

## Release to the Australian Securities Exchange Notice of Annual General Meeting for XTEK Limited

**Canberra – Thursday, 18 October 2018:** XTEK Limited (ASX:XTE) advises that the Annual General Meeting of the Company, is scheduled to commence at 12.30 pm on 23 November 2018 at XTEK Head Office, 3 Faulding Street, Symonston, ACT 2609.

Pursuant to ASX Listing Rule 3.17.1, a copy of the Notice of Meeting, Explanatory Statement and Proxy Form are attached and form part of this announcement.

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



Lawrence A Gardiner  
Company Secretary  
18 October 2018

### 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 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)

# NOTICE OF ANNUAL GENERAL MEETING

## Friday 23 November 2018

Notice is hereby given that the Annual General Meeting of the Shareholders of XTEK Limited ('Company' or 'XTEK') will be held at XTEK Head Office, 3 Faulding Street, Symonston, ACT 2609, on Friday 23 November 2018, commencing at 12:30 pm. The Explanatory Notes that accompany and form part of this Notice of Annual General Meeting describe the various matters to be considered.

### MEETING AGENDA

#### ORDINARY BUSINESS

##### 1. Chairman's Address

##### 2. Financial Statements and Reports

To receive and consider:

- the Financial Report;
- the Directors' Report; and
- the Auditor's Report for the financial year ended 30 June 2018.

Note: The Auditor of XTEK or their representative, will be available to receive questions relevant to the Financial Report and the Auditor's Report.

##### 3. Resolutions

###### Resolution 1

###### Adopt Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That the Remuneration Report, as set out in the Annual Report for the Financial Year ended 30 June 2018, be adopted."*

###### Resolution 2

###### Election of Mr. Christopher Fullerton as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That, for the purpose of section 201H(3) of the Corporations Act and for all other purposes, that Mr. Christopher Fullerton, being a retiring Director and being eligible, be elected as a Director of the Company."*

###### Resolution 3

###### Re-election of Mr. Uwe Boettcher as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That, for the purpose of section 201H(3) of the Corporations Act and for all other purposes, that Mr. Uwe Boettcher, being a retiring Director and being eligible, be re-elected as a Director of the Company."*

###### Resolution 4 (Special)

###### Additional placement capacity

To consider and, if thought fit, pass the following resolution as a special resolution:

*"That, in compliance with ASX Listing Rule 7.1A, an additional placement capacity of up to 10% of the Company's capital, to issue equity securities, is approved as per the terms and conditions as set out in the Explanatory Statement."*

###### Resolution 5

###### Approval to issue new securities to Directors

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That, in compliance with ASX Listing Rule 10.14, and for all other purposes, the issue of up to 500,000 new securities (fully paid ordinary shares) to Directors of the Company is approved as per the terms and conditions set out in the Explanatory Statement."*

###### Resolution 6

###### Approval of XTEK Tax Exempt Share Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That, in compliance with Sections 259B(2) and 260C(4) of the Corporations Act and ASX Listing Rule 7.2, Exception 9, and for all other purposes:*

- a) the XTEK Tax Exempt Share Plan Rules (the Plan), a summary of which is set out in the Explanatory Notes accompanying the Notice of Meeting is approved; and*
- b) the issue of new securities made to participants under the Plan is approved.*

#### OTHER BUSINESS

##### 4. Other Business

To transact any other business that may be legally brought forward at the AGM

## VOTING EXCLUSIONS

### Resolution 1

In accordance with the Corporations Act, a vote must not be cast (in any capacity), and the Company will disregard any such votes cast, on Resolution 1 by any Key Management Personnel, the details of whose remuneration are included in the Remuneration Report.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the Chair of the meeting is appointed as proxy and the appointment of the Chair does not specify the way in which the Chair is to vote and expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

Alternatively, Shareholders can nominate as their proxy for the purpose of Resolution 1, a proxy who is not a member of the Company's Key Management Personnel or any of their Closely Related Parties. That person would be permitted to vote undirected proxies.

