

MICRO-X

MICRO-X LIMITED
ACN 153 273 735

Notice of Annual General Meeting **Explanatory Statement and Proxy Form**

Date of Meeting:
Friday, 29 November 2019

Time of Meeting:
2.00PM (Melbourne Time)

Place of Meeting:
Offices of Grant Thornton
Collins Square
Level 22, Tower Five
727 Collins Street
Melbourne, VIC 3008

*This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.
If shareholders are in doubt as to how they should vote, they should seek advice from their
accountant, solicitor or other professional advisor without delay*

MICRO-X LIMITED

ACN 153 273 735

Registered office: A14, 6 MAB Eastern Promenade, 1284 South Road, Tonsley, South Australia, 5042

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Members of Micro-X Limited (the "Company") will be held at the Offices of Grant Thornton, Collins Square, Level 22, Tower Five, 727 Collins Street, Melbourne, Victoria 3008 at 2.00pm (Melbourne Time) on Friday, 29 November 2019.

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

ORDINARY BUSINESS

Receipt and consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2019.

Note: Except as set out in Resolution 1, there is no requirement for Shareholders to approve these reports. Accordingly, no resolution will be put to Shareholders on this item of business.

Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' report) for the financial year ended 30 June 2019 be adopted."

Note: In accordance with the Corporations Act, this resolution is advisory only and does not bind the Company or the Directors of the Company. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

Resolution 2: Re-election of Yasmin King as a Director of the Company

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Yasmin King, being a Director who retires pursuant to the Constitution of the Company and being eligible for re-election offers herself for re-election, is hereby re-elected as a Director of the Company."

Resolution 3: Ratification of the issue of 7,407,401 ordinary shares and 3,703,698 unlisted options issued on December 24th 2018

"That pursuant to and in accordance with the ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify to the past issue of 7,407,401 ordinary shares at an issue price of 27 cents per share and attached 3,703,698 unlisted options with an exercise price of 40 cents per option and an expiry date of December 31st 2020, both issued on December 24th 2018 on the terms and conditions as described in the Explanatory Statement accompanying this Notice of Meeting."

SPECIAL BUSINESS

Resolution 4: Approval of 10% Placement Facility

To consider and, if thought fit, pass the following resolution as a special resolution:

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of the Annual General Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

DATED this 1 November 2019 at Adelaide.

By order of the Board



Georgina Carpendale
Company Secretary

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Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, shares registered as held at 7.00pm on Wednesday 27 November 2019 the date 48 hours before the date of the Annual General Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.
3. **Proxies**
 - a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
 - b. Each Shareholder has a right to appoint one or two proxies.
 - c. A proxy need not be a Shareholder of the Company.
 - d. If a Shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution.
 - e. Where a Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
 - f. If a Shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.
 - g. A proxy form must be signed by the Shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with the Company's constitution and the Corporations Act.
 - h. To be effective, proxy forms must be received by the Company's share registry (Computershare Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 2.00pm (Melbourne time) on 27 November 2019. Any proxy received after that time will not be valid for the scheduled meeting. Proxy forms can be received by the following methods:

By Mail

Computershare Investor Services Pty Limited
GPO Box 242, Melbourne Victoria 3001

By Fax

1800 783 447 (within Australia) or 61 3 9473 2555 (outside Australia)

Online

www.investorvote.com.au

To use this facility please follow the instructions on your enclosed Proxy Form.

For Intermediary Online subscribers only (custodians) www.intermediaryonline.com.

4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

5. Voting Exclusion Statement:

Resolution 1

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) and a closely related party of such a member and by a proxy who is a member or a closely related party of such Key Management Personnel. However, the Company need not disregard a vote if it is cast by a person (including the Key Management Personnel or their closely related parties) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, where the proxy form does not specify the way the proxy is to vote on this resolution but expressly authorises the person chairing the meeting to exercise the proxy even if this resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Any undirected proxies held by Directors or other Key Management Personnel or their closely related parties for the purposes of Resolution 1 (excluding the Chairman) will not be voted on Resolution 1. Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 1. By marking the Chairman's box on the proxy form, you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 1.

Resolution 2

There are no voting exclusions on this Resolution.

Resolution 3

The Company will disregard any votes cast in favour of the resolution by or on behalf of a person who participated in the issue or an associate of that person.

The Company will not disregard a vote on this resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 3. By marking the Chairman's box on the proxy form, you acknowledge

that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 3.

