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THALES SETTLEMENT AGREEMENT & IED X-RAY CAMERA UPDATE

Mutual agreement to end collaboration on CNT x-ray tubes – Repayment to Thales of $5 million

Adelaide, Australia, 16 March 2021: Australian hi-tech company Micro-X Ltd (ASX:MX1) (**Micro-X** or the **Company**), a leader in cold cathode x-ray technology for healthcare and security markets globally, announces that the Company has executed a Settlement and Release Agreement with Thales AVS France SAS (**Thales**) (the **Agreement**).

THALES SETTLEMENT AGREEMENT

As announced on 1st February 2021 in connection with the $30.5 million Placement, Micro-X will now insource the development and manufacture of the x-ray tube for its IED (Improvised Explosive Device) imaging product. Accordingly, by mutual agreement, Thales and Micro-X have decided to end their collaboration and follow different technological paths.

In accordance with the terms of the Agreement, Micro-X will repay the $5 million convertible loan to Thales. All agreements between the parties will terminate, with all security interests over Micro-X in favour of Thales to be removed.

IED X-RAY CAMERA - PROGRAMME UPDATE

The IED x-ray camera, first conceived under a contract from the Australian Department of Defence, is a small, lightweight camera for un-manned, stand-off imaging of Improvised Explosive Devices. Recent imaging innovations by Micro-X have produced a product design which is smaller, lighter and better suited to end-user workflows in explosive ordnance disposal. This new imaging architecture, now in full-scale engineering development, will greatly simplify and de-risk the overall product development but particularly has a big impact on the requirements and complexity of the x-ray tube. As a consequence, this x-ray tube will now be designed and produced in Micro-X's new tube facility in Tonsley. This is intended to introduce both economies of scale and a strategic shift in line with the company's goal to obtain better control over the manufacturing process and grow its vertical integration.

Simultaneously with the ramp-up in detailed x-ray tube design and development activity, Micro-X has also commenced sales and marketing activities, appointing Shaun Graham as the new Manager for the IED product line. Shaun is an ex-Royal Australian Navy Clearance Diver who has had extensive experience, both in Australia and internationally, in Explosive Ordnance Disposal as an EOD Technician and in sales and business development roles in counter-IED equipment including x-ray and other detection technologies.

With this new approach, the Company expects to be ready for customer imaging demonstrations before the end of this year and first sales to follow in 2022.

Micro-X remains well funded with $42.8 million in cash at 15 March 2021, prior to this $5 million repayment to Thales.

Micro-X's Managing Director, Peter Rowland, commented:

"The benefits of in-sourcing our core technology were well demonstrated during 2020 with the disruptions experienced in global supply chains. Bringing our next major CNT x-ray tube development in house will reduce costs, further build our core technology base and will provide more local jobs. We are thrilled to further extend South Australia's manufacturing industry capability and to continue to develop the skills and technology to compete on the world stage. This is an exciting step forward for Micro-X as we get closer to bringing our second technologically innovative product to market."

This announcement is approved by the Board of Micro-X.

– 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 global health and security markets, based on proprietary cold cathode, carbon nanotube (CNT) 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. Micro-X has two mobile digital medical x-ray systems being sold commercially for diagnostic healthcare applications and Micro-X medical products are now in operation in 14 countries around the world.

Micro-X has a portfolio of innovative products in development, including the MBI for imaging Improvised Explosive Devices in security, defence and counter-terrorism applications; a next-generation self-service X-Ray Airport Checkpoint Portal with an integrated body scanner; and a lightweight brain CT imager for early stroke diagnosis in ambulances. Micro-X has its core R&D, engineering and production capability in Adelaide, Australia with a fully in-sourced CNT tube manufacturing line and approximately 95% Australian locally manufactured content.

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