### Resolutions 2 & 3

There are no voting exclusions for Resolutions 2 & 3.

### Resolution 4

The Company will disregard any votes cast in favour of Resolution 4 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if Resolution 4 is passed.

As at the date of this Notice of Meeting the Company has no specific plans to issue Equity Securities pursuant to ASX Listing Rule 7.1A and therefore it is not known who (if any) may participate in an issue of new securities under ASX Listing Rule 7.1A

### Resolution 5

The Company will disregard any votes cast in favour of Resolution 5 by any Director of the entity who is eligible to participate in an employee incentive scheme in relation to the Company and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and associates of any of those persons.

### Resolution 6

The Company will disregard any votes cast in favour of Resolution 6 by any Director of the entity who is eligible to participate in the XTEK Tax Exempt Share Plan and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and associates of any of those persons.

However, the Company need not disregard a vote on Resolutions 4, 5 or 6 if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## DETERMINATION OF VOTING ENTITLEMENTS

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that the shareholding of each member for the purposes of ascertaining voting entitlements for the Annual General Meeting, will be as it appears in the share register at 7.00pm (Canberra Time) on Wednesday, 21 November 2018.

By order of the Board



Lawrence Gardiner

Company Secretary

16 October 2018

## EXPLANATORY STATEMENT

### PURPOSE OF INFORMATION

The purpose of this Explanatory Statement, which is included in and forms part of the Notice of Annual General Meeting (AGM) dated 16 October 2018, is to provide members with an explanation of the business of the meeting and of the resolutions to be proposed and considered at the AGM to be held on Friday 23 November 2018 commencing at 12:30pm at XTEK Head Office, 3 Faulding Street, Symonston, ACT 2609 and to assist members to determine how they wish to vote on each resolution.

### FINANCIAL STATEMENTS AND REPORTS

Pursuant to the Corporations Act, the Directors of a public company are required to hold an Annual General Meeting and must table the financial statements and reports of the Company (including the Directors' Report and Auditor's Report) for the previous financial year before the members at that AGM.

Shareholders have been provided with all relevant information concerning the Company's financial statements, the Directors' Report and Auditor's Report in the Annual Report of the Company for the year ended 30 June 2018. A copy of the Annual Report has been forwarded to each Shareholder (other than those Shareholders who have previously notified the Company that they elect not to receive the Annual Report, whether in paper form or electronically). Any Shareholder who has made this election and now wishes to receive a paper or electronic copy of the Annual Report should contact the Company to arrange receipt. The Annual Report can also be viewed, printed and downloaded from the Company's website [www.xtek.net](http://www.xtek.net). A copy of the financial statements, the Directors' Report and the Auditor's Report will be tabled at the AGM.

Shareholders should note that the sole purpose of tabling the financial statements and the reports of the Company at the AGM is to provide the Shareholders with the opportunity to be able to ask questions or discuss matters arising from the financial statements and/or the reports at the meeting. It is not the purpose of the meeting that the financial statements or the reports be accepted, rejected or modified in any way. Further, as it is not required by the Corporations Act, no resolution to adopt, receive or consider the Company's financial statements or the reports (other than the Remuneration Report) will be put to the Shareholders at the meeting.

Members will be given a reasonable opportunity at the meeting to ask questions and make comments on the financial statements and the reports. The Company's Auditor will also be available to receive questions and comments from Shareholders about the preparation and content of the financial statements and the Auditor's Report and the conduct of the audit generally.

Further, any Shareholder entitled to cast a vote at the AGM may submit written questions to the Auditor if:

The question is relevant to:

- the content of the Auditor's Report to be considered at the AGM; or
- the conduct of the audit of the 2018 financial report to be considered at the AGM.

The Shareholder gives the question to the Company no later than 5 business days before the day on which the AGM is to be held, and the Company will then pass the question on to the auditor. At the AGM, the Company will allow a reasonable opportunity for the auditor to answer written questions submitted to the auditor.

