

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

MICRO-X LIMITED

ABN

21 153 273 735

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1 +Class of +securities issued or to be issued

Unlisted Convertible Notes
(Notes)

2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

30,000 Notes

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- 3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

On 1 October 2018, the Company announced the successful subscription of a fully subscribed private placement of 30,000 Unsecured Mandatorily Convertible Notes to raise A\$3M.

The Notes are subordinated unsecured debt obligations of the Company and are perpetual subject to Conversion. At any time after 1 November 2018, the Investor may elect by giving not less than 2 Business Days' notice to the Issuer require that the Company convert all of the Investor's Notes into Ordinary Shares at the Conversion Price (**Maturity Conversion**).

Not later than 2 Business Days after the Issuer announces that its directors have recommended a takeover bid in relation to the Issuer or a scheme of arrangement in relation to the Issuer, each Note shall convert into Ordinary Shares at the Conversion Price (also, **Maturity Conversion**).

On Maturity Conversion, the Notes will convert into Ordinary Shares at \$0.40 per Share unless on or before 30 September 2018 a Qualifying Capital Raising has been completed, or, if a Qualifying Capital Raise has not been so completed, on or after 1 October 2018 and on or before 30 April 2019 a Secondary Qualifying Capital Raising has been completed, in which event the Notes will convert into Ordinary Shares at the greater of:

- (a) \$0.23 per Ordinary Share; and
- (b) the lesser of:
 - (i) \$0.40 per Ordinary Share; and
 - (ii) an amount equal to a 20% discount to the issue price per Ordinary Share (or conversion price of convertible securities) issued under a **Qualifying Capital Raising**, or a **Secondary Qualifying Capital Raising**.

(**Conversion Price**).

+ See chapter 19 for defined terms.

Should the company fail to undertake a Secondary Qualifying Capital Raising in the period commencing 1 October 2018 and ending on 30 April 2019, at any time after 30 April 2019, the Investor may elect by giving not less than 2 Business Days' notice to the Issuer require that the Company convert all of the Investor's Notes into Ordinary Shares at the Sunset Conversion Price (**Sunset Conversion**).

On Sunset Conversion, the Notes will convert into Ordinary Shares at the greater of:

- (b) \$0.23 per Ordinary Share; and
- (b) the lesser of:
 - (i) \$0.40 per Ordinary Share; and
 - (ii) an amount equal to a 20% discount to the VWAP of the Shares in the 20 days ending on the day before the day the Noteholder lodges notification with the Company per Condition 3.1.

(Sunset Conversion Price).

- 4 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?
- If the additional ⁺securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Ordinary Shares issued on Maturity Conversion will rank equally with all other Shares on issue at the date of issue

- 5 Issue price or consideration

\$3,000,000

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|---|---|
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>The funds raised will provide general working capital to support production ramp-up of the Carestream DRX Revolution Nano while Micro-X works towards entry into a partnership that involves a strategic technology development collaboration alongside a material financial investment.</p> |
| <p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the</i> ⁺securities the subject of this Appendix 3B, and comply with section 6i</p> | <p>N/A</p> |
| <p>6b The date the security holder resolution under rule 7.1A was passed</p> | <p>N/A</p> |
| <p>6c Number of ⁺securities issued without security holder approval under rule 7.1</p> | <p>N/A</p> |
| <p>6d Number of ⁺securities issued with security holder approval under rule 7.1A</p> | <p>N/A</p> |
| <p>6e Number of ⁺securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)</p> | <p>N/A</p> |
| <p>6f Number of ⁺securities issued under an exception in rule 7.2</p> | <p>N/A</p> |
| <p>6g If ⁺securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the ⁺issue date and both values. Include the source of the VWAP calculation.</p> | <p>N/A</p> |

+ See chapter 19 for defined terms.

6h If ⁺securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements

N/A

6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements

N/A

7 ⁺Issue dates
 Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.
 Cross reference: item 33 of Appendix 3B.

N/A

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|---|---|-------------|--------------------|
| 8 | Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable) | Number | ⁺ Class |
| | | 144,350,698 | Ordinary |
| | | Number | ⁺ Class |

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|---|------------------|---|
| <p>9 Number and ⁺class of all ⁺securities not quoted on ASX (including the ⁺securities in section 2 if applicable)</p> | <p>3,193,110</p> | <p>Unlisted options at \$0.575 (57.5 cents) on or before 31 December 2019</p> |
| | <p>6,386,230</p> | <p>Unlisted options at \$0.625 (62.5 cents) on or before 31 December 2019</p> |
| | <p>2,500,000</p> | <p>Unlisted options at \$0.625 (62.5 cents) on or before 1 April 2021</p> |
| | <p>320,000</p> | <p>Unlisted options at \$0.625 (62.5 cents) on or before 1 December 2020</p> |
| | <p>50,000</p> | <p>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.</p> |
| | <p>30,000</p> | <p>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. See 3 above for further information.</p> |
| <p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p> | <p>N/A</p> | |

+ See chapter 19 for defined terms.

Part 2 - Pro rata issue

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| 11 | Is security holder approval required? | N/A |
| 12 | Is the issue renounceable or non-renounceable? | N/A |
| 13 | Ratio in which the ⁺ securities will be offered | N/A |
| 14 | ⁺ Class of ⁺ securities to which the offer relates | N/A |
| 15 | ⁺ Record date to determine entitlements | N/A |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 | Policy for deciding entitlements in relation to fractions | N/A |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7. | N/A |
| 19 | Closing date for receipt of acceptances or renunciations | N/A |
| 20 | Names of any underwriters | N/A |

| | | |
|----|---|-----|
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders | N/A |
| 25 | If the issue is contingent on security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled | N/A |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do security holders sell <i>part</i> of their entitlements through a | N/A |

+ See chapter 19 for defined terms.

broker and accept for the balance?

32 How do security holders dispose of their entitlements (except by sale through a broker)?

33 +Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

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39 +Class of +securities for which quotation is sought

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40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

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| | Number | +Class |
|--|--------|--------|
| 42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38) | | |

+ See chapter 19 for defined terms.

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Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 05/10/2018

(Company secretary)

Print name: Georgina Carpendale

+ See chapter 19 for defined terms.