

LODGEMENT OF PROSPECTUS

Adelaide, Australia, 19 November 2019: 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, advises that it has today lodged a Prospectus with the Australian Securities & Investments Commission.

As foreshadowed in the announcement of the \$16.5 million Private Placement earlier today, the Company has lodged a transaction specific Prospectus with ASIC today, the effect of which is to remove any trading restrictions on the sale of the Company's shares issued on or before the closing date under the Prospectus.

– 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

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Micro-X Limited
ACN 153 273 735
Prospectus

THIS PROSPECTUS IS BEING ISSUED UNDER SECTION 713 AND SECTION 708A(11) OF THE CORPORATIONS ACT FOR THE PURPOSE OF FACILITATING SECONDARY TRADING OF THE PLACEMENT SHARES

THIS OFFER CLOSSES AT 5.00PM ACDT ON 31 JANUARY 2020
VALID APPLICATIONS MUST BE RECEIVED BEFORE THAT TIME
Please read the instructions in this Prospectus and on the accompanying Application Form prior to applying for Shares under the Offer

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.
THE SHARES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY

CORPORATE DIRECTORY

Directors

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

Company Secretary

Georgina Carpendale (Company Secretary)

Registered and Corporate Office

A14, 6 MAB Eastern Promenade
1284 South Road, Tonsley SA 5042

Share Registry

Computershare Investors Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Phone: 1300 555 159 (within Australia)
Phone: + 61 3 8320 4062 (outside Australia)

Stock Exchange Listing

ASX Code: MX1

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Table of contents

1	Details of the Offer	1
1.1	The Offer.....	1
1.2	Purpose of the Offer	1
1.3	Opening and Closing Dates.....	1
1.4	Application for Shares.....	1
1.5	Application Monies.....	2
1.6	Issue of Shares.....	2
1.7	ASX quotation.....	2
1.8	CHES.....	2
1.9	Residents outside Australia	3
1.10	Risk factors	3
1.11	Taxation implications	3
1.12	Major activities and financial information.....	3
1.13	Enquiries concerning Prospectus	3
1.14	Privacy	3
2	Risk Factors.....	4
2.1	Specific Risks associated with the Company	4
2.2	General Risks	12
2.3	Investment Speculative.....	13
3	Effect of the Offer	13
3.1	Capital Structure on completion of the Offer	13
3.2	Financial Effect of the Offer	14
3.3	Market price of Shares.....	14
3.4	Dividend policy.....	14
4	Additional information	14
4.1	Rights attaching to Shares.....	14
4.2	Company is a disclosing entity	18
4.3	Copies of documents	18
4.4	Information excluded from continuous disclosure notices.....	22
4.5	Determination by ASIC	22
4.6	Directors' interests	22
4.7	Substantial Holders.....	23
4.8	Interests of Named Persons	23
4.9	Expenses of the Offer	24
4.10	Litigation	24
5	Authorisation	24
6	Glossary of Terms	24

IMPORTANT INFORMATION

This Prospectus is dated 19 November 2019. A copy of the Prospectus was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus. No Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at **A14, 6 MAB Eastern Promenade, 1284 South Road, Tonsley, SA 5042, AUSTRALIA** during normal business hours. The Company will also provide copies of other documents on request (see Section 4.3).

The Company will apply to ASX within 7 days of the date of this Prospectus for Official Quotation by ASX of the Shares offered by this Prospectus.

Applications for Shares will only be accepted on an Application Form which is attached to, or provided by the Company with, a copy of this Prospectus. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

The Company is a disclosing entity listed on the ASX and this Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act in reliance on information previously disclosed to the ASX by the Company. It does not contain, by itself, all information that would be contained in a prospectus for an initial public offering or all information relevant to a decision to invest in the Company.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the Offer of Shares under this Prospectus in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. The Shares offered by this Prospectus should be considered speculative. Please refer to Section 2 for details relating to investment risks.

