or has been, or becomes, untrue or incorrect;
- w) a market or trading disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, Hong Kong, Singapore, South Korea, the People's Republic of China, the United Kingdom, the United States of America, a member state of the European Union, or the international financial markets or any change in national or international political, financial or economic conditions;
- x) a change in the senior management of the Company or in the board of directors of the Company is announced or occurs without the Joint Lead Managers and Underwriters' prior written consent;
- y) there is an adverse change, or an event occurs which is likely to give rise to an adverse impact of an amount equal to or greater than 10% of the assets, liabilities, revenues (for the six months from the date of the Underwriting Agreement), operations or prospects of the group when compared to what the assets, liabilities, revenues (for the six months from the date of the Underwriting Agreement), operations or prospects of the group would have been if not for that adverse change or event; and
- z) in the reasonable opinion of a Joint Lead Manager and Underwriter, a new circumstance arises that would have been required to be disclosed in the Prospectus had it arisen before the Prospectus was lodged with ASX.

The Underwriting Agreement also contains a number of customary indemnities, representations and warranties from the Company to the Joint Lead Managers and Underwriters that are standard for an agreement of this type.

6.9. Interests of Named Persons

Except as disclosed in this Prospectus, no director, proposed director, or promoter of the Company, other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, or underwriter to the issue or sale of financial services licensee named in the Prospectus as a financial services licensee involved in the issue or sale:

- aa) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Entitlement Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Entitlement Offer; or

- bb) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Entitlement Offer.

Thomson Geer has acted as solicitors to the Entitlement Offer and will be paid approximately \$80,000 (plus GST) for services related to this Prospectus. Further amounts will be paid to Thomson Geer in accordance with its normal time-based charges.

Morgans Corporate Limited and Bell Potter Securities Limited are the Joint Lead Managers and Underwriters to the Offer. The Company will pay a fee of 5.0% (plus GST) of the gross proceeds of the Offer to the Joint Lead Managers and Underwriters. In the past two years, Morgans Corporate Limited has been paid fees of approximately \$1 million by the Company for lead manager services associated with the capital raising undertaken by the Company in November 2019.

Hawkesbury Partners Pty Limited have acted as Corporate Advisor to the Entitlement Offer and the Placement and will be paid a fee of 1.0% (plus GST) of the gross proceeds of the Entitlement Offer and the Placement.

6.10. Representations by acceptance

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY® as outlined in section 2.5, you will be deemed to have represented to Micro-X that you are an Eligible Shareholder and:

- a) acknowledge that you have read and understand this Prospectus and your personalised Entitlement and Acceptance Form in their entirety;
- b) agree to be bound by the terms of the Entitlement Offer, the provisions of this Prospectus, and Micro-X's Constitution;
- c) authorise Micro-X to register you as the holder(s) of New Shares allotted to you;
- d) declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- e) declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- f) acknowledge that once Micro-X receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- g) agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- h) authorise Micro-X, the Joint Lead Managers and Underwriters, the Micro-X Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Micro-X Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- i) acknowledge and agree that:
 - i. determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Micro-X and/or the Joint Lead Managers and Underwriters; and
 - ii. Micro-X and the Joint Lead Managers and Underwriters and the Corporate Advisor, each of their respective related bodies corporate and affiliates, and their respective directors, officers, partners, employees and agents disclaim any duty or liability

(including negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;

- j) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- k) acknowledge that the information contained in this Prospectus and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- l) acknowledge the statement of risks included in section 5 of this Prospectus, and that investments in Micro-X are subject to risk;
- m) acknowledge that none of Micro-X, the Joint Lead Managers and Underwriters and the Corporate Advisor, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Micro-X, nor do they guarantee the repayment of capital;
- n) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- o) authorise Micro-X to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- p) represent and warrant (for the benefit of Micro-X, the Joint Lead Managers and Underwriters and the Corporate Advisor and their respective related bodies corporate and affiliates) that you are not an Ineligible Shareholder and are otherwise eligible to participate in the Entitlement Offer;
- q) represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Entitlement Offer;
- r) represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States (to the extent such person holds ordinary shares in Micro-X and is acting for the account or benefit of a person in the United States);
- s) you understand and acknowledge that the Entitlements and the New Shares under the Entitlement have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, the Entitlements under the Entitlement Offer may not be taken up, or exercised by, and the New Shares to be offered or sold in the Entitlement Offer may not be offered or sold to persons in the United States or persons who are acting for the account or benefit of a person in the United States (to the extent such person holds ordinary shares in Micro-X and is acting for the account or benefit of a person in the United States). You further understand and acknowledge that the Entitlements and the New Shares under the Entitlement Offer may only be offered, sold and resold outside the United States in “offshore transactions” in reliance on Regulation S under the US Securities Act;
- t) represent and warrant that you are subscribing for or purchasing New Shares outside the United States in an “offshore transaction” in reliance on Regulation S under the US Securities Act;