Resolution 4

The Company will disregard votes cast in favour in respect of the resolution by a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any of their respective associates.

The Company will not disregard a vote on this resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 4. By marking the Chairman's box on the proxy form, you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 4.

At the date of the Notice of Meeting, the Company has not approached any particular existing Shareholders or security holders to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Meeting.

6. Enquiries

Shareholders are invited to contact the Company Secretary, Georgina Carpendale on (08) 7099 3966 if they have any queries in respect of the matters set out in these documents.

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EXPLANATORY STATEMENT

Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ending 30 June 2019 (which incorporates the Company's financial report, the Directors' Report (including the Remuneration Report) and the Auditor's Report) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution costs associated with doing so for all Shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (08) 7099 3966, and you may request that this occurs on a standing basis for future years. Alternatively, you may access the Annual Report at the Company's website: www.micro-x.com or via the Company's announcement platform on ASX. Except for as set out in Resolution 1, no resolution is required on these reports.

Resolution 1: Adoption of Remuneration Report

Background

Section 250R(3) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2019 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act 2001, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

The Corporations Act requires the Company to put a resolution to Shareholders that, in accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

Directors' Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out in the Notice of AGM), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this resolution, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1 to adopt the Remuneration Report.

Voting Exclusions

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) and a closely related party of such a member and by a proxy who is a member or a closely related party of such Key Management Personnel. However, the Company need not disregard a vote if it is cast by a person (including the Key Management Personnel or their closely related parties) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, where the proxy form does not specify the way the proxy is to vote on this resolution but expressly authorises the person chairing the meeting to exercise the proxy even if this resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Any undirected proxies held by Directors or other Key Management Personnel or their closely related parties for the purposes of Resolution 1 (excluding the Chairman) will not be voted on Resolution 1. Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 1. By marking the Chairman's box on the proxy form, you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 1.

Resolution 2: Re-election of Ms Yasmin King as a Director of the Company

Background

The Constitution of the Company requires that at every annual general meeting, at least one Director shall retire from office and provides that such Directors are eligible for re-election at the meeting. Ms Yasmin King was appointed as a Director on 5 December 2016 and being eligible, offers herself for re-election.

Ms King is CEO of SkillIQ Limited, the organisation that develops the National Occupational Standards for vocational qualifications in the Services and Health and Community services sectors. Ms King was the inaugural NSW Small Business Commissioner and an Associate Commissioner for the Australian Consumer and Competition Commission, both positions leading to her detailed knowledge and experience in the areas of compliance and regulation. Ms King has extensive experience in negotiation having run a successful consultancy in this area, including acting as lead negotiator for numerous State and Federal Government procurement contracts. Ms King worked as a principal consultant for an international negotiation organisation coaching major ASX companies and public sector agencies including Department of Defence in contract negotiation. Ms King has also served on both public and private sector boards. Ms King is an adjunct of the Australian Graduate School of Management, delivering the conflict resolution and negotiation component of the Women in Leadership program. Ms King holds a Bachelor of Economics (Honours) and a Master of Business Administration. Ms King is a Fellow of the Australian Institute of Company Directors and a Fellow Certified Practising Accountant.

Ms King is currently chairperson of the Audit and Risk Committee for the Company.

Directors' Recommendation

The Board (with Ms King abstaining), recommends that Shareholders vote in favour of the re-election of Ms King. The Chairman of the meeting intends to vote undirected proxies in favour of Ms King's election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 3: Ratification of the issue of 7,407,401 ordinary shares and 3,703,698 unlisted options issued on December 24th 2018

Background

As announced on 24 December 2018 the Company raised \$2 million via the placement of 7,407,401 shares at an issue price of 27 cents per share with 3,703,698 attaching unlisted options (on a 1 for 2 basis) with an exercise price of 40 cents per share and an expiry date of 31 December 2020. The placement was made to existing institutional and high net worth investors of the Company, being Linear Asset Management, Como Group Holdings Pty Ltd, WealthHub Securities, Mr Ian Jeffrey Craig, Consolidated Fuzz Management Pty Limited, Bronte Investments Pty Ltd, Anglesea Investments Pty Ltd, Antipodean Nominees Pty Ltd, Anthony John Guiney, Mo Holdings, UBS Nominees Proprietary Ltd, HSBC Custody Nominees (Australia) Ltd, Banque Et Caisse D'Epargne De L'etat, Durbin Superannuation Pty Ltd, JPS Distribution Pty Ltd, Hammond Royce Corporation Pty Ltd and Lanyon Superannuation Fund. The funds raised under the placement were applied towards the Company's general working capital requirements, including to support production ramp up for Nano.