By returning an Application Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

Definitions of certain terms used in this Prospectus are contained in Section 6. All references to currency are to Australian dollars and all references to time are to ACDT, unless otherwise indicated.

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1 Details of the Offer

1.1 The Offer

The Company is offering pursuant to this Prospectus specific investors identified by the Directors to apply for up to 100 Shares each at an issue price of \$0.20 per Share (**Offer**).

There is no minimum amount sought to be raised by the Offer. There is no provision for oversubscriptions.

The Offer is not underwritten.

Refer to Section 4.1 for a summary of the rights attaching to the Shares.

1.2 Purpose of the Offer

As announced on Tuesday, 19 November 2019, the Company has received firm commitments for a placement of a total of 82,500,000 Shares (**Placement Shares**), each at an issue price of \$0.20, to raise \$16,500,000 (before costs). Of these, the Company will issue 12,473,306 Shares (**Tranche 1 Placement Shares**) on or about Monday, 25 November 2019. The Company will issue the remaining 70,026,694 Shares (**Tranche 2 Placement Shares**), subject to Shareholder approval, following the proposed shareholder meeting on 19 December 2019 and in any event, prior to the Closing Date.

The Placement Shares are being issued to either "Sophisticated Investors" or "Professional Investors" within the meaning of sections 708(8), 708(10) and 708(11) of the Corporations Act.

This Prospectus has been issued to facilitate secondary trading of the Placement Shares as they will be issued without disclosure to investors under Part 6D.2 of the Corporations Act. A prospectus is required under the Corporations Act to enable persons who were issued Shares the subject of this Prospectus to on-sell those Shares within 12 months of their issue.

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.

Accordingly, the purpose of this Prospectus is to:

- (a) make the Offer; and
- (b) ensure that the on-sale of the Placement Shares do not breach Section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in Section 708A(11) of the Corporations Act.

1.3 Opening and Closing Dates

The Company will accept Application Forms from the Opening Date, being 19 November 2019, until 5.00pm ACDT on the Closing Date, being 31 January 2020, or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

1.4 Application for Shares

As noted above, the Offer will only be extended to specified parties on invitation from the Directors (**Specified Parties**). Application Forms will only be provided by the Company to those Specified Parties.

If you receive an Application Form from the Company and wish to subscribe for Shares pursuant to the Offer, you should complete and return the Application Form, which will be provided with a copy of this Prospectus by the Company at the Board's discretion, in accordance with the instructions in the Application Form. Completed Application Forms and Application Monies must be received by the Company prior to 5.00pm ACDT on the Closing Date. Cheques must be made payable to "Micro-X Limited" and crossed "Not Negotiable". All

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cheques must be in Australian currency. Application Forms should be mailed to A14, 6 MAB Eastern Promenade, 1284 South Road, Tonsley, South Australia 5042 or delivered to the Company's registered office.

If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted by the Company. The Application Form does not need to be signed to be a binding Application for Shares.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the Application as valid and how to construe, amend or complete the Application Form is final.

1.5 **Application Monies**

All Application Monies received for the Shares will be held in trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

1.6 **Issue of Shares**

The Company may issue the Shares progressively as Applications are received and, in any event, will issue all Shares as soon as possible after the Closing Date.

Shareholder statements will be dispatched as soon as possible after the issue of the Shares.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

1.7 **ASX quotation**

Application will be made to ASX no later than 7 days after the date of this Prospectus for the Official Quotation of the Shares offered under the Offer. If permission is not granted by ASX for the Official Quotation of the Shares offered by this Prospectus within 3 months after the date of this Prospectus (or such period as ASIC and ASX allow), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

1.8 **CHESS**

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares. If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Computershare Investors Services Pty Ltd and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

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1.9 Residents outside Australia

This Prospectus, and the accompanying Application Form, do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Shares. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

1.10 Risk factors

An investment in Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are set out in Section 2.

1.11 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.

1.12 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2019 is in the Annual Report which was lodged with ASX on 30 August 2019 and is available at www.asx.com.au.