- u) declare that if in the future you decide to sell or otherwise transfer any New Shares, you will only do so in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act, including in a standard (regular way) brokered transaction on the ASX, where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States, in accordance with Regulation S under the US Securities Act;
- v) represent and warrant that you have not and will not send this Prospectus, the Entitlement and Acceptance Form or any other materials relating to the Entitlement Offer to any person in the United States or any other country outside Australia; and
- w) declare that if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia and is not in the United States and is not acting for the benefit of a person in the United States (to the extent such person holds ordinary shares in Micro-X and is acting for the account or benefit of a person in the United States), and you have not sent this Prospectus, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person.

6.11. Consents

Each of the parties referred to in the following table:

- a) has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in the Prospectus in the form and context in which it is named;
- b) has not, and its affiliates, officers and employees have not, made any statement in the Prospectus or any statement on which a statement made in the Prospectus is based; and
- c) does not cause, permit or authorise the issue or lodgement, submission, dispatch or provision of the Prospectus.

Name of person	Named as
Morgans Corporate Limited	Joint Lead Manager
Bell Potter Securities Limited	Joint Lead Manager
Thomson Geer	Australian legal advisor
Computershare Investor Services Pty Limited	Registry
Hawkesbury Partners Pty Limited	Corporate Advisor

Each of the persons referred to above:

- a) has not authorised or caused the issue of the Prospectus, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in the Prospectus; and
- b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

6.12. Transaction costs of the Placement and Entitlement Offer

The total transaction costs comprise the Placement and Entitlement Offer raising costs.

Assuming the Entitlement Offer is fully subscribed, the Placement and Entitlement Offer raising costs include placing, management and advisory fees (\$900,000), legal costs (\$80,000) and administrative fees and other expenses (\$20,000) relating to this Prospectus. Total costs are expected to be approximately \$1 million.

6.13. Withdrawal of Entitlement Offer

Micro-X and the Directors reserve the right to withdraw or vary all or part of the Entitlement Offer and this Prospectus at any time prior to the issue of New Shares, in which case Micro-X will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

6.14. Privacy

As a Shareholder, Micro-X and the Registry have already collected certain personal information from you. If you apply for New Shares, Micro-X and the Registry may update that personal information or collect, hold and use additional personal information about you. Such information may be used to assess your acceptance of New Shares, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, Micro-X and the Registry may disclose your personal information, for purposes related to your shareholding, to their agents, contractors or third party service providers to whom they outsource services in order to assess your acceptance of New Shares, the Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation and distribution of Shareholder information and for handling of mail, or as otherwise authorised under the *Privacy Act 1988 (Cth)*.

Company and tax laws require some personal information to be collected. If you do not provide us with your personal information we may not be able to process your application.

In most cases you can gain access to your personal information held by (or on behalf of) Micro-X or the Registry. Micro-X aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Registry if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information Micro-X or the Registry have about you, they will take steps to correct it. You can request access to your personal information by telephoning or writing to Micro-X through the Registry as follows:

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Phone: 1300 850 505 (within Australia)
Phone: + 61 3 9415 4000 (outside Australia)

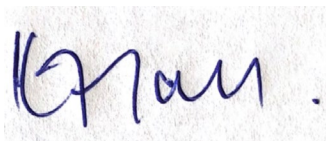
6.15. Governing Law

This Prospectus and the contracts which arise on acceptance of Entitlement and Acceptance Forms are governed by the law applicable in South Australia, Australia and each applicant submits to the non-exclusive jurisdiction of the courts of South Australia, Australia.

