



XTEK LTD
PROTECT AND SUSTAIN

INVESTOR & SHAREHOLDER PRESENTATION



Disclaimer



This document is issued by XTEK Limited, ABN 50 103 629 107 (“XTEK”). It is intended only for those persons to whom it is delivered personally by or on behalf of XTEK (being 'wholesale clients' under the Corporations Act who are also sophisticated investors and persons to whom an offer of securities could be made in Australia without a disclosure document being lodged with ASIC). It must not be copied or distributed to other persons without the prior written consent of XTEK, which may be given or withheld in their absolute discretion.

This document is not a prospectus and does not contain all of the information which would be required to be disclosed in a prospectus. Neither XTEK (nor any of their respective officers, employees, related bodies corporate, affiliates, agents or advisers) guarantees or makes any representations or warranties, express or implied, as to, or takes responsibility for, the accuracy or reliability of the information contained in this document. XTEK does not represent or warrant that this document is complete or that it contains all material information about XTEK or which a prospective investor or purchaser may require in evaluating a possible investment in XTEK or acquisition of XTEK securities.

Nothing contained in this document nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or the future. Past performance information given in this document is given for illustrative purposes only and should not be relied upon as (and is not) any indication of future performance. XTEK has not carried out due diligence investigations in connection with the preparation of this document. You must conduct your own independent investigations and enquiries as you deem fit.

This document is not an offer to issue securities, an invitation to subscribe for securities or an investment recommendation either expressly or by implication. The information set out in this document does not constitute or purport to be a recommendation by XTEK (or any of their respective officers, employees, agents or advisers). The information in this document does not constitute financial product advice (nor investment, taxation or legal advice). Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. XTEK is not licensed to provide financial product advice.

To the maximum extent permitted by law, XTEK (and their respective employees, officers, related bodies corporate, affiliates, agents and advisers) expressly disclaim any and all liability (including without limitation for negligence) for representations or warranties or in relation to the accuracy or completeness of the information, statements, opinions or matters, express or implied, contained in, arising out of or derived from, or for omissions from, this document including, without limitation, any historical financial information, any estimates or projections and any other financial information derived therefrom.

- XTEK is a leader in homeland security equipment for the military and police sectors.
- XTEK provides a wide range of specialised products in the areas of Explosive Ordinance Disposal (EOD), Unmanned Aerial Systems (UAS) and imagery, weapons/ballistic protection.
- Strategic background
 - Australian is potentially facing an increased level of threat from terrorism demanding better technical detection and response solutions.
 - The Coalition Government is increasing its spending on Defence and Homeland Security following the release of the 2016 Defence White Paper which will increase Defence spending to 2% of GDP by 2021, a 28% or \$9b per year increase over 5 years.
 - Government is demanding:
 - higher levels of Australian Industry Content (AIC) which will substantially boost Defence Industry
 - use the high level skills of the sophisticated Australian workforce
 - the favouring of Australian development leading to production of indigenous products

- In line with the new government policy and the traditional distribution business model, XTEK is adding improved solutions to enhance its market presence by:
 - Addition of new innovative product lines in its distribution business which meet contemporary threats (Ronin metal detector...)
 - Value adding on distribution products by local manufacture of parts using its own technology (XTEK Sniper rifle using own machines and XTclave™ made parts)
 - Value adding on distribution product by supplying wider solutions to Defence such as geospatial processing software for UAS video and taking a prime contractor role on Defence projects
 - Commercialising now mature products developed by XTEK (XTclave™ and XTatlas™) on a worldwide basis
- This enhanced strategy is building on the company strengths in terms of market knowledge and specialised technical expertise. XTEK follows the government new direction of developing its own products to deliver fast growth and substantially higher margins.
- XTEK has invested heavily in the last few years to get to this level, postponing returns for shareholders, but has now the contracts, the products and the skilled staff to deliver this fast growth.