The Company's continuous disclosure notices filed with the ASX (**ASX Announcements**) since 10 May 2018 are listed in Section 4.3.

Copies of these ASX Announcements are available free of charge from the Company. The Company's Directors strongly recommend that Shareholders and investors review these and all other announcements made by the Company on the ASX, prior to deciding whether or not to participate in the Offer.

1.13 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 8 7099 3966.

1.14 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application. An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

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2 Risk Factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders and investors need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders and investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

2.1 Specific Risks associated with the Company

(a) 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.

The Company has limited current cash reserves and, as at 18 November 2019, the Company's bank balance was approximately \$1.09 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 capital, 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, 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 very near term; 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.

(b) Funding from the Placement Offer is delayed or not received

The Company has limited cash reserves and is reliant on the Placement Offer to provide the funding necessary to continue its operations. The Placement Offer is in two tranches with approximately \$2.5 million to be received on or about 25 November 2019. If the first tranche of the Placement Offer is not received, or is not received on a timely basis, the Company would require immediate and urgent funding to continue its operations and remain solvent.

The second tranche of the Placement Offer of approximately 70,026,694 is subject to the approval of Shareholders at an extraordinary general meeting to be held on or about 19 December 2019. In the event that Shareholders did not approve the Placement Offer, the Company would not receive the \$14,005,338.80 due from the second tranche of the Placement Offer.

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Some or all of the investors who have committed to subscribe to the Placement Offer may not honour their contractual obligations and not settle the allotment of their shares in the Placement Offer when required.

The funds from the first tranche of the Placement Offer would not be sufficient to fund the Company to 30 June 2020. In those circumstances, the Company would require additional funding on an urgent basis to continue its operations and remain solvent.

The occurrence of any of these events could have a material adverse effect on the Company's financial performance and financial position.

(c) **Thales loan agreement**

The Company has a \$10 million loan facility with Thales (**Thales Loan Agreement**). Under the Thales Loan Agreement, the Company has been advanced \$5 million and may be advanced, at the Company's election, up to a further \$5 million.

On or after 2 July 2024, Thales has the right to request (**Conversion Request**) that the Company convert all, or part, of the amount outstanding (which includes both principal and accrued and capitalised interest) (**Conversion Amount**) into fully paid Shares. Thales can make such a request not more than three (3) times. On receipt of a Conversion Request, the Company may elect to repay the Conversion Amount (at an amount equal to 120% of the Conversion Amount) or must otherwise issue the Shares to Thales.

As disclosed to the market on 15 November 2019, following a review by the ASX of the Company's draft notice of annual general meeting, ASX determined that the Thales Loan Agreement constituted a convertible security under the ASX Listing Rules and therefore should be subject to Shareholder approval given it related to more than the Company's available capacity under Listing Rule 7.1 at the time the Thales Loan Agreement was entered into. ASX permitted the Company to execute a variation of the Thales Loan Agreement with Thales, the effect of which is that the conversion right under the Thales Loan Agreement does not take effect unless and until it has been approved by Shareholders. The Company will convene a meeting of Shareholders in late December 2019 to seek that approval.

If Shareholder approval is not obtained by 31 December 2019 (or such later date as Thales may approve) (**Review Event**), then:

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

There is a risk that Shareholders may not provide the approval being sought. If so, there is a risk that Thales may elect to change the terms of the Thales Loan Agreement to

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impose onerous terms on the Company, which could have a material adverse effect on the Company's financial position and financial performance. Alternatively, there is a risk that Thales may elect to cancel the facility and be repaid. If the Company does not have or is unable to source sufficient funds to make the repayment, there is a risk that Thales may exercise its security over the assets of the Company, or that the Company may be unable to pay the debt when due, which could have a material adverse effect on the ongoing viability and solvency of the Company.

(d) **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:

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

(e) **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-

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resourced competitor companies including Canon, FujiFilm, Sedecal, Siemens, Konica-Minolta, Shimadzu, GE, Philips, Samsung, AGFA and others (**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.