6.16. Consent to lodgement and authorisation

Each Director of Micro-X has authorised and consented to the lodgement of this Prospectus with ASIC under the Corporations Act and has not withdrawn that consent prior to its lodgement with ASIC.

This Prospectus is signed for and on behalf of Company by:



Kingsley Hall, Co-Company Secretary and Chief Financial Officer

Dated: 17 April 2020

6.17. Litigation

The Company is not presently party to any legal proceedings that, in the opinion of the Company, would reasonably be expected to have a material adverse effect on its business, financial condition, operating results or cash flows if determined adversely against the Company.

7. Glossary

Term	Definition
ACCC	Australian Competition and Consumer Commission.
ACST	Australian Central Standard Time.
Allotment Date	13 May 2020.
Applicable Laws	All laws of jurisdictions applicable to the Entitlement Offer and/or Micro-X within or outside Australia, including the Listing Rules and applicable policies, guidelines, official directives, class orders or requests of or by any Governmental Agency, whether or not having the force of law, except to the extent compliance is duly modified, waived or exempted in favour of a person in the relevant circumstances.
Applicant	A Shareholder who submits a valid application(s) for New Shares pursuant to this Prospectus.
Application Monies	Monies received from Applicants in respect of their application for New Shares.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or the securities exchange operated by it (as the case requires).
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532).
ASX Settlement Operating Rules	The operating rules of ASX Settlement as amended or replaced from time to time, except to the extent of any express written waiver by ASX Settlement.
ATO	Australian Taxation Office.
Australian Accounting Standards	Australian International Financial Reporting Standards, as issued by the Australian Accounting Standards Board.
Board	Board of directors of Micro-X from time to time.
CHESS	Clearing House Electronic Subregister System operated by ASX Settlement.
Closing Date	5.00pm on 6 May 2020, being the latest time and day by which completed Entitlement and Acceptance Forms and BPAY® payments of Application Monies will be accepted (subject to variation).
Constitution	Constitution of Micro-X, as amended from time to time.
Corporate Advisor	Hawkesbury Partners Pty Limited ABN 30 159 857 995.
Corporations Act	<i>Corporations Act 2001 (Cth).</i>

Term	Definition
Direct Votes	In relation to a resolution or a meeting, a specification in an appointment of proxy of the way that the proxy is to vote on the resolution or on a resolution proposed to be put at the meeting (as the case may be) where the appointment also indicates that the specification is to be regarded as a direct vote.
Director	A member of the Board from time to time.
Eligible Shareholder	A Shareholder at the Record Date who: a) has a registered address in Australia or New Zealand; b) is not a Foreign Shareholder; and c) Is not in the United States and is not acting for the account or benefit of a person in the United States (to the extent such a person holds ordinary shares in Micro-X and is acting for the account or benefit of a person in the United States).
Entitlement	The number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being 1 New Share for every 5.6 Existing Shares held as at the Record Date, subject to rounding up and to the terms of the Entitlement Offer.
Entitlement and Acceptance Form	The entitlement and acceptance form either attached to or accompanying this Prospectus.
Entitlement Offer or Offer	The pro rata non-renounceable entitlement offer of 44,646,511 million New Shares on the basis of 1 New Share for every 5.6 Existing Shares held at 5.00pm (ACST) on the Record Date at an Offer Price of \$0.14 per New Share, for the purpose of raising approximately \$6.25 million.
Existing Share	A Share on issue at the Record Date.
Financial Information	Has the meaning given in section 4.1.
Foreign Shareholder	A Shareholder who, as at the Record Date, has a registered address other than in Australia or New Zealand.
Governmental Agency	Any government or any government department or governmental agency including without limitation any semi-governmental, administrative, fiscal, judicial, investigative, review or regulatory body, department, commission (including ASIC, ATO, ACCC), authority, tribunal, agency, stock exchange (including the ASX) or entity in any jurisdiction relevant to the Entitlement Offer.
GST	The goods and services tax imposed under the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
IFRS	International Financial Reporting Standards.
Ineligible Shareholder	A Shareholder on the Record Date who does not satisfy the criteria to be an Eligible Shareholder.