Directors and Senior Management



Uwe Boettcher Non-Executive Chairman	Principal of the law firm, Boettcher Law, formerly a partner at Abbott Tout Lawyers after starting his career at the firm now known as King & Wood Mallesons. Foundation Fellow of the Australian Association of Angel Investors, Fellow of the Australian and New Zealand College of Notaries and a Fellow of the Australian Institute of Banking and Finance. Former Treasurer of the ACT Law Society and Chairman of various companies including the Kord Defence Group of Companies.
Ivan Slavich Non-Executive Director	Over 25 years of senior management experience in the energy, government, banking and telecommunications. Proven track record as an exceptional leader and motivator in developing and implementing strategic innovations, business process re-engineering and integration, resulting in substantial improvement of business sales and profitability.
Robert Quodling Executive Director and COO	Experienced leader and motivator of high performance commerce teams in the defence and aerospace sectors at the operational and executive level. Diverse skills in corporate governance, planning, project management, marketing, sales and business development. Held a range of command and operational appointments in the Australian Army between 1975 and 1994
Philippe Odouard Managing Director	Over 25 years in general management of Defence related companies in Australia and overseas. Developed Quickstep from a start up to a leader in composite manufacture and technology with \$50m revenue. Specialised in developing and commercialising new technology in a Defence environment. Graduate of the AICD.
Lawrence Gardiner Company Secretary	Served with the Australian Army and specialised in logistics management and explosive ordnance disposal operations. Also served in senior executive roles with the Australian Federal Police in counter terrorist first response and protective security operations. Director of the International Association of Bomb Technicians and Investigators for over 11 years. Member of the AICD.
David Brooking Chief Financial Officer	With thirty years experience in the accounting and finance industries, he brings with him a wealth of corporate knowledge across the areas of property development and professional services industries. David is focussed on both the financial results as well as process improvement across his areas of responsibilities.

XTEK combines exclusive distribution agreements with complementary local development to bring **complete and state of the art solutions** to its homeland security markets.

XTEK focuses on 3 main segments:

- **Explosive Ordnance Disposal (EOD) equipment**
- **Unmanned Aircraft Systems (UAS)** – Unmanned Aerial Vehicles (UAV) and real time tactical imagery
- **Ballistic protection and weapons** – High-end protection equipment (plates and helmets) as well as its own sniper rifle

XTEK provides development, manufacture, marketing, sales, training, technical support and maintenance for its products and services through highly experienced professionals and scientists in these fields.

Significant Tenders Won

- ▶ Preferred tenderer for the supply of Small Unmanned Aerial Systems (SUAS) to the Australian Army (ADF Land 129 Phase 4) with revenues of up to \$40m expected over 3 years
- ▶ XTEK Tac 2 Sniper Rifle systems, including some components manufactured by XTEK using XTclave™ - used by the Australian Army and some police forces.
Value: \$2m
- ▶ Supply of ICOR Unmanned Ground Vehicles – an industry leading unmanned Explosive Ordnance Disposal (EOD) robot supplied to an Australian Police Service
- ▶ Supply of X-Ray equipment for bomb response equipment to a government client
- ▶ Preferred tenderer for supply of other Unmanned Ground Vehicles to a government client
- ▶ Supply of lightweight hand thrown surveillance robots to the ADF

Explosive Ordnance Disposal equipment

Explosive Ordnance Disposal Products



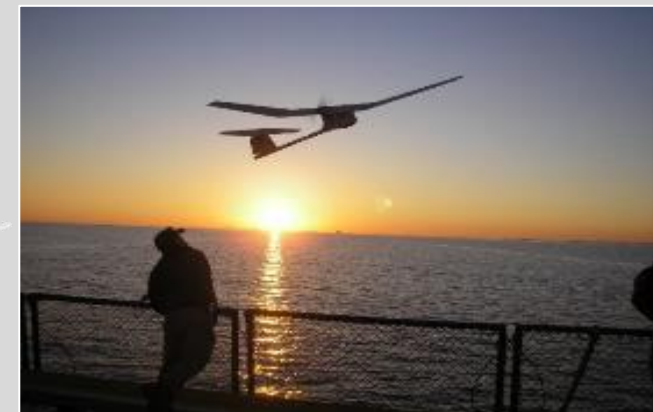
- XTEK is the traditional supplier of EOD products for the ADF and a number of law enforcement agencies in Australia
- XTEK distributes the tEODor and Telemax EOD robots from Telerob in Germany and the ICOR range of products from Canada
- These products have been in service for a number of years. Additional quantities are purchased on a regular basis to either enhance the number or replace existing equipment
- XTEK distributes a range of X-Ray generators and systems for analysis of suspect packages
- XTEK has developed an upgrade of the tEODor robot to control it in a digital manner allowing sharing of pictures with other stakeholders. This allows the control of X-Ray equipment and disabling devices from greater ranges to enhance operator safety
- This business line represents several million dollars in sales of new products as well as maintenance every year



Unmanned Aerial Systems and real time tactical imagery

UAS strategy and AeroVironment

- AeroVironment is a recognised leader in Unmanned Aerial Systems (UAS) globally
- AeroVironment has supplied 85% of US Department of Defence UAS fleet, and has delivered more than 24,000 small unmanned aircraft worldwide
- XTEK has the exclusive distribution rights for AeroVironment in Australia and New Zealand and sells, supports and maintains AeroVironment UAS for a number of Australian agencies
- XTEK expects significant further acquisitions of UAS by both the Australian military and Law Enforcement agencies