MBI

The MBI will be used for detection of improvised explosive devices (**IEDs**).

There are existing technologies for such IED detection, and therefore a risk that established competitors will develop competing technology that may diminish the commercial success of the MBI.

(f) **Reliance on partners and distributors to sell the Company's products**

The Company's commercial strategy is primarily to act as an OEM supplier to channel partners 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 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 Carestream Health (**Carestream**) as the exclusive global distributor for the Nano. Carestream, however, is not active in Japan, and only has sub distributors in some parts of the European Union. There is a risk that Carestream 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 Carestream, 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 Carestream may cease to be a distributor for the Nano altogether. 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 the Company.

(g) **Limited sales and marketing experience and resources**

The Company currently relies on Carestream as the exclusive distributor to sell its Nano product, and will require active engagement with Carestream'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.

(h) **Hospitals and healthcare organisations are facing budget constraints**

The Company's ability to generate revenue from the Nano will depend on how effectively Carestream 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, 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.

(i) **Contractual risk dealing with military customers**

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

(j) **Reliance on third party suppliers for key components**

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The Company's products include components that are manufactured and supplied by third parties. 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.

There is a further risk that the Company's key component suppliers may be unwilling or unable to supply due to insolvency, raw material shortages, natural disasters, quality issues, discontinuation of product or other reasons.

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.

(k) **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.

(l) **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 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 EPA 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.

(m) **Product liability**

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In medical markets, the Company's products are used for diagnostic imaging. For Nano, the clinical diagnostic decision is made by a qualified radiologist based on an image provided by a qualified radiographer. The imaging software is certified Carestream 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, 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.

(n) **Reliance on third party technology vendors and partners**

The Company currently relies, and may in the future rely on, partners to supply key technology or manufacturing services. Such partners may not supply to the required price, quality or volume, may change strategy and discontinue supply, may become insolvent or otherwise cease to trade and the effect of any of these on the Company would be to incur significant costs and delays in securing replacement services which would interrupt the Company's revenue.

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 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.

(o) **Intellectual property**

The Company strategy for protecting intellectual property is to obtain legal coverage through patents and registrations using the international patent cooperation 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 were not ultimately to be granted, the Company may not be able to protect its intellectual property.

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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 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.

(p) **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 any delay or issue in the manufacturing processes.

The Company intends to relocate its x-ray tube facility within the Tonsley precinct in 2020. The Company has a plan in place including a build-up of completed x-ray tubes sufficient to ensure continuity of supply, however there is a risk that complications in this move may have an impact on operations or quality of the Nano.

The Company is currently developing other 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.

(q) **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.

(r) **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, 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.

(s) **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 USA. Global markets have seen volatility in US trade recently and there is a risk the Company's business including commercialisation of product or supply of components could be adversely affected.

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

(t) **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.

2.2 **General Risks**

(a) **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:

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

(b) **Financial markets risks**

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

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) 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.

(c) **Risk of litigation, claims and disputes**

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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.

(d) **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.

(e) **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.

2.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

3 Effect of the Offer

3.1 Capital Structure on completion of the Offer

	Shares	Options	Convertible Notes
Balance at the date of this Prospectus	165,020,357	11,613,368 ⁽¹⁾	44,770 ⁽²⁾
Placement Shares	82,500,000	-	-
Shares to be issued under the Offer	100	-	-
Balance after the Offer (if fully subscribed)	247,520,457	11,613,368	44,770

Notes:

- 1 Unlisted options
 - a. 1,696,555 Unlisted options at \$0.575 (57.5 cents) on or before 31 December 2019
 - b. 3,393,115 Unlisted options at \$0.625 (62.5 cents) on or before 31 December 2019
 - c. 2,500,000 Unlisted options at \$0.625 (62.5 cents) on or before 1 April 2021

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- d. 320,000 Unlisted options at \$0.625 (62.5 cents) on or before 1 December 2020
- e. 3,703,698 Unlisted options at \$0.400 (40.0 cents) on or before 31 December 2020

2 Unlisted convertible notes

- a. 39,770 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) subject to a Qualifying Capital Raising occurring on or before 30 September 2018.
- b. 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) subject to a Qualifying Capital Raising occurring on or before 30 September 2018, or, if a Qualifying Capital Raise has not been so completed, a Secondary Qualifying Raise on or after 1 October 2018 and on or before 30 April 2019.