Term	Definition
Investor Presentation	The investor presentation dated 17 April 2020 available at www.asx.com.au .
Joint Lead Managers and Underwriters	Morgans Corporate Limited ABN 32 010 539 607 and Bell Potter Securities Limited ABN 25 006 390 772.
Listing Rules	The listing rules of ASX as amended or varied from time to time.
Marketable Parcel	Has the same meaning as in the ASX Settlement Operating Rules in force from time to time.
MBI	Mobile Backscatter Imager.
Member	A person who is a member of the Company under the Corporations Act.
Micro-X or Company	Micro-X Limited (ABN 21 153 273 735).
Micro-X Entitlement Offer Information Line	1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).
New Shares	The Shares offered under the Entitlement Offer.
Offer Price	A\$0.14 per New Share.
Option	Option to acquire a Share.
Placement	Has the meaning given in section 2.1.
Placement Shares	62.5 million Shares to be issued to sophisticated and professional investors to raise \$8.75 million (before costs).
Prospectus	This prospectus dated 17 April 2020.
Record Date	The time and date for determining which Shareholders are entitled to the Entitlement, being 7.00pm (ACST) on 22 April 2020.
Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277).
Representative	A person appointed by a Member to act as its representative under clause 58.1 of the Constitution.
Restricted Securities	Has the same meaning as in the Listing Rules.
Share or Micro-X Share	A fully paid ordinary share in the capital of Micro-X.
Shareholder	A holder of one or more Shares.
Shortfall	The number of Entitlements and attaching New Shares for which applications have not been received by Micro-X by the Closing Date, plus that number of New Shares which would have been offered to Ineligible Shareholders if they had been eligible to participate in the Entitlement Offer.
Top-Up Facility	The top up facility under which Eligible Shareholders may apply for New Shares in excess of their Entitlement described in section 2.1.

Term	Definition
Underwriting Agreement	The underwriting agreement between the Joint Lead Managers and Underwriters and the Company dated 17 April 2020.
US Securities Act	US Securities Act 1933.

8. Corporate Directory

Micro-X Limited

ACN 153 273 735
A14, 6 MAB Eastern Promenade
1284 South Road, Tonsley SA 5042

Directors

Peter Rowland (Managing Director)
Patrick O'Brien (Non-Executive Chairman)
Yasmin King (Non-Executive Director)
Dr. Alexander Gosling (Non-Executive Director)
David Knox (Non-Executive Director)

Company Secretaries

Kingsley Hall (Co-Company Secretary and Chief Financial Officer)
Georgina Carpendale (Co-Company Secretary)

Micro-X Entitlement Offer Information Line

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

Open between 8.00am to 4.30pm (ACST) Monday to Friday

Micro-X Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Phone: 1300 850 505 (within Australia)
Phone: +61 3 9415 4000

Joint Lead Managers and Underwriters

Morgans Corporate Limited
Level 28, 367 Collins St
Melbourne VIC 3000

Bell Potter Securities Limited
Level 29, 101 Collins Street
Melbourne VIC 3000

Corporate Advisor

Hawkesbury Partners Pty Limited
Level 16, Aurora Place
88 Phillip Street
Sydney NSW 2000

Australian Legal Advisor

Thomson Geer
Level 14, 60 Martin Place
Sydney NSW 2000

Stock Exchange Listing

ASX Code: **MX1**

MICRO-X

Micro-X Limited
ABN 21 153 273 735

For all enquiries:

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

Web:
www.investorcentre.com/contact

MX1

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:



See overleaf for details of the Offer and how to make your payment

Pro-Rata Non-Renounceable Entitlement Offer — Entitlement and Acceptance Form

 **Your payment must be received by 5:00pm (ACST) on Wednesday, 6 May 2020**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. If you accept your full Entitlement, you can also apply for Additional New Shares. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Prospectus dated 17 April 2020.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the payment slip with BPAY payment.

By Mail: Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**Micro-X Limited**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details of the Offer →

Micro-X Limited Pro-Rata Non-Renounceable Entitlement Offer
Payment must be received by 5:00pm (ACST) on Wednesday, 6 May 2020

© Registered to BPAY Pty Limited ABN 69 079 137 518

Entitlement and Acceptance Form with Additional Shares

STEP 1

Registration Name & Offer Details

Registration Name:

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

X 9999999991

I ND

 For your security keep your SRN/
HIN confidential.