The Company is seeking approval of the issue of the 7,407,401 shares and 3,703,698 attaching options in the manner provided by ASX Listing Rule 7.4.

None of the allottees of the 7,407,401 shares and 3,703,698 attaching options is related to the Company.

Directors' Recommendation

The Board recommends that Shareholders vote in favour of this resolution.

Voting Exclusions

The Company will disregard any votes cast in favour of the resolution by or on behalf of a person who participated in the issue; or an associate of that person.

The Company will not disregard a vote on this resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. If

you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 3. By marking the Chairman's box on the proxy form, you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 3.

Resolution 4: Approval of 10% Placement Facility

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the Annual General Meeting ("10% Placement Facility"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that, at the date of the special resolution under Listing Rule 7.1A, is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

"Equity securities" includes shares, unit, options, convertible securities, rights to shares, units or options and other securities ASX classifies as equity securities (**Equity Securities**).

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities capable of being issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

The Company continues to see material upside in further investment in its current research and development projects. Should the Company utilise the 10% Placement Facility, it intends to use the funds raised to carry out further work on its current projects and/or to meet additional working capital requirements.

Directors' Recommendations

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 4.

Voting Exclusions

The Company will disregard any votes cast in favour of the resolution by or on behalf of a person who is expected to participate in the issue or a person who will obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; or an associate of those persons.

The Company will not disregard a vote on this resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

At this point in time, there is no potential allottee to whom securities may be issued under this resolution. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Meeting.

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting. This means it requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue three classes of Equity Securities, Fully Paid Ordinary Shares, Unlisted Options and Unlisted Convertible Notes.

(c) *Formula for calculating 10% Placement Facility*

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12-month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D)–E

A is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Previous Approval under Listing Rule 7.1A

The Company previously obtained approval under ASX Listing Rule 7.1A at its Annual General Meeting held on 21 November 2018.

In accordance Listing Rule 7.3A.6, the following information is provided to Shareholders regarding the equity securities issued in the previous 12 months preceding the date of the Annual General Meeting (that is, 29 November 2019).

Listing Rule 7.3A.6(a)

The table below shows the total number of equity securities issued in the previous 12 months preceding the date of the Annual General Meeting and the percentage that those issues represent of the total number of equity securities on issue at the commencement of that 12-month period.

Number of equity securities on issue 12 months before the date of the meeting	144,350,698 Shares 11,599,338 Unlisted Options (exercisable between \$0.575 and \$0.625, expiring between 31 December 2019 and 1 September 2021) 80,000 unlisted convertible notes
Total number of equity securities issued in the 12 months preceding the date of the meeting	7,407,401 ordinary shares Agreement to issue 20,000,000 ordinary shares 3,703,698 unlisted options
Percentage that they represent of the total number of equity securities on issue at the commencement of that 12-month period	22%

Listing Rule 7.3A.6(b)

The tables below set out specific details for each issue of equity securities that have taken place in the 12-month period prior to the date of the Annual General Meeting.

Type of equity securities	Ordinary shares and unlisted attaching options
Date of issue	24 December 2018
Number issued	7,407,401 with (1 for 2) call options
Summary of terms	Refer Resolution 4 above
Names of the persons who received securities or basis on which those persons were determined	The persons who received securities under this placement are sophisticated or professional investors.
Price	27 cents per ordinary share and an exercise price of 40 cents per share for the attaching options
Discount to market price (if any)	The share price on 24 December 2018 was \$0.31 and the shares were issued at an issue price of \$0.27 per share – at a discount of approximately 13%.
For cash issues	
Total cash consideration received	\$2,000,000
Amount of cash consideration spent	\$2,000,000
Use of cash consideration	Ongoing working capital requirements of the business.
Intended use for remaining use of cash (if any)	N/A
For non-cash issues	N/A
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