3.2 Financial Effect of the Offer

After expenses, there will be no proceeds from the Offer. The expenses of the Offer (refer to Section 4.9) will be met from the Company's existing cash reserves. As such, the Offer will have an effect on the Company's financial position, being receipt of funds of \$20, less costs of preparing the Prospectus of approximately \$53,206.

3.3 Market price of Shares

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.365 per Share on 30 August 2019

Lowest: \$.25 per Share on 1 November 2019

The last available market sale price of Shares on ASX prior to the date of this Prospectus was \$0.25 per Share on 1 November 2019.

3.4 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4 Additional information

4.1 Rights attaching to Shares

A summary of the rights attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution will be provided by the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in specific circumstances, the Shareholder should seek legal advice.

(a) 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

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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.

(b) 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.
- 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.

(c) 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.

(d) 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.

(e) Transfer of Shares

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

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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.

(f) **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.

(g) **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.

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(h) 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.

(i) 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.

(j) Directors

The Company's Constitution states there will be:

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

(k) Powers of the Board

The Directors have the power to manage the business of the Company and who 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.

(l) 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.

(m) 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 shares sold he may notify the Company accordingly.

(n) 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

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- (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.

(o) **Capital reduction**

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

(p) **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.

4.2 **Company is a disclosing entity**

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 4.4 below).

4.3 **Copies of documents**

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the issue, a copy of:

- (a) the Annual Report of the Company for the financial year ended 30 June 2019, being the last financial year for which an annual financial report has been lodged with ASIC in relation to the Company before the issue of this Prospectus; and
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Report referred to in paragraph (a) and before the date of issue of this Prospectus are as follows:

Date	Headline
19/11/2019	Notice of Extraordinary General Meeting/Proxy Form
19/11/2019	Reinstatement to Official Quotation
19/11/2019	Micro-X \$16.5 Million Private Placement
15/11/2019	Market Update
11/11/2019	Extension of voluntary suspension
06/11/2019	Suspension from Official Quotation

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Date	Headline
04/11/2019	Trading Halt
01/11/2019	Notice of Annual General Meeting/Proxy Form
31/10/2019	Amendment to Terms of April 2018 Convertible Notes
24/10/2019	Quarterly Cash Flow & Business Update
23/10/2019	Timing of Quarterly Results & Investor Call
21/10/2019	Carbon Nanotube Emitter Patent Published
15/10/2019	Appendix 3B
12/09/2019	Shareholder Open Day - Tuesday 17th September
05/09/2019	UK Government Follow-On Airport Security Contract
03/09/2019	Cleansing Notice
03/09/2019	Appendix 3B
30/08/2019	Appendix 4G and Corporate Governance Statement
30/08/2019	Appendix 4E and 2019 Annual Report
05/08/2019	Investor Call Details
01/08/2019	Cleansing Notice
01/08/2019	Appendix 3B
31/07/2019	Quarterly Cash Flow & Business Update
30/07/2019	Cleansing Notice
30/07/2019	Appendix 3B
29/07/2019	Appendix 3B
26/07/2019	Company Presentation
26/07/2019	Cleansing Notice
26/07/2019	Federal Court Orders Granted
24/07/2019	Trading Halt
15/07/2019	Next Generation Proprietary CNT X-ray Tubes Insourced
11/07/2019	Next Stage Expansion of Micro-X Production Facility
10/07/2019	Appendix 3B
02/07/2019	Completion of \$10M Investment By THALES SA