Entitlement No: 12345678

Entitlement Offer
Details:

Existing shares entitled to participate as at
7:00pm (ACST) on 22 April 2020:

Entitlement to New Shares on a 1 for 5.6 basis:

Amount payable on full acceptance of Entitlement at \$0.14 per New Share:

*Maximum No of Top-Up Shares for which you may apply (50% of your
Entitlement):

Amount payable on full acceptance of your Entitlement and application for
the maximum Additional Shares at \$0.14 per New Share:

4,000

1

\$0.01

0

\$0.14

*You may only apply for Additional Shares if you have applied for 100% of your Entitlement to New Shares

STEP 2

Make Your Payment



Billers Code: 999999
Ref No: 1234 5678 9123 4567 89

Contact your financial institution to make your
payment from your cheque or savings account.

Pay by Mail:



Make your cheque, bank draft or money order payable to "Micro-X Limited" and
cross "Not Negotiable".

Return your cheque with the below payment slip to:

Computershare Investor Services Pty Limited
GPO BOX 505 Melbourne Victoria 3001 Australia

Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received
by no later than **5:00pm (ACST) on Wednesday, 6 May 2020**. Applicants should be aware that their own financial institution may implement earlier cut off times
with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited
(CIS) nor Micro-X Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to
ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than **5:00pm (ACST) on Wednesday, 6 May
2020**. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to
affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Micro-X Limited accepts any responsibility if you lodge the
payment slip below at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the
issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition,
the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive
marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal
information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies
corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we
maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise
required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the
Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and
information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy
at <http://www.computershare.com/au>.

Detach here

Micro-X Limited Acceptance Payment Details

Entitlement taken up:

--	--	--	--	--	--	--	--

Enter the number of Top-Up Facility New
Shares applied for (if any) up to a maximum of
50% of your Entitlement:

--	--	--	--	--	--	--	--

Amount enclosed at \$0.14 per New Share: **A\$**

--	--	--	--	--	--	--	--



Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Payment must be received by 5:00pm (ACST) on Wednesday, 6 May 2020

Contact Details

Contact
Name

Daytime

Telephone

Cheque Details

Drawer

Cheque Number

BSB Number

Account Number

Amount of Cheque

				A\$
--	--	--	--	-----

123456789123456789+0000000001-3051+14

24 April 2020

Not for release or distribution in the United States

MX1
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Dear Shareholder,

Micro-X Limited ACN 153 273 735 (Micro-X)
1 for 5.6 pro-rata non-renounceable entitlement offer of new fully paid ordinary shares in
Micro-X (New Shares) at A\$0.14 per New Share to raise approximately A\$6.25 million
(Entitlement Offer)

Notification to Eligible Shareholders

Overview

On 17 April 2020, Micro-X announced an Entitlement Offer to eligible shareholders of Micro-X to subscribe for 1 New Share for every 5.6 existing fully paid ordinary shares (**Shares**) held at 7:00pm (ACST) on 22 April 2020 (**Record Date**) (**Entitlements**). The Entitlement Offer will raise approximately A\$6.25 million. The Entitlement Offer is being made to Eligible Shareholders only, as defined below.

On 17 April 2020, Micro-X announced that it had received commitments of A\$8.75 million by way of a placement of new Shares (**Placement Shares**) to sophisticated and professional investors at A\$0.14 per Placement Share (**Placement**). Holders of Placement Shares will not be eligible to participate in the Entitlement Offer.

The Entitlement Offer is fully underwritten by Morgans Corporate Limited and Bell Potter Securities Limited. The proceeds raised from the Entitlement Offer will be used to ramp up Nano production in response to COVID-19 driven demand, accelerate the commercialisation of the Rover product for the military market and the high power generator project to enable the high powered Rover product, and provide Micro-X with additional funding runway.

If Eligible Shareholders take up their Entitlements in full, they are also able to apply for additional New Shares of up to an additional 50% of their Entitlements. Additional New Shares will only be allocated if available and if Micro-X so determines, in its absolute discretion.

Following completion of the Placement and Entitlement Offer, Micro-X will have approximately 357,166,968 Shares on issue.

