

Friday 29th March 2019

ASX Announcement – MICRO-X LIMITED (ASX: MX1)

MICRO-X BUSINESS UPDATE

Commencement of Federal Court legal proceedings by Micro-X

Micro-X Limited (ASX:MX1, “Micro-X”) advises that it has commenced proceedings in the Federal Court of Australia against:

1. Allora Services Pty Ltd (“Allora”) for damages for (i) breach of contract and (ii) misleading and deceptive conduct under Australian Consumer Law; and
2. Allora’s proprietor and Managing Director, Mr Mark Brydon, for “aiding and abetting” Allora’s misleading and deceptive conduct under the Australian Consumer Law.

This action follows a demand issued last year by Micro-X against Allora for approximately \$13.7 million. Micro-X’s claim is for loss and damages arising from:

- a) breaches of the Performance term of the contract in failures to carry out work with due care and skill and in accordance with industry standards;
- b) misleading representations regarding price; and
- c) misleading representations regarding capability;

in relation to the provision of the engineering design services in the development of the DRX Revolution Nano.

Relevant background to today’s announcement includes:

Micro-X contracted the engineering design of the DRX Revolution Nano to Hydrix Services Pty Ltd (“Hydrix Services”), then a design consultancy based in Melbourne. This corporate entity, which no longer trades, has been re-named Allora Services Pty Ltd, after the Hydrix business was sold to Panorama Synergy Ltd (ASX:PSY) in 2017. Panorama Synergy Ltd has since been re-named Hydrix Ltd (ASX:HYD).

The invoices from Hydrix Services (as it was then known) to Micro-X on the Nano project totalled \$19M. Following a number of disputes with Hydrix Services during 2015 relating to overcharging, project cost overruns and costs associated with rectifying design defects prior to product release, Micro-X withheld payment of \$1.8M of invoices in mid-2016. This amount has appeared in the Micro-X’s accounts under Trade Payables since June 2016.

Allora Services has previously demanded payment of the unpaid invoices, with interest, and is expected to lodge a crossclaim for these amounts against Micro-X in the proceedings.

For further information please contact:

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About Micro-X: Micro-X Limited (“MX1”) is an Australian Securities Exchange listed company developing and commercialising a range of highly innovative products based on proprietary carbon nanotube emitter technologies which enable the unique miniaturisation of a number of X-ray applications in global medical and security markets.