

Micro-X Limited ACN 153 273 735

Award Options – terms of issue

1. Defined terms

ASX means ASX Limited or its financial market, the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the listing rules for the ASX, with any modification or waivers which the ASX may grant to the Company from time to time.

Award Option means an option to subscribe for a Share in accordance with these terms of issue.

Board means the board of directors of the Company.

Business Day has the same meaning as in the ASX Listing Rules.

Company means Micro-X Limited ACN 153 273 735.

Exercise Notice means a notice given by a Holder to the Company, in accordance with clause 12.1.

Exercise Price in relation to an Award Option, means the exercise price specified in clause 4, as adjusted from time to time in accordance with clauses 11.

Expiry Date means the relevant expiry date of the relevant Award Option specific in the terms of issue of that Award Option approved by the Board.

Holder means a holder of one or more Award Options.

Prospectus means the prospectus dated 25 November 2015 lodged by the Company with the Australian Securities Investments Commission.

Share means a fully paid ordinary share in the capital of the Company.

2. Entitlement

Each Award Option entitles the Holder to acquire by way of issue one Share.

3. Issue price

No amount is payable on issue of the Award Options.

4. Exercise price

The Exercise Price of each Award Option is the price specified in the terms of issue of the Award Options approved by the Board.

5. Vesting date

The vesting date of the Award Option is the date specified in the terms of issue of the Award Options approved by the Board.

6. Exercise period

An Award Option may be exercised at any time, by the Holder, before the Expiry Date specified in the terms of issue of the Award Options approved by the Board.

7. Dividends

The Award Options do not confer any right to dividends.

8. No voting rights

Unless otherwise required by law or the ASX Listing Rules, the Award Options do not confer the right to attend general meetings of the Company or to receive reports provided to shareholders, and will not confer any right to vote or speak at any meeting.

9. Transfer

Subject to the terms of issue of the Award Options approved by the Board, the *Corporations Act 2001* (Cth) and any escrow restriction applied by ASX, an Award Option may be freely transferred by the Holder.

10. Certificate

The Company must give each Holder a certificate which sets out:

- (a) the number of Award Options issued to that Holder;
- (b) the Exercise Price of the Award Options;
- (c) the date of issue of the Award Options; and
- (d) the Expiry Date of the Award Options.

11. Participation rights, bonus issues, rights issues and reorganisations

11.1 Participation

A Holder is not entitled to participate in any new issue to existing shareholders of securities in the Company unless they have validly exercised in accordance with these terms their Award Options before the record date for determining entitlements to the new issue of securities and participate as a result of holding Shares.

11.2 Notice of new issue

The Company must give a Holder, in accordance with the ASX Listing Rules, notice of:

- (a) the proposed terms of the issue or offer proposed under clause 11.1; and
- (b) the right (if any) to exercise their Award Options under clause 11.1.

11.3 Bonus issues

If the Company makes a bonus issue of Shares or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Award Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Award Option is exercisable is increased by the number of Shares which the Holder would have received if the Holder had validly exercised in accordance with these terms the Award Option before the record date for determining entitlements to the issue.

11.4 Pro rata issues

If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Award Option before the record date for determining entitlements to the issue, the Exercise Price of each Award Option is reduced in accordance with the ASX Listing Rules.

11.5 Reorganisation

If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Holder (including the number of Award Options to which each Holder is entitled and/or the Exercise Price) is changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

11.6 Calculations and adjustments

Any calculations or adjustments which are required to be made under clause 11 will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Holder.

11.7 Notice of change

The Company must within a reasonable period give to each Holder notice of any change under clause 11 to the Exercise Price of any Award Options held by a Holder or the number of Shares which the Holder is entitled to subscribe for on exercise of an Award Option.

12. Method of exercise of Award Options

12.1 Method and payment

To exercise Award Options, the Holder must give the Company or its share registry, at the same time:

- (a) a written exercise notice (in the form approved by the Board from time to time) (**Exercise Notice**) specifying the number of Award Options being exercised and Shares to be issued; and
- (b) payment of the Exercise Price for the Shares the subject of the exercise notice by way of bank cheque or by other means of payment approved by the Company.

12.2 Exercise all or some Award Options

- (a) A Holder may only exercise Award Options in multiples of 500 unless the Holder exercises all Award Options held by the Holder.
- (b) Subject to clause 12.4, Award Options will be deemed to have been exercised on the date the application is lodged with the Company.

12.3 Amended Award Option holding statement

If a Holder exercises less than the total number of Award Options registered in the Holder's name, the Company must give the Holder an amended certificate stating the remaining Award Options held by the Holder.

12.4 Exercise time

Despite any other term of this clause 12 or these terms of issue, a Holder may only exercise Award Options:

- (a) in accordance with the relevant terms of issue of the Award Options approved by the Board; and
- (b) if the Holder is subject to any securities trading policy adopted by the Company from time to time – in accordance with, and subject to any restrictions or blackout periods, provided for in that policy.

13. Issue of Shares

After receiving an application for exercise of Award Options and payment by a Holder of the Exercise Price, the Company must within 15 Business Days after the date of the relevant Exercise Notice, issue the Holder the number of fully paid ordinary shares in the capital of the Company specified in the application.

14. Ranking of Shares issued on exercise of Award Options

Subject to the Company's constitution, all Shares issued on the exercise of Award Options rank in all respects *pari passu* with the existing ordinary shares of the Company at the date of issue and only carry an entitlement to receive dividends that have a record date after the Shares were issued.

15. Quotation

Subject to the terms set out in the Prospectus and the ASX Listing Rules, the Company will apply to ASX Limited for official quotation of the Shares issued on exercise of the Award Options (unless at the time of exercise, it is not admitted to the official list of the ASX). Award Options will not be quoted on ASX or any other financial market.

16. Duties and taxes

The Company is not responsible for any duties or taxes that may become payable in connection with the issue of Shares following exercise of, or in connection with any other dealing with, Award Options.

17. Notices

- (a) All notices, requests and statements given or made under these terms must be in writing.
- (b) The Company must send any notice, request or other document relating to the Award Options to a Holder under these terms to the Holder's registered address as recorded in the Company's register of Holders.
- (c) A Holder must send any notice, request or other document relating to the Award Options to be sent to the Company under these terms to the Company's registered office or as the Company otherwise specifies by notice to the Holder.
- (d) At any time, a Holder may request the Company to give the Holder a blank Exercise Notice. The Company must give the Holder a blank Exercise Notice promptly on receiving the request.

18. Governing law

These terms and the rights and obligations of Holders are governed by the laws of Victoria, Australia. Each Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.