Micro-X Limited ACN 153 273 735

Remuneration Policy

1. Introduction

The People and Remuneration Committee (the **Committee**), a sub-committee of the Board of Directors of Micro-X Limited ACN 153 273 735 (the **Company** and, together with its controlled entities, the **Group**), oversees the remuneration of executives- and directors of the Company and Group.

The objectives of the Committee are to help the Board of Directors ensure that the Group's remuneration policies:

a) attract, motivate and retain executives and directors who will create value for shareholders and who are appropriately skilled and diverse;

b) observe industry best practice;

c) fairly and responsibly reward executives having regard to Group and individual performance, executive performance, and the general external pay environment;

d) respect the differing roles and responsibilities of executive and non-executive directors;

e) integrate human capital and organisational issues into the Group's overall business strategy; and

f) reflect the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations'.

2. Principles

In order to fulfill its role, the members of the Committee must refer to the following principles when developing remuneration recommendations to the Board. At all times, remuneration must:

a) motivate the directors and executives concerned to pursue the Group's long-term success;

b) in the case of executives, demonstrate a clear relationship between the Group's overall performance and the performance of the individual executive; and

c) comply with all relevant legal and regulatory provisions.

3. Remuneration Packages

Remuneration may incorporate fixed and variable components with both a short- and long-term focus.

The remuneration packages of **executives** (both executive directors and executive management) should include an appropriate balance of fixed and variable performance-based remuneration which may include any or all of:

a) **Fixed remuneration,** which should:

   a. be reasonable and fair;

   b. take into account the Group's legal and industrial obligations and labour market conditions;

   c. be relative to the scale of the Group's business;

   d. reflect core performance requirements and expectations; and

   e. take into account the individual's skills and experience.

b) **Variable performance-based remuneration**, which should:

   a. take into account individual and corporate performance; and

   b. be linked to clearly-specified performance targets, which should be:

      i. aligned to the Group's short- and long-term performance objectives; and

      ii. appropriate to its circumstances, goals, and risk appetite.

c) **Equity-based remuneration**, which should:

   a. take into account individual and corporate performance;

   b. be linked to short-, medium-, and long-term hurdles aligned to the Group's interests; and

   c. be awarded appropriately and reviewed periodically to ensure that it encourages behaviours aligned with the Group's values and risk appetite.

d) **Termination payments,** which should:

   a. be agreed in advance and clearly address what will happen in the case of early termination;

   b. not be awarded for removal for misconduct; and

   c. have regard to the maximum amount that can be paid under the *Corporations Act 2001* (Cth), and in particular the maximum amount that can be paid without requiring shareholder approval.

The remuneration packages of **non-executive directors** may include components of **fixed or equity-based remuneration,** which:

a) in the case of fixed remuneration, should reflect the time commitment and responsibilities of the role; and

b) in the case of equity-based remuneration, may include shares in substitution for director fees, provided that shareholder approval is obtained in accordance with the ASX Listing Rules.

Non-executive directors should not receive performance-based remuneration, with the exception of long-term performance based issued rights under the Employee Equity Plan and will not receive retirement benefits other than compulsory superannuation.

4. Assessing Remuneration

The Committee will review executive remuneration on at least an annual basis and will review non-executive director remuneration on a regular basis.

The Committee will make a recommendation to the Board regarding the remuneration of executives having regard to various factors including:

a) this policy;

b) each executive's performance;

c) (in the case of executives other than the Chief Executive Officer) recommendations made by the Chief Executive Officer of the Company; and

d) input which the Committee may seek from compensation consultants, and internal and external legal, accounting, and other advisers.

The Committee may also make a recommendation to the Board regarding the remuneration of non-executive directors having regard to, amongst other things, this policy, and input which the Committee may seek from compensation consultants, and internal and external legal, accounting, and other advisers.

No member of the Committee may be involved in a decision relating to their own remuneration.

5. Economic risk management for equity participation schemes

No director or executive who participates in an equity based remuneration scheme established by the Company may enter into any transaction designed to limit the economic risk of participating in the equity based remuneration scheme.

6. Review and changes to this policy

The Committee and the Board will review this policy annually or as often as they consider necessary.

7. Approved and adopted

This policy was approved and adopted by the Board on [***insert date***].