

Release to the Australian Securities Exchange

Update on XTclave™ commercialisation

Canberra – Thursday, 25 October 2018: XTEK Limited (ASX: XTE, 'XTEK', the 'Company') is proud to provide the following update regarding commercial developments of the Company's armour product line using XTEK's proprietary XTclave™ technology.

Significant progress has been made with various potential customers in the US, Europe and Australia for ballistic armour plates. In addition, XTEK's target customers have completed initial evaluation of XTEK's novel helmet shells and have provided positive feedback.

Key highlights:

- **XTEK is on track in executing its strategy to commercialise XTclave™ technology in the production of XTEK products including ballistic plates and helmets**
- **XTEK recently submitted a response, in partnership with Diamond Age, to a US DOD RFI to develop a new ultra-light, high protection level ballistic plate for the US Marine Corps**
- **Strategic discussions in other key European and Australian markets continue to progress**
- **Testing data shows XTclave™ produced ballistic helmet shells are superior to existing helmet offerings and have significant potential in a large target market**

US market update

XTEK's market entry strategy to commercialise its proprietary patented XTclave™ technology in the US is by both direct-selling to key customers and partnering with leading US-based defence manufacturers and distributors to supply military and police forces.

XTEK has made a proposal to the US Department of Defence (DOD) through a Request for Information (RFI) process to develop new ballistic plates for the US Marine Corps (USMC). XTEK completed the RFI with Diamond Age, a leading US-based material science and engineering firm, focused on the development of leading anti-ballistic armor systems. The combination of XTEK's polyethylene plates with Diamond Age's ceramic strike face materials provides world-class, light weight and high-performance protection against the high-level threats faced by US defence forces.

In addition, XTEK has been progressing the evaluation of the Company's helmet shells' performance, in conjunction with the US Government's Combating Terrorism Technical Support Office (CTTSO). Earlier this year, initial evaluations produced positive results and additional test helmets are now being produced and will be sent to the US Government for further evaluation. XTEK expects to have the CTTSO test results in early CY2019. Pending a successful evaluation outcome, the next step is to secure a larger evaluation order from the US administration to validate pre-production quantities.

Discussion and further evaluation of XTEK ballistic products continues with potential distributors of plates in the US, potentially leading to orders within this financial year.

Europe and Australia market update

Following XTEK's initial orders from Finland-based FY Composites in December 2017 and the Australian Defence Force (ADF) in April 2018, detailed evaluation, testing and assessment work of XTEK's ballistic plates has been progressed. XTEK expects to receive the outcome of the initial evaluation and assessment from FY Composites in Q4 CY2018 and the ADF in Q1 CY2019. Pending positive outcomes, the next step would be to complete a comprehensive evaluation process, potentially leading to larger production orders.

XTEK continues strategic discussions with various European suppliers and direct clients for the potential sale of XTclave™ manufactured ballistic products including helmets and plates. XTEK will provide a further update to the market as the commercialisation process progresses.

XTEK Managing Director Philippe Odouard commented:

“XTEK is pleased to be executing on its market entry plans to commercialise XTclave™. Following years of research and development, the Company’s XTclave™ technology has multiple exciting near-term milestones with significant customers interested across key target markets including the US, Europe and Australia.

Further, the XTclave™ manufactured helmet shells represents promising and significant upside potential, as we look to develop the existing evaluation agreement with the US CTTSO into a significant commercial agreement. XTEK remains confident on the results of CTTSO’s evaluation given the similarities to the internal test and is looking forward to providing further updates to the market.

Lastly, XTEK continues to progress commercialisation of XTclave™ technology in the European and Australian markets.”

- ENDS -

Signed for and on behalf of XTEK Limited:



Lawrence A Gardiner
Company Secretary
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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 a major focus for XTEK. In addition, XTEK has developed a range of new technologies which it is now commercialising for the domestic and 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