A prospectus in relation to the Entitlement Offer (**Prospectus**) has been prepared by Micro-X in accordance with section 713 of the Corporations Act 2001 (Cth) (**Corporations Act**) and was lodged with the Australian Securities and Investments Commission and Australian Securities Exchange (**ASX**) on 17 April 2020. The Prospectus is available on ASX's website (www.asx.com.au) (search by reference to Micro-X's ASX ticker which is "MX1") and on the Micro-X website (<https://micro-x.com>).

If you are an Eligible Shareholder, you will be able to subscribe for 1 New Share for every 5.6 Shares held on the Record Date of 7:00pm (ACST) on 22 April 2020. The offer price is \$0.14 per New Share (**Offer Price**).

The New Shares issued pursuant to the Entitlement Offer will rank equally with existing Shares in Micro-X. Fractional entitlements to New Shares will be rounded up to the nearest whole number of New Shares.

Eligibility criteria

"**Eligible Shareholders**" are those persons who:

- are registered as a holder of Shares in Micro-X as at 7:00pm (ACST time) on the Record Date;
- have a registered address in Australia or New Zealand;
- are not a Foreign Shareholder (as defined in the Prospectus); and
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such a person holds Shares in Micro-X).

Shareholders who do not satisfy the criteria of an Eligible Shareholder as set out above are "**Ineligible Shareholders**" and are consequently unable to participate in the Entitlement Offer.

Key dates for Eligible Shareholders

Micro-X expects the Entitlement Offer to be conducted in accordance with the following timetable:

Prospectus lodged and Entitlement Offer announcement	Friday, 17 April 2020
Trading resumes	Following lift of the trading halt on Friday, 17 April 2020
Ex date	Tuesday, 21 April 2020
Record Date for Entitlement Offer	Wednesday, 22 April 2020
Dispatch of Prospectus and personalised Entitlement and Acceptance Forms to Eligible Shareholders and Entitlement Offer opens	Friday, 24 April 2020
Close of Entitlement Offer	5:00pm (ACST) on Wednesday, 6 May 2020
New Shares quoted on deferred settlement basis	Thursday, 7 May 2020
Announcement of results of Entitlement Offer and Shortfall (if any)	Monday, 11 May 2020
Entitlement Offer settlement	Tuesday, 12 May 2020
Issue of New Shares under the Entitlement Offer	Before noon (AEST) on Wednesday, 13 May 2020
Quotation of New Shares issued under the Entitlement Offer on ASX	Thursday, 14 May 2020
Updated CHESS notices and issuer sponsored holding statements in relation to the New Shares issued under the Entitlement Offer dispatched	Thursday, 14 May 2020

The above dates are indicative only. Micro-X reserves the right to vary the above dates, subject to the ASX Listing Rules, the Corporations Act and other applicable laws. The commencement of quotation of new securities is subject to confirmation from the ASX.

Prospectus

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Entitlement Offer. Full details of the Entitlement Offer are set out in the Prospectus, which is available on ASX's website (www.asx.com.au) (search by reference to Micro-X's ASX ticker which is "MX1") and on the Micro-X website (<https://micro-x.com>).

Eligible Shareholders will receive a copy of the Prospectus, together with a personalised Entitlement and Acceptance Form. You should read the Prospectus carefully and in its entirety before deciding whether to participate in the Entitlement Offer.

Action required by Eligible Shareholders

Your Entitlement may have value and it is important you determine whether to (in whole or in part) take up or do nothing in respect of your Entitlement. If you take up your Entitlement in full, you can also apply for additional New Shares of up to an additional 50% of your Entitlement. Additional New Shares will only be allocated if available and if Micro-X so determines, in its absolute discretion.

(a) Take up an Entitlement

If you wish to take up all or part of your Entitlement, you will need to complete and return the personalised Entitlement and Acceptance Form together with the requisite application monies, or alternatively pay your application monies using BPay® by following the instructions set out in the personalised Entitlement and Acceptance Form.

If you choose to pay by BPay®, you are not required to return the Entitlement and Acceptance Form, however your payment must be received by no later than 5:00pm (ACST) on 6 May 2020. Shareholders should be aware of the time required to process payments by BPay® in choosing the appropriate application and payment method.