### REMUNERATION REPORT (Resolution 1)

The Directors' Report for the year ended 30 June 2018 contains a Remuneration Report section of the Annual Report, which may accompany this Notice but, in any event, is available on the Company's website [www.xtek.net](http://www.xtek.net). This report sets out the policy for remuneration of the Directors and Key Management Personal for the Company.

Section 250R (2) of the Corporations Act requires that a resolution be put to the Shareholders of listed companies at their AGM, that the Remuneration Report be adopted. Pursuant to Section 250R (3) of the Corporations Act expressly provides that the vote is advisory only and does not bind the Directors or the Company. At the 2017 AGM, the Company's Remuneration Report for the year ended 30 June 2017 did not receive a 'no' vote of 25% or more from Shareholders.

Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1  
The Chairman intends to vote all undirected proxies in favour of Resolution 1.

## **ELECTION OF MR. CHRISTOPHER FULLERTON AS A DIRECTOR (Resolution 2)**

Clause 6.1 (d) and (e) of the Company's Constitution requires that any Director appointed by the Company since the last AGM, must retire from office and be subject to re-election (if sought) at the next AGM of the Company, when the Director may be re-elected. In accordance with Clause 6.1 (e) Mr. Fullerton has agreed to retire at the 2018 AGM. He is eligible for election and is seeking re-appointment as a Director.

The Directors (other than Mr. Fullerton) recommend that Shareholders vote in favour of Resolution 2.  
The Chairman intends to vote all undirected proxies in favour of Resolution 2.

### **Biography of Mr. Christopher Fullerton**

Mr. Christopher Fullerton, aged 67, was appointed a Non-Executive Director of the Company on 24 April 2018. Mr Fullerton has extensive experience in investment, management and investment banking and is a qualified chartered accountant. He worked in Hong Kong and Singapore for 15 years before returning to Australia in 1992. He is an investor in listed equities and private equity and has been a non-executive director of a number of ASX listed companies. He is currently a non-executive director of ASX listed Paradigm Biopharmaceuticals Limited and his unlisted company directorships cover companies in the property investment and agriculture sectors.

#### Other Directorships

- Director of Paradigm Biopharmaceuticals Limited
- Director of Kador Group Holdings Pty Ltd

Interest in Shares/Options: Mr Fullerton has a relevant interest in 50,000 ordinary shares.

## **RE-ELECTION OF MR. UWE BOETTCHER AS A DIRECTOR (Resolution 3)**

Clause 6.1 (f) and (g) of the Company's Constitution requires at least one Director retire from office and be subject to re-election (if sought) at the next AGM of the Company, when the Director may be re-elected. In accordance with Clause 6.1 (g) Mr. Boettcher has agreed to retire at the 2018 AGM. He is eligible for re-election and is seeking re-appointment as a Director.

The Directors (other than Mr. Boettcher) recommend that Shareholders vote in favour of Resolution 2.  
The Chairman intends to vote all undirected proxies in favour of Resolution 2.

### **Biography of Mr. Uwe Boettcher**

Mr. Uwe Boettcher, aged 66, was appointed a Director of the Company on 28 April 2009 and subsequently appointed Chairman of the Company on 25 June 2009. Mr. Boettcher is the Principal of the law firm, Boettcher Law, starting his career at the firm now known as King & Wood Mallesons. He is a Fellow of the Australian and New Zealand College of Notaries. In 2011 he was appointed as a Foundation Fellow of the Australian Association of Angel Investors. In 2005 he was appointed a Fellow of the Australian Institute of Banking and Finance. In 1996/97 he was the Treasurer of the ACT Law Society. Mr. Boettcher has a special interest in commercialising new and innovative technologies, investing in them and bringing them to market.

#### Other Directorships

- Chairman of the Kord Defence Group of Companies, and Health-Innovate Pty Limited,
- Director of Lava Blue Limited, Greenmag Group Pty Ltd, Capital Angels Pty Limited and Manuka Corporate Pty Limited.
- Alternate Director of Mineral Carbonation International Pty Limited.