Type of equity securities	Loan agreement under which the lender may be issued ordinary shares
Date of issue	The agreement to issue occurred on 2 July 2019
Number of shares to be issued under the convertible loan agreement	A maximum of 20,000,000 ordinary shares
Summary of terms	The Company has drawn down \$5 million under a loan agreement with Thales SA. Under the agreement, Thales SA has the right to request that the outstanding amount under the loan be repaid by the issue of ordinary shares. If Thales SA makes such a request, the Company may elect to repay some or all of the amount in cash but otherwise must issue the ordinary shares. This right can be exercised at Thales SA's discretion at any time in the twelve months following 2 July 2024. The amount drawn down under the loan will incur interest at a rate per annum of 185bps above the 6 month BBSW. At the time of entering into the agreement with Thales SA, the interest rate was approximately 3% per annum.
Names of the persons who received securities or basis on which those persons were determined	Thales SA
Price	A 20% discount to the 30 trading day VWAP of the Company's shares at the time of conversion with a floor price of \$0.25 per Ordinary Share
Discount to market price (if any)	The share price on 5 July 2019 was \$0.29 and the shares may be issued at a floor price of \$0.25 per share – at a discount of approximately 13.8%.
For cash issues	
Total cash consideration received	\$5,000,000
Amount of cash consideration spent	\$3,300,000
Use of cash consideration	\$4,000,000 must be used solely towards assisting with costs and expenses associated with the Company's development of the MBI project \$1,000,000 must be for working capital requirements of the Company
Intended use for remaining use of cash (if any)	See above
For non-cash issues	N/A
Non-cash consideration paid	N/A

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. Shareholders may be exposed to economic risk and voting dilution, including the following:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.16 50% decrease in Issue Price	\$0.31 Issue Price	\$0.62 100% increase in Issue Price
Current Variable A 165,020,357 Shares	10% Voting Dilution	16,502,036 Shares	16,502,036 Shares	16,502,036 Shares
	Funds raised	\$2,640,325.76	\$5,115,631.16	\$10,231,262.30
50% increase in current Variable A 247,530,536 Shares	10% Voting Dilution	24,753,054 Shares	24,753,054 Shares	24,753,054 Shares
	Funds raised	\$3,960,488.64	\$7,673,446.74	\$15,346,893.50
100% increase in current Variable A 330,040,714 Shares	10% Voting Dilution	33,004,071 Shares	33,004,071 Shares	33,004,071 Shares

	Funds raised	\$5,280,651.36	\$10,231,262	\$20,462,524
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The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The issue price is **\$0.31** (31 cents), being the closing price of the Shares on ASX on **23 October 2019**.

(c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).

(d) The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised to carry out further work on its current projects and/or to meet additional working capital requirements.

(e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

(f) A voting exclusion statement is included in the Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2019;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**ASX Settlement Operating Rules**” means the rules of ASX Settlement Pty Ltd which apply while the Company is an issuer of CHESS approved securities;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**CHESS**” has the meaning in Section 2 of the ASX Settlement Operating Rules;

“**Closely Related Party**” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“**Company**” means Micro-X Limited ACN 153 273 735;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Convertible Security**” means a security of the Company which is convertible into shares;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Directors Report**” means the annual directors’ report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Equity Security**” has the same meaning as in the Listing Rules;

“**Explanatory Memorandum**” means the explanatory memorandum which forms part of the Notice;

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Key Management Personnel**” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of Micro-X Limited for the financial year ended 30 June 2019 and which is set out in the 2019 Annual Report.

“**Resolution**” means a resolution referred to in the Notice;

“**Schedule**” means schedule to the Notice;

“**Section**” means a section of the Explanatory Memorandum;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means shareholder of the Company;

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules;

“**VWAP**” means volume weighted average price

MICRO-X

Micro-X Limited
ABN 21 153 273 735

Need assistance?



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



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **2:00PM (Melbourne time) on Wednesday, 27 November 2019.**

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

ATTENDING THE MEETING

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

Corporate Representative

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

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 183034

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

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

By Fax:

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



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

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

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

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

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Micro-X Limited to be held at the offices of Grant Thornton, Collins Square, Level 22, Tower Five, 727 Collins Street, Melbourne, Victoria 3008 on Friday, 29 November 2019 at 2:00PM (Melbourne time) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention in step 2) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2.

Step 2 Items of Business

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

Ordinary Business

Resolution 1 Adoption of the Remuneration Report

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2 Re-election of Yasmin King as a Director of the Company

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Resolution 3 Ratification of the issue of 7,407,401 ordinary shares and 3,703,698 unlisted options issued on December 24th 2018

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Special Business

Resolution 4 Approval of 10% Placement Facility

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

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

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details *(Optional)*

Mobile Number

Email Address

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