

Release to the Australian Securities Exchange

XTEK FULL YEAR RESULTS AND OUTLOOK

- **FY16 was a poor year with a net loss of \$1.6m**
- **XTEK is poised to deliver a significantly stronger result in FY17, underpinned by orders in hand of \$2m**
- **Further significant growth is expected in FY18**
- **A number of other contracts are expected to be signed in the coming months**
- **XTEK is diversifying its revenue and increasing margins through value adding and innovation**

Canberra – Wednesday 31 August 2016: XTEK Limited (ASX: XTE, the “Company”) has released its full year results for the year ended 30 June 2016.

Full year revenue for FY16 declined to \$3.4 million, which was largely driven by:

1. deferral of some sales contracts;
2. failing to win a large contract in that year; and
3. investing to expand its business.

A much stronger FY17 result is expected. In July the Company was awarded a number of purchase orders from the Australian Defence Force, with a total value of \$2m, for the XTEK Long Range Weapon System for the Australian Army. This system has largely been designed, developed and will be manufactured by XTEK in Australia.

The Company expects to sign a number of new sales agreements in the coming months, including one for the support of existing Small Unmanned Aerial Systems (SUAS) used by the Australian Army.

XTEK was selected as the Preferred Tenderer in April 2016, for the Australian Defence Force Land 129 Phase 4 program, to supply and support a fleet of SUAS for the Australian Army. Contract negotiations are underway and are expected to be finalised this financial year. Although the value of the contracts will only be determined after further negotiations with Defence and after Government approval, they are expected to be worth many millions of dollars and will cover hardware sales and ongoing maintenance (through-life support) for the SUAS. Maintenance contracts will provide recurring revenue.

Assuming the Land 129 Phase 4 contract is signed in the current financial year, revenue will significantly contribute to XTEK’s earnings from FY18 onwards.

XTEK is focussed on diversifying its revenue and increasing margins through adding value to the agency products and solutions it provides and commercialising XTEK developed innovations that the Company can sell, ideally across global markets.

The Company is expecting to provide an update before the end of the calendar year on the commercialisation efforts for its two key technology developments – XTatlas™ and XTclave™.

XTEK will demonstrate XTatlas™ to potential technology partners and customers, including the Australian Defence Force, over the coming months. The Australian launch of XTatlas™ will take place 6-8 September at Land Forces 16, the major land forces conference in Australia. This will be followed by a launch in Europe in September and the USA after that.

Final testing results under the US government-funded Foreign Comparative Testing (FCT) program for body armour created in the XTclave™ plant will be provided to the US Department of Defense in Q2 FY17. XTEK is pleased with the results to date.

Simmersion Holding Pty Ltd (Simmersion), acquired by XTEK in November 2015, continues business as a specialist service provider in the 3D modelling and simulation market focused on visual impact analysis, primarily for urban planning and mine site developments. The performance of Simmersion is anticipated to improve considerably, following the recent development of a new real-time 3D simulation software package to accurately visualise real

world environments. An increase in revenue from the sale of software and associated services, should result in a small profit for Simmersion in FY17.

“XTEK has a robust pipeline of contracts that should drive a big upswing in revenue from this financial year onwards and the Company should see the benefits from our technology developments over the coming months. What’s more, the recent capital raise has bolstered our balance sheet.” said XTEK’s chairman, Uwe Boettcher.

“The capabilities of our board, with the appointment of Phillipe Odouard as a non-executive director, have been strengthened. His experience in negotiating complex contracts with global defence companies while he was the chief executive of Quickstep Holdings Limited will greatly assist XTEK in achieving its goal of becoming an exporter of its unique technology.”

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About XTEK Limited

XTEK Limited is the only listed homeland security specialist in Australia, providing high-quality protective, security, tactical and forensics solutions to the government, law enforcement, military and commercial sectors.

XTEK is developing, on behalf of the US Department of Defense, advanced lightweight hard armour plate solutions using its proprietary XTclave™ isostatic composite consolidation technology. This program validates XTclave™, and is potentially key to future body armour contracts for the US armour market, the largest armour market in the world for high quality body armour plates and other armour requirements.

XTEK is also focusing on the Unmanned Aerial System market for defence and commercial applications, including mapping, surveying, 3D modelling, photography and asset inspection. As well as developing its own range of commercial SUAS, XTEK also has an exclusive regional agency distribution agreement with AeroVironment for SUAS.

For further information please visit <http://www.xtek.net/>.

Signed for and on behalf of XTEK Limited:



Lawrence A Gardiner
Company Secretary
31 August 2016