Acceptances under the Entitlement Offer will close at 5:00pm (ACST) on 6 May 2020.

(b) Apply for additional New Shares

If you take up your Entitlement in full, you can also apply for additional New Shares up to an additional 50% of your Entitlement (subject to any scale back as determined by Micro-X). Further information on applying for additional New Shares is provided for in the Prospectus and Entitlement and Acceptance Form.

(c) Do nothing

If you take no action you will not be allocated New Shares and your Entitlement will lapse.

Your Entitlement to participate in the Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any amounts in respect of the Entitlements that they do not take up, and will have a reduced (i.e. diluted) percentage shareholding in Micro-X after implementation of the Entitlement Offer, given Micro-X will have issued the Placement Shares to new and existing shareholders of Micro-X by the date of settlement of the Entitlement Offer.

The effect of the Entitlement Offer and Placement on Micro-X's issued share capital will be as follows (on the basis that the Placement completes, the Entitlement Offer is fully subscribed and no options or convertible notes are exercised prior to the Record Date):

	Ordinary Shares
As at the Record Date	250,020,457
On issue of Placement Shares	312,520,457
On issue of New Shares	357,166,968

For further information on the Entitlement Offer, please contact the Micro-X Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8:00am and 4:30pm (ACST) Monday to Friday. You should contact your stockbroker, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

A copy of the Prospectus may be viewed on ASX's website (www.asx.com.au) (search by reference to Micro-X's ASX ticker which is "MX1") and on the Micro-X website (<https://micro-x.com>).

On behalf of the Board of Micro-X, we look forward to your participation in the Entitlement Offer.

Yours sincerely



Patrick O'Brien
Chairman
Micro-X Limited

IMPORTANT INFORMATION

This letter is issued by Micro-X. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any Shares in Micro-X in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of Micro-X Shares.

The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax adviser, stockbroker or other professional adviser.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any person in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the Entitlements or the New Shares in any jurisdiction outside Australia or New Zealand. In particular, the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold directly or indirectly to, persons in the United States or persons who are acting for the account or benefit of persons in the United States (to the extent such persons hold existing shares and are acting for the account or benefit of a person in the United States). The Entitlements and the New Shares to be offered and sold in the Entitlement Offer will only be offered and sold to persons that are not in the United States in "offshore transactions" (as defined in Rule 902(h) of the U.S. Securities Act in reliance on Regulation S under the U.S. Securities Act).

IMPORTANT NOTICE TO NOMINEES

Because of legal restrictions, you must not send copies of this letter or any material relating to the Entitlement Offer to any of your clients (or any other person) in the United States or any other person acting for the account or benefit of persons in the United States or to any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws.

PHONE	+61 8 7099 3966
EMAIL	admin@micro-x.com
WEBSITE	www.micro-x.com

Tenancy A14
6 MAB Eastern Promenade
Tonsley SA 5042
Australia

ABN: 21 153 273 735

24 April 2020

Not for release or distribution in the United States

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Dear Shareholder,

**Micro-X Limited ACN 153 273 735 (Micro-X)
1 for 5.6 pro-rata non-renounceable entitlement offer of new fully paid ordinary shares in
Micro-X (New Shares) at A\$0.14 per New Share to raise approximately A\$6.25 million
(Entitlement Offer)**

Notification to Ineligible Shareholders

Overview

On 17 April 2020, Micro-X announced an Entitlement Offer to eligible shareholders of Micro-X to subscribe for 1 New Share for every 5.6 existing fully paid ordinary shares (**Shares**) held at 7:00pm (ACST) on 22 April 2020 (**Record Date**) (**Entitlements**). The Entitlement Offer will raise approximately A\$6.25 million. The Entitlement Offer is being made to Eligible Shareholders only, as defined below.

On 17 April 2020, Micro-X announced that it had received commitments of A\$8.75 million by way of a placement of new Shares (**Placement Shares**) to sophisticated and professional investors at A\$0.14 per Placement Share (**Placement**). Holders of Placement Shares will not be eligible to participate in the Entitlement Offer.