- XTEK supplied 14 SUAS to Army two years ago and is the preferred tenderer for the initial supply and support of a larger quantity from AeroVironment
- XTEK is the prime contractor for this program which will include an additional suite of software packages to enhance the use of the video gathered by the UAS
- XTEK has finalised the support contract for the existing SUAS fleet for \$2.5m and expects the initial acquisition contract in the next few weeks with deliveries from FY18/19
- Indicative revenues of up to \$40m is expected from initial sales and support contracts with potential for further sales over 3 years
- This contract alone should underpin profitability of XTEK for several years from FY17/18
- The supply quantities, mix of UAS and logistics support requirements are under review and contract negotiations between the ADF and XTEK are under way



The dates and dollar amounts noted above are indicative only, have not yet been finalised with the ADF and are subject to final Government approval

XTAtlas™ – a unique solution

- XTAtlas™ introduces a disruptive game changer capability in the UAS market.
- The XTAtlas™ technology includes an electro-optical aviation payload and associated ground station software that can geo-reference video from the payload onto a background map in the ground station in real time.
- Delivers high definition video image in context to a digital map in real-time and mosaic mapping in near real-time. This is a unique capability on the market worldwide.
- Drone / UAS video feeds are currently incapable of overlaying a video image in context to a map or of producing accurate mapping on the fly. Large expensive UAS used by Defence and Government intelligence agencies show video with map coordinates only.

Google Maps Image



XTAtlas™ Mosaic Mapping

Live Mosaic Mapping

- Creation of accurate mapping and overlay images from video is usually a post flight process; and is difficult to generate without survey accurate ground control.
- XTatlas™ creates accurate mapping on the fly – Live Mosaic Mapping.
- XTEK is also developing georeferenced sensors interface for Chemical, Biological, Radiation, Nuclear, Explosive (CBRNE) and Magnetic sensors with capability to overlay the results accurately on this Mosaic map.



XAtlas™ – Contextual Video

UAS screenshot from video in context on digital maps in real time provides increased context for the operators and first responders – enhancing their awareness, ability to make decisions and take action



A significant global market exists for the XAtlas™ capability on both UAS and piloted aircraft

- Commercialisation has commenced, with global demand identified from UAS operators, defence and other government agencies, including police and emergency services.
 - ▶ Phase 1 – (Operational) geo-reference real time video onto a background map in the ground station in real time
 - ▶ Phase 2 – (Development) creation of new mosaic mapping from the video on the fly
- The mapped areas can be the foundation of a 3D image based Common Operating Picture which can integrate multiple sensors on different platforms at a headquarter for real time monitoring of an operation area.



- Technology licences will be achieved initially through existing geospatial and UAS partner distribution networks in Europe and the US. Considerable interest has been generated in the ADF now.

Ballistic protection and weapons

- XTclave™ is a superior proprietary and patented composite manufacturing process for personal hard armour ballistic protection plates and other complex composite products.
- The patented XTclave™ system is a high pressure volume manufacturing system that produces lighter, stronger, stiffer and complex shaped composite products. It provides evenly distributed pressure and therefore consistent mechanical properties across the part.



XTclave™ commercial scale production plant

- XTclave™ is ideal for the manufacture of lightweight complex shapes such as:
 - ▶ superior anti-ballistic armour plating and helmets
 - ▶ weapon ancilliary components
 - ▶ specialised aerospace, marine and automotive parts, particularly for radomes and low resin content parts
 - ▶ **carbon fibre parts** (up to 15% resin content compared to a minimum of 40% on standard carbon fibre parts) thus **reducing** overall **weight by up to 25%**)
- The US Department of Defense Comparative Testing Office awarded XTEK a \$1.5m contract to develop advanced lightweight hard armour plate solutions using XTclave™.
- Testing concluded positively in February 2017.



XTclave™ Ballistic Commercialisation



- Independent testing was done and showed up to **30% weight reduction** for Polyethylene (PE) plates providing similar protection (AK47-7.62X39mm MSC rounds) manufactured by traditional means.
- Such performance would be achievable on a complete range of PE ballistic plates.
- The North American market for personal hard armour protective plates is estimated at US\$2.2bn over 2017-2022 and represent 50% of the world market*.
- XTclave™ is a proven technology. It has been in commercial operation for several years, producing thousands of parts for the personal ballistic market.
- XTEK is building one additional commercial scale XTclave™ plant in 2017.