Interest in Shares/Options: Mr Boettcher has a relevant interest in 5,260,261 ordinary shares.

## **ADDITIONAL PLACEMENT CAPACITY (Resolution 4)**

Pursuant to ASX Listing Rule 7.1A, the Company is seeking approval by a special resolution for an additional placement capacity of up to 10% of the Company's capital, in order to give it maximum flexibility for the issue of new securities in the forthcoming 12 months (should that need arise).

In order to obtain approval of Resolution 4, the Company is required to provide certain information in accordance with ASX Listing Rule 7.3A. This information is set out below in the Disclosure Statement.

### **Disclosure Statement**

- Minimum issue price – The new securities, if issued, will be issued at a price that is not less than 75% of the volume weighted average price of Company securities calculated over the 15 trading days recorded immediately prior to the date of issue. Each new security issued will rank equally, from the date of issue, with all XTEK's other issued fully paid ordinary shares.

- Risk of economic and voting dilution – If Resolution 4 is approved by Shareholders and the Company issues new securities under the 10% additional placement facility, existing shareholders may be subject to both economic and voting power dilution. There is a risk that:
  - the market price of the Company's securities may be significantly lower on the date of the issue of the new securities than at the date of the AGM;
  - the new securities may be issued at a price that is at a discount to that of the market price for the Company's securities on the issue date for the new securities; and
  - the new securities may be issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the new securities.

The Potential Dilution Table below shows the potential dilution of existing shareholders for issues made under ASX Listing Rule 7.1A only, on the basis of the market price of the Company's securities on 15 October 2018 and based on the number of ordinary securities on issue as of the date of this Notice.

### Potential Dilution Table

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.23 Issue Price 50% decrease in Issue Price	\$0.46 Issue Price 15 October 2018 )	\$0.92 Issue Price 100% increase in Issue Price
Current variable "A" 40,347,678 shares	10% Voting Dilution	4,034,767 shares	4,034,767 shares	4,034,767 shares
	Funds Raised	\$927,996	\$1,855,992	\$3,711,985
50% increase in current variable "A" 60,521,517 shares	10% Voting Dilution	6,052,151 shares	6,052,151 shares	6,052,151 shares
	Funds Raised	\$1,391,994	\$2,783,989	\$5,567,978
100% increase in current variable "A" 80,695,356 shares	10% Voting Dilution	8,069,535 shares	8,069,535 shares	8,069,535 shares
	Funds Raised	\$1,855,993	\$3,711,986	\$7,423,972

Note: The Table gives theoretical examples of the Variable "A" as per ASX Listing Rule 7.1A.2 based on the assumption that the Company issues the maximum allowable new securities available under the 10% Placement Facility. Additionally, the Table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements made under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

- Date by which securities may be issued – The Company will only allot and issue the new securities during the 10% Placement Period which will expire on 22 November 2019. Any approval for Resolution 4 as granted by Shareholders for the issues of new securities, will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (significant change in nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking).
- Purposes for which the new securities may be issued – The Company may issue the new securities under the following circumstances:
  - Cash consideration – to raise working capital; primarily for innovation and commercialisation of XTclave™ and XTAtlas™ technologies and for merger and acquisition purposes; and
  - Non-cash consideration – for the non-cash acquisition of new assets and investments. The Company will provide a valuation of any non-cash consideration pursuant to ASX Listing Rule 7.1A.3.
- Allocation policy – The Company's allocation policy for any issues made under the approval will be dependent on the prevailing market conditions at the time of any proposed issues made pursuant to the 10% Placement Facility. As at the date of this Notice, the Company has no specific plans to issue new securities pursuant to ASX Listing Rule 7.1A and therefore it is not known who (if any) may participate in a potential (if any) issue of new securities under ASX Listing Rule 7.1A. Any such issue would be to existing security holders and or sophisticated investors as determined by the Board of Directors. All issues will be limited as per the issue formula defined in ASX Listing Rule 7.1A.2 (A x D) – E.
- Previous approval – The Company obtained previous approval under ASX Listing Rule 7.1A from Shareholders at the 2017 AGM held on 24 November 2017.
- Securities issued since last AGM – The Company has issued a total of 919,681 new securities since the last AGM, representing 2.3% of the total number of securities on issue at the commencement of that 12 months period. The following issues of new securities have been made since the last AGM:
  - **21 December 2017** – issue of 419,681 ordinary fully paid shares, comprising 94,757 under Exception 9 to ASX Listing Rule 7.2 and a further 324,924 issued under Exception 14 to ASX Rule 7.2:
    - Summary of terms – Each new security issued ranks equally, from the date of issue, with all XTEK's other issued fully paid ordinary shares.
    - Name of Recipients – Employees/Related Parties as approved by shareholders at 2017 AGM
    - Issue price of securities – \$0.46 per security.
    - Cash consideration – \$194,732