The Entitlement Offer is fully underwritten by Morgans Corporate Limited and Bell Potter Securities Limited. The proceeds raised from the Entitlement Offer will be used to ramp up Nano production in response to COVID-19 driven demand, accelerate the commercialisation of the Rover product for the military market and the high power generator project to enable the high powered Rover product, and provide Micro-X with additional funding runway.

If Eligible Shareholders take up their Entitlements in full, they are also able to apply for additional New Shares of up to an additional 50% of their Entitlements. Additional New Shares will only be allocated if available and if Micro-X so determines, in its absolute discretion.

Following completion of the Placement and Entitlement Offer, Micro-X will have approximately 357,166,968 Shares on issue.

A prospectus in relation to the Entitlement Offer (**Prospectus**) has been prepared by Micro-X in accordance with section 713 of the Corporations Act 2001 (Cth) (**Corporations Act**) and was lodged with the Australian Securities and Investments Commission and Australian Securities Exchange (**ASX**) on 17 April 2020. The Prospectus is available on ASX's website (www.asx.com.au) (search by reference to Micro-X's ASX ticker which is "MX1") and on the Micro-X website (<https://micro-x.com>). The Prospectus will be mailed to Eligible Shareholders.

This notice is to inform you that, under the terms of the Entitlement Offer, you are not entitled to participate in the Entitlement Offer and, as such, you will not be offered any New Shares or Entitlements under the Entitlement Offer. This notice is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter but there may be financial impacts for you as a result of the Entitlement Offer that you should be aware of.

Eligibility criteria

"Eligible Shareholders" are those persons who:

- are registered as a holder of Shares in Micro-X as at 7:00pm (ACST time) on the Record Date;
- have a registered address in Australia or New Zealand;
- are not a Foreign Shareholder (as defined in the Prospectus); and
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such a person holds Shares in Micro-X).

If you do not satisfy the criteria of an Eligible Shareholder as set out above, you are an **"Ineligible Shareholder"** and are consequently unable to participate in the Entitlement Offer.

The restrictions upon eligibility to participate in the Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to Micro-X of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing Shares in Micro-X they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled. Micro-X has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to make or extend offers to Micro-X shareholders in countries other than Australia or New Zealand under the Entitlement Offer.

Unfortunately, according to the share register, you do not satisfy the eligibility criteria for an Eligible Shareholder stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, Micro-X wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent documents relating to the Entitlement Offer and you will not receive any value for the New Shares to which you would otherwise have been entitled if you were an Eligible Shareholder.

As the Entitlement Offer is non-renounceable, Entitlements in respect of the New Shares you would have been entitled to if you were an Eligible Shareholder will lapse and you will not receive any payment or value for your Entitlements in respect of any New Shares that would have been offered to you if you were an Eligible Shareholder.

You are not required to do anything in response to this letter.

For further information on the Entitlement Offer or if you believe that you are an Eligible Shareholder, please contact 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8:00am and 4:30pm (ACST) Monday to Friday. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

On behalf of the Board of Micro-X, we thank you for your continued support.

Yours sincerely



Patrick O'Brien
Chairman
Micro-X Limited

IMPORTANT INFORMATION

This letter is issued by Micro-X. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any Shares in Micro-X in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of Micro-X Shares.

The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax adviser, stockbroker or other professional adviser.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any person in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the Entitlements or the New Shares in any jurisdiction outside Australia or New Zealand. In particular, the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold directly or indirectly to, persons in the United States or persons who are acting for the account or benefit of persons in the United States (to the extent such persons hold existing shares and are acting for the account or benefit of a person in the United States). The Entitlements and the New Shares to be offered and sold in the Entitlement Offer will only be offered and sold to persons that are not in the United States in "offshore transactions" (as defined in Rule 902(h) of the U.S. Securities Act in reliance on Regulation S under the U.S. Securities Act).

IMPORTANT NOTICE TO NOMINEES

Because of legal restrictions, you must not send copies of this letter or any material relating to the Entitlement Offer to any of your clients (or any other person) in the United States or any other person acting for the account or benefit of persons in the United States or to any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws.

PHONE	+61 8 7099 3966
EMAIL	admin@micro-x.com
WEBSITE	www.micro-x.com

Tenancy A14
6 MAB Eastern Promenade
Tonsley SA 5042
Australia

ABN: 21 153 273 735