Date	Headline
24/06/2019	Settlement of Dispute with Allora
14/06/2019	Appendix 3B
13/06/2019	Research and Development Incentive Secured Loan
06/06/2019	Appendix 3B
28/05/2019	Reinstatement to Official Quotation
28/05/2019	Cleansing Notice
28/05/2019	Federal Court Order Cleansing Notice Extension
27/05/2019	Suspension from Official Quotation
23/05/2019	Trading halt
23/05/2019	Pause in trading
22/05/2019	Cleansing Notice - Capital Raise Announced 24 December 2018
21/05/2019	Appendix 3B
15/05/2019	Appendix 3B
30/04/2019	Quarterly Cash Flow & Business Update
23/04/2019	Final Director's Interest Notice
15/04/2019	Change of Board of Directors
12/04/2019	Appendix 3B
01/04/2019	Micro-X Signs Alliance with Thales Group
29/03/2019	Micro-X Business Update
26/03/2019	Change of Registered Address
28/02/2019	Appendix 4D and Half-Year Financial Report
28/02/2019	Micro-X Business Update
31/01/2019	Quarterly Cash Flow & Business Update
04/12/2018	Appendix 3B
24/12/2018	Completion of Capital Raise
20/12/2018	Trading Halt
27/11/2018	Final Director's Interest Notice
27/11/2018	Appendix 3B
21/11/2018	Results of Annual General Meeting
21/11/2018	2018 AGM Presentation

Date	Headline
21/11/2018	2018 AGM Chairmans Address
16/11/2018	Appendix 3B
31/10/2018	Quarterly Cash Flow & Business Update
22/10/2018	Appendix 3B
19/10/2018	Notice of Annual General Meeting/Proxy Form
18/10/2018	2018 Australian MicroCap Investment Conference Presentation
05/10/2018	Appendix 3B
01/10/2018	Successful Completion of \$3.0M Capital Raise
27/09/2018	Trading Halt
17/09/2018	R&D Tax Rebate
10/09/2018	Final Director's Interest Notice
10/09/2018	Appendix 3B
07/09/2018	Advanced Manufacturing Growth Fund Awards \$2.4M to MX1
30/08/2018	Appendix 4G and Corporate Governance Statement
30/08/2018	Appendix 4E and 2018 Annual Report
22/08/2018	Changes to the Board of Directors
16/08/2018	Expected Impairment Charge Clarification
13/08/2018	Expected Impairment Charge
31/07/2018	Quarterly Cash Flow & Business Update
30/07/2018	Presentation at 14th Bioshares Biotech Summit
22/06/2018	Change of Directors' Interest Notice
15/06/2018	Appendix 3B
30/05/2018	Results of Extraordinary General Meeting

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company at A14, 6 MAB Eastern Promenade, 1284 South Road, Tonsley SA 5042.

- (a) this Prospectus;
- (b) Constitution; and
- (c) the consents provided by the Directors to the issue of this Prospectus.

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4.4 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.

4.5 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.

4.6 Directors' interests

(a) Interests

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

- (i) 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 Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (ii) 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 Offer.

(b) 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	7.53%	2,089,670	200	14,514,870	8.22%
Patrick O'Brien	4,625,380	2.80%	600,000	1,500	5,226,880	2.96%
Yasmin King	50,000	0.03%	320,000	500	370,500	0.21%
Dr. Alexander Gosling	110,000	0.07%	400,000	250	510,250	0.29%

Notes:

1 Unlisted options

- a. 1,029,889 Unlisted options at \$0.575 (57.5 cents) on or before 31 December 2019
- b. 2,059,78 Unlisted options at \$0.625 (62.5 cents) on or before 31 December 2019
- c. 320,000 Unlisted options at \$0.625 (62.5 cents) on or before 1 December 2020

2 Unlisted convertible notes

2,450 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) subject to a Qualifying Capital Raising occurring on or before 30 September 2018.

(b) Remuneration of Directors

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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 \$60,000 per annum for the Chairman and \$66,120 per annum for Non-Executive Directors (exclusive of statutory superannuation contributions). Payments of Director's fees will be in addition to any payments to Directors in any employment or consultancy capacity.