- **June/July 2018** – issue of 500,000 ordinary fully paid shares issued pursuant to the exercise of unlisted options under Exception 4 to ASX Listing Rule 7.2
  - Summary of terms - Each new security issued ranks equally, from the date of issue, with all XTEK's other issued fully paid ordinary shares.
  - Name of Recipient – Kentgrove Capital Pty Ltd
  - Issue price of securities – \$0.45 per security
  - Cash consideration – \$225,000
- Total cash raised since the last AGM – A total of \$225,000 was raised pursuant to the exercise of unlisted options by Kentgrove Capital. These funds has been committed for working capital and to continue innovation and commercialisation of XTclave™ and XTatlas™ technologies.

Voting Exclusion Statement – A voting exclusion statement is set out in the Notice of Meeting.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

The Chairman intends to vote all undirected proxies in favour of Resolution 4.

#### **APPROVAL TO ISSUE NEW SECURITIES TO DIRECTORS (Resolution 5)**

Pursuant to ASX Listing Rule 10.14, the Company is seeking approval for the issue of up to 500,000 new securities (ordinary shares) to Directors of the Company under approved employee incentive schemes. In order to obtain approval of Resolution 5, the Company is required to provide certain information in accordance with ASX Listing Rule 10.15A. This information is set out below.

- Number of new securities to be issued – Up to a maximum of 500,000 fully paid ordinary shares, to be issued no later than 3 years from the date of Shareholder approval. The allocation and issue of any new securities the new securities made to Directors will be determined by the Board of Directors as applicable.
- Future issue price – This will be based on the volume weighted average price (VWAP) for Company securities calculated over the 30 day VWAP trading period recorded prior to the issue date, which may be based on the Preliminary Annual Report disclosure date, in each year of issue. .
- Terms of the securities – Each New Security will rank equally, from the date of issue, with all XTEK's other issued fully paid ordinary shares.
- Names of recipients – Uwe Boettcher, Christopher Fullerton, Philippe Odouard, Robert Quodling and Ivan Slavich
- Disclosure Statement – ASX Listing Rule 10.15A.8:
  - Details of all new securities issued to Directors will be published in the respective Annual Report of the Company, relating to the period in which the new securities have been issued and that approval for the issue of new securities was obtained under ASX Listing Rule 10.14.
  - Additional Directors who become entitled to participate after approval of this resolution and who were not named in the Notice of Meeting, will not be eligible to participate until subsequent shareholder approval is obtained in accordance with ASX Listing Rule 10.14.
- Expiry date – The new securities will be issued no later than 3 years from the date of Shareholder approval.
- Previous issues – 324,924 ordinary fully paid shares issued under Exception 14 to ASX Rule 7.2

Voting Exclusion Statement – As all Directors have an interest in the outcome of this resolution, a voting recommendation to shareholders will not be made.

A voting exclusion statement is set out in the Notice of Meeting.