**XTclave Personal hard
armour protective
plates**

*Global Ballistic Protection Materials Market Size, Share, Development, Growth and Demand Forecast to 2022
P&S Market Research 2016

- The business model for XTclave™ includes:
 - ▶ Pairing with strategic partners for the supply of body armour to the US and other countries
 - Five potential partners have been approached and commercial discussions have started with all of them
 - ▶ Sale or lease of XTclave™ manufacturing plants
 - ▶ Production royalties
 - ▶ Contract manufacture of composite products



XTEK Tac 2 Sniper Rifle

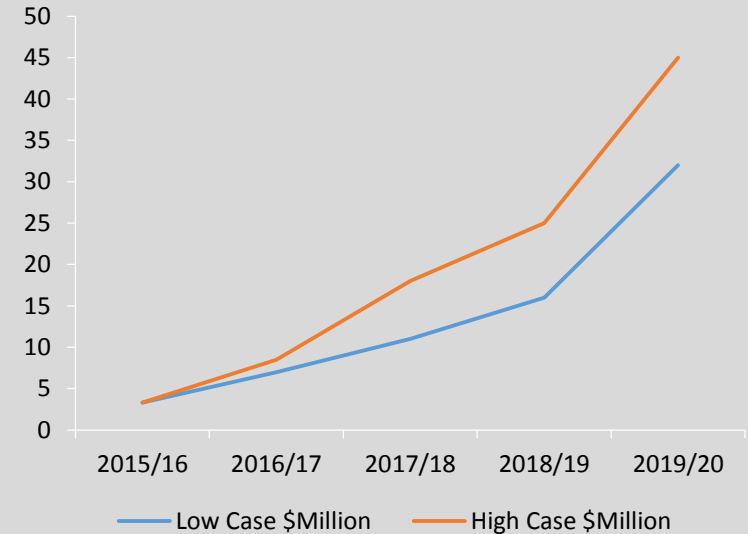
- This sniper rifle is being delivered in quantity to the ADF now under a second contract worth \$2m
- More than 200 of its parts are designed and manufactured by XTEK. The design is based on a very successful Blaser Tac 2 hunting rifle
- They have been designed with a high level of involvement with operators, making it one of the most accurate and advanced sniper rifles on the market
- XTEK has the right to the design and it is proposed for the export market
- This is a high margin product
- Several other contracts are likely for a similar value per year in the next few years



High Growth Company

- Past/Potential Turnover:
 - 2015/16: \$3.3m
 - 2016/17: \$7m to \$8.5m
 - 2017/18: \$11m to \$18m
 - 2018/19: \$16m to \$25m
 - 2019/20: \$32m to \$45m
- Large growth potential to start now
- Contracts already won
- Low entry share price

XTEK Past/Potential Turnover



- Exclusive Distribution business underpins XTEK's income through lifetime support including repairs, maintenance, engineering upgrades and modifications
 - ▶ Leading distributor of key high end defence needs, with strong track record of recent wins including the significant recent ADF Land 129 Phase 4 preferred tenderer win
 - ▶ Leadership position in tactical UAS for defence and civil protection in Australia
 - ▶ Value add solutions for UAS, body armour and tactical weapons to enhance revenue and margins including prime contracting, manufacture and sale of own developed products

- Owner and developer of proprietary technologies targeting major global markets, fully developed and ready to be commercialised worldwide
 - ▶ XTatlas™ providing unique contextual real-time and aerial mapping solutions for multiple sensors
 - ▶ XTclave™ a patented process to create industry leading advanced ballistic protection, laminates and lightweight structural composite products
 - ▶ XTEK Tac2 Sniper Rifle highly accurate weapon of choice delivered to the ADF
- Experienced management, professional ex Defence and Police personnel as well as scientific development teams with local and export expertise

Corporate Overview



ASX Code: XTE

Ordinary Shares	29.5m
Options	0.5m
Market cap (@40 cents)	11.8m
Monthly Volume	1m
Debt	\$0.5m

Major Shareholders

UDB Pty Limited	16.84%
Fairlane Management Pty Ltd	7.11%
Mrs Wendy Wing Lin Lo	5.09%
Bissap Software Pty Ltd	3.43%
Berend Hoff	2.71%

Top 20 shareholders hold 55.77%

Directors & Senior Management

Uwe Boettcher, Non-Executive Chairman

Ivan Slavich, Non-Executive Director

Robert Quodling, Executive Director and COO

Philippe Odouard, Managing Director

Lawrence Gardiner, Company Secretary



Further Information



Uwe Boettcher

Chairman

P: +61 412 560 752

E: uwe.boettcher@XTEK.net

Bob Quodling

Director Investor Relations

P: +61 2 6163 5588

E: bob.quodling@XTEK.net

Philippe Odouard

Managing Director

P: +61 2 6163 5588

E: philippe.odouard@XTEK.net

Laurie Gardiner

Company Secretary

P: +61 2 6163 5588

E: laurie@XTEK.net

The following links provide video presentations on XTclave™ and XTatlas™:

<http://www.XTEK.net/investors/xtclave-technology-hydroclave/#.VyGEaIz95D8>

<http://www.XTEK.net/investors/xtatlas/#.VyGFEFZ95D8>