Peter Rowland currently receives annual remuneration of \$277,500 (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

4.7 Substantial Holders

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

Substantial holder	Shares	
	Number	Percentage
Mr Peter Robin Rowland AND Associates	12,425,000	7.53%
Carestream Health Inc	9,405,000	5.70%
UBS Nominees Pty Ltd	9,160,211	5.55%

4.8 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 or financial services licensee named in the Prospectus as a financial services licensee involved in the issue or sale:

- (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 Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) 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 Offer.

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Thomson Geer has acted as solicitors to the Offer and will be paid approximately \$50,000 (plus GST) for services related to this Prospectus. Further amounts will be paid to Thomson Geer in accordance with its normal time-based charges.

4.9 Expenses of the Offer

The estimated expenses of the Offer are approximately \$53,206 (excluding GST) comprising legal fees and ASIC lodgement fee. These expenses will be deducted from the Company's working capital.

Expenses	Amount
Legal fees	\$50,000
ASIC fees	\$3,206
Administrative expenses	\$Nil

4.10 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.

5 Authorisation

This Prospectus is authorised by each of the Directors of the Company.

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



Georgina Carpendale, Company Secretary

Dated: 19 November 2019

6 Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Annual Report means the financial report lodged by the Company with ASIC in respect to the financial year ended 30 June 2019 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities, together with a Directors' report in relation to that financial year and the auditor's report.

Applicant means a person who submits an Application Form.

Application means a valid application for Shares made pursuant to this Prospectus on an Application Form.

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Application Form or **Form** means the application form sent with this Prospectus.

Application Monies means application monies for Shares received by the Company.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement Pty Limited ACN 008 504 532.

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Settlement Operating Rules means the operating rules of ASX Settlement Pty Limited as amended or replaced from time to time, except to the extent of any express written waiver by ASX Settlement Pty Limited.

ACDT means Australian Central Daylight Time, being the time in Adelaide, South Australia.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means 31 January 2020 or such later date as the Directors may determine.

Company means Micro-X Limited ACN 153 273 735.

Constitution means the constitution of the Company as at the date of this Prospectus.

Convertible Note means convertible notes which may be converted on exercise on a one for one basis to Shares.

Convertible Security means the loan agreement with Thales AVS France SAS dated 1 July 2019, under which Thales AVS France SAS has a right to be convert the amount outstanding and payable to it under the loan agreement into Shares at a price equal to 80% of the volume weighted average price of Shares over the 30 trading day period preceding the relevant conversion date (subject to a floor price of \$0.25).

Corporations Act means *Corporations Act (Cth) 2001*.

Direct Votes means, 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.

Directors mean the directors of the Company as at the date of this Prospectus.

IP means intellectual property.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of ASX.

Marketable Parcel has the same meaning as in the ASX Settlement Operating Rules in force from time to time.

MBI means the Micro-X Mobile Backscatter Imaging device, designed for counter-Improvised Explosive Device detection for the military and security markets and being developed and commercialised in partnership with Thales AVS France SAS.

Member means a person who is a member of the Company under the Corporations Act.

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Nano means the Carestream DRX-Revolution Nano that Micro-X designed and manufactured under an OEM agreement with Carestream Health.

Offer has the meaning in Section 1.1.

Official List means the official list of ASX.

Official Quotation means quotation of Shares on the Official List.

Opening Date means 19 November 2019.

Option means an option to acquire one Share.

Placement has the meaning in Section 1.2.

Placement Offer means the offer of the Placement Shares on the terms set out in Section 1.2.

Placement Shares has the meaning in Section 1.2.

Prospectus means this prospectus dated 19 November 2019.

Representative means 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.

Section means a section of this Prospectus.

Securities means Shares, Options, Convertible Notes and Convertible Securities.

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

Shareholder means a holder of Shares.

Tranche 1 Placement Shares has the meaning in Section 1.2.

Tranche 2 Placement Shares has the meaning in Section 1.2.

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