The Chairman intends to vote all undirected proxies in favour of Resolution 5.

#### **APPROVAL OF XTEK TAX EXEMPT SHARE PLAN (Resolution 6)**

Pursuant to ASX Listing Rule 7.2 Exemption 9, the Company is seeking approval of the XTEK Tax Exempt Share Plan (the Plan) for the issue of new securities (fully paid ordinary shares) made to participants under the Plan be made as an exception to ASX Listing Rule 7.1. In order to obtain approval of Resolution 6, the Company is required to provide certain information in accordance with ASX Listing Rule 10.15A. This information is set out below.

The purpose of the Plan is to provide eligible participants (employees) with an incentive to remain with the Company and to improve the longer-term performance of the Company and its returns to shareholders. It is intended that this Plan will enable the Company to retain and attract skilled and experienced employees and provide them with the motivation to make the Company more successful.

The following additional information is provided for the purposes of ASX Listing Rule 7.2, Exception 9:

- Terms - A summary of the terms of the Plan is set out in Schedule 1 to these Explanatory Notes
- Previous issues – No securities have been issued to, or for the benefit of eligible participants (employees) under the Plan to date. The Plan will commence after shareholder approval is granted for the issue of new securities under the Plan pursuant to Resolution 6.

- Number of new securities to be issued – Up to a maximum of 200,000 fully paid ordinary shares, to be issued no later than 3 years from the date of Shareholder approval. The allocation and issue of any new securities made to participants will be determined by the Board of Directors as applicable.
- Future issue price – This will be based on the volume weighted average price (VWAP) for Company securities calculated over the 30 day VWAP trading period recorded prior to the issue date, which may be based on the Preliminary Annual Report disclosure date, in each year of issue. .
- Terms of the securities – Each New Security will rank equally, from the date of issue, with all XTEK's other issued fully paid ordinary shares.
- Recipients – Eligible participants (employees ) of the Plan
- Disclosure Statement – ASX Listing Rule 10.15A.8:
  - Details of all new securities issued to participants under any employee incentive scheme will be published in the respective Annual Report of the Company, relating to the period in which the new securities have been issued and that approval for the issue of new securities was obtained under ASX Listing Rule 10.14.
- Expiry date – The new securities will be issued no later than 3 years from the date of Shareholder approval.

Voting Exclusion Statement –The Directors unanimously recommend that Shareholders vote in favour of Resolution 6

A voting exclusion statement is set out in the Notice of Meeting.

The Chairman intends to vote all undirected proxies in favour of Resolution 6.



