

## Release to the Australian Securities Exchange

### Market Update

#### XTEK REPORTS STRONG SALES PIPELINE

- **\$4.7 million of new orders secured for FY17**
- **Further contract wins are expected to be announced in Q2 and across FY17**
- **Commercialisation of XTEK innovations to world market commenced**

**Canberra – 24 October 2016:** XTEK Limited (ASX: XTE, 'the Company') is pleased to provide an update to the market as the Company starts Q2 of the 2017 financial year.

XTEK has secured in excess of \$4.7 million of orders to date from the Australian Defence Force (ADF) to be delivered this financial year. The orders are predominantly for the supply of a range of components for the existing fleet of Small Unmanned Aerial Systems (SUAS); and the XTEK designed and manufactured Tac 2 Sniper System, based on the Blaser Tactical 2 rifle.

The Company is expecting to secure further orders before the end of the year and in the third and fourth quarters of FY17. These do not include revenue opportunities from products and solutions developed in-house by XTEK that are listed below.

#### **XTatlas™**

Presentations on XTatlas have been made to a range of potential partners and end users in Australia, Europe and the United States. XTatlas is XTEK's live contextual video and near real-time mosaic mapping technology. The contextual video capability is available now on the Lynx M fixed wing UAS operating a fixed position electro-optical payload.

This application allows the generation of video over existing maps and the creation of new maps from the video in near real time, fully geo-referenced, for use by first response services (fire, police, emergency services, etc.) or the military.

It provides real time video overlays and near real time map views of a fires, floods or tactical situations to give decision makers timely and accurate information to act decisively.

A gimbal mounted electro-optical payload will be available by Q3 FY17, improving the image quality and usability of the system. The mosaic mapping is currently achieved through post processing after the images are transmitted to the UAS ground control station. This process will be optimised to provide near real time generation of ortho-rectified mosaic mapping. XTEK is also working to integrate additional sensors (such as thermal, magnetic and chemical) to map other data collected by the UAS through the XTatlas system.

XTEK's objective is to provide complete small unmanned aerial systems with an integrated XTatlas solution; and provide XTatlas compatible sensors, software and processing/viewing systems that can be used on other small aerial platforms.

The total available world market for XTatlas™ is in excess of \$50 million.

NSW Security Master Licence 408232489 ACT Security Master Licence 17501563 ISO 9001:2008 Accreditation No. MEL4000269

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## Digitisation of Bomb Disposal Robots

XTEK recently demonstrated an Unmanned Ground Vehicle (UGV) system with XTEK's newly developed digitised communication sub-system to a number of police and defence users at the Land Forces 2016 conference in Adelaide.

The digitisation of analogue communications systems on UGVs enhances and extends their capabilities. The benefits include an improved user interface, simplified integration of third party accessories, increased operating range, direct video links to operational control centres and the enabling of multiple remote viewing terminals.

The demonstration was well received by users and XTEK will commence direct marketing of the solution to relevant police and military organisations within the next month.

## XTclave™

XTEK's proprietary composite consolidation technology, XTclave, continues to be used to produce hard armour personal protective plates for the US Foreign Comparative Testing (FCT) program. Final results from the program will be provided to the FCT office in the next month. The main objective of the program is to create lighter body armour for the US Army. The results to date are extremely encouraging.

XTEK has begun to engage with a number of manufacturers/users of protective plates which should result in orders for the design and build of XTclave manufacturing plants.

XTclave is currently being used to make parts for the XTEK Tac 2 Sniper System order.

## Simmersion Real-time 3D Visualisation Software - XTviz™

Simmersion Holdings Pty Ltd, a wholly owned subsidiary of XTEK, will launch new real-time 3D visualisation software for urban planning and environmental impact analysis in November.

This new version of the software will allow improved 3D visualisation analysis of prospective infrastructure in a target environment to assess visual environmental impact such as view loss, shadows or the effect to other buildings. The new software will be branded as XTviz.

A spatially accurate XTviz demonstrator model of the Perth CBD will be made available to potential clients like architects and council planning officers, so they can use the analysis tools to assess their needs for the XTviz software and Simmersion services.

## Outlook for FY17

XTEK is well placed to benefit from increased defence spending by the federal government and its push to increase local content in defence procurement, as well as growing demand for the Company's products and services due to rising geopolitical tensions and the threat of terrorism.

Good news the Company expects in the current financial year includes:

- At least doubling of FY16 revenue this financial year.
- Signature of a sizable contract for the SUAS Land 129 Phase 4 project where XTEK has already been selected as the preferred supplier.
- Revenue from the design / build and / or upgrade of XTclave manufacturing plants.
- Revenue from the production of products utilising XTclave.
- Additional revenue from the agency business due to a range of new counter terrorism products.

### About XTEK Limited

XTEK Limited is a leading company in the Australian Homeland Security Market. XTEK's knowledge and expertise is focused on the delivery of protection and sustainment solutions for the government, law enforcement, military and commercial sectors.

The supply and maintenance of Small Unmanned Aerial Systems (SUAS) is becoming a major focus for XTEK.

In addition, XTEK has developed a range of new technologies which it is now commercialising for the international market. XTclave composite protection products and XTatlas real time contextual video provide novel solutions for western military forces.

For more information visit the XTEK website at [www.xtek.net](http://www.xtek.net).

**Signed** for and on behalf of XTEK Limited:



Lawrence A Gardiner  
Company Secretary  
24 October 2016

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