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Australia

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

MICRO-X MAKES US\$4 MILLION INVESTMENT IN XINRAY SYSTEMS INC.

Micro-X Limited (**'Micro-X'**) is pleased to announce that it has made a follow-on equity investment in XinRay Systems Inc. (**'XinRay'**) increasing its equity ownership to 30.0%. The investment was made under the terms of the Subscription Agreement outlined in the Company's Prospectus dated 25 November 2015 at a realised exchange rate of 0.698.

XinRay is based in Raleigh, North Carolina USA and is developing Carbon Nanotube ('CNT') based multibeam X-ray tubes for imaging systems in high performance next generation security applications. XinRay is developing a new security screening system applying its multibeam X-ray tubes for carry-on bags at airport checkpoints and has received substantial funding from the US Department of Homeland Security. Micro-X has a close strategic relationship with XinRay, which exclusively supplies Micro-X with CNT based X-ray emitters and tubes.

In conjunction with the investment Micro-X Managing Director, Mr Peter Rowland will join the board of XinRay to oversee the Company's material strategic investment and further foster close collaboration between the groups. Under the terms of the Subscription Agreement Micro-X holds an option to increase its equity ownership of XinRay to approximately 40.0% by December 2016 with commensurate board representation.

Managing Director of Micro-X, Mr Peter Rowland said, "As we flagged in our Prospectus, we believe that XinRay is an attractive 'standalone' investment with a lead product in development which addresses a number of unmet market needs in the security screening checkpoint market for carry-on baggage. XinRay's initial focus is on US airports security screening operated by the TSA and we believe that, subject to successful TSA certification, there will be global opportunities for XinRay's baggage screening systems."

For further information please contact:

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About Micro-X: Micro-X Limited ("**MX1**") is an Australian Stock Exchange listed company developing and commercialising a range of highly innovative products based on proprietary carbon nanotube emitter

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technologies exclusively licensed and sourced from XinRay Systems Inc., a US based technology developer. These technologies enable the miniaturisation of a number of X-ray applications relevant to large global markets.

The Company has three initial products in its development pipeline – a mobile medical x-ray imager for hospitals, a version for deployed military use and a mobile security back-scatter imager. It is establishing manufacturing for these products in an ISO13485 certified facility in Tonsley, South Australia.