Lawrence Gardiner  
Company Secretary  
16 October 2018



# SCHEDULE 1 EXPLANATORY STATEMENT

## Summary of Tax Exempt Share Plan

<b>What is the Plan?</b>	<p>The Plan is a share plan established by XTEK to enable employees to acquire Shares (up to a value determined at discretion of the Board) and, to the extent that an employee gains a benefit from the acquisition of those Shares, to exempt income (up to a maximum of \$1,000) from income tax under the Tax Act.</p> <p>The Plan is designed gives eligible employees of XTEK the opportunity to become shareholders of XTEK without having to make any payment for the acquisition of Shares. Employees who are not Australian tax residents may not enjoy the same tax advantages.</p> <p>Being an XTEK shareholder under the Plan means you become a part-owner of the Company (together with all other Shareholders).</p>
<b>What are the benefits?</b>	<p>Employees may apply to acquire Shares (up to the value determined by the Board) without having to make any payment for their acquisition. In addition, the initial value of the Shares acquired (up to a maximum of \$1,000) will be free of income tax to Australian tax residents.</p>
<b>How many Shares?</b>	<p>The number of Shares employees will receive will be determined by dividing the value (as set by the Board) by the market value per XTEK Share on the date employees acquire them. Fractions of a Share will be rounded down. The market value per Share for tax purposes will usually be the weighted average of trading prices in XTEK Shares on ASX in the one week period up to and including the acquisition date. There is no stamp duty or brokerage applicable to this issue of Shares.</p>
<b>Shares can grow in value</b>	<p>All employees contribute to XTEK's performance in their own way, whether through increasing sales, improving efficiency, controlling costs, etc. By continuously striving for improvement employees will assist in improving Group performance which can influence the value of Shares in XTEK.</p> <p>It is important to realise of course that the value of the Shares could fall - ultimately the share price (and dividends if and when paid by XTEK) will depend on XTEK's future performance and general share market conditions.</p>
<b>Shares can earn dividends</b>	<p>As a shareholder you will be eligible to receive dividends declared by XTEK. All dividends declared will be paid to you at the same time and in the same way as all other shareholders. You will need to declare any dividend in your tax return. With each dividend payment you will receive a dividend advice which you must retain for the completion of your tax return. Where dividends are franked, such dividend income is taxed favourably with the benefit of imputation credits.</p>
<b>Who is eligible to participate?</b>	<p>All full time and permanent part time employees with at least twelve months service with the Group as of 22 November 2018 are eligible to participate. You must remain an employee of the Group as at 23 November 2018 in order to join the Plan.</p>
<b>How to participate</b>	<p>Complete the relevant application form and return it to the Company Secretary.</p>
<b>Who is the Shareholder?</b>	<p>You are. The Shares will be registered in your name, but held in the Plan or in a trading lock subject to the Plan Rules. XTEK or its delegate will issue or acquire Shares for Plan participants with its own funds or funds from other Group companies.</p>
<b>Shareholder information</b>	<p>As a shareholder, you will be entitled to receive an annual report as well as other regular shareholder updates and information.</p>
<b>Shareholders rights</b>	<p>As a shareholder you will be entitled to attend and vote at general meetings. You will be entitled to any bonus issues or dividends, and to participate in any rights issues should they occur. The Plan rules make provision for taking up rights inside or outside the Plan.</p>
<b>Can I sell the Shares?</b>	<p>The Plan Rules require that your Shares must be held in the Plan for a minimum of three years or unless and until unless you cease to be employed by the Group - in which case the Shares may be withdrawn from the Plan and you may sell them if you wish.</p> <p>While Shares are held in the Plan they will be the subject of a holding lock administered by the XTEK's share registry. The holding lock will prevent you from selling or transferring your Shares until it is removed, which will only occur on instruction from XTEK.</p> <p>If you are still an employee after three years, the Shares are then released from the Plan and you may deal with them as you wish. Any sale is likely to attract brokerage.</p>
<b>What if I leave XTEK?</b>	<p>You keep the Shares even if you cease employment with the Group at any time after the Shares are issued to you. If you leave employment with the Group prior to the three year restriction period, the holding lock will be released and the Shares withdrawn from the Plan and you may sell them if you wish.</p>

<b>What about tax?</b>	The Plan has been designed within the Australian tax legislation so that the initial value of your Shares (up to a maximum of \$1,000) will be exempt from income tax (if claimed by you in your tax return as outlined below). Australian employees will then only be liable for capital gains tax on disposal of your Shares based on any increase in their value. A 50% reduction in the taxable capital gain (after offsetting any capital losses from other asset disposals) is generally available if shares are held for at least 12 months from their original acquisition. Importantly, capital gains tax would generally only be payable by you at some time in the future when you sell the Shares.
<b>Tax</b>	To obtain the income tax exemption for the initial value of your shares (up to a maximum value of \$1,000) as outlined above, you will need to include certain information concerning your Shares in your income tax return for the relevant financial year. The relevant information will be provided to you by XTEK at or after the end of that financial year.
<b>Plan rules</b>	A copy of the entire Plan rules will be provided at any time without charge and within a reasonable period following your request. Requests should be directed to the Company Secretary.
<b>Limit</b>	The number of Shares which can be issued XTEK under all employee share schemes in any 3 year period cannot exceed 5% of issued Shares in XTEK.
<b>Administration</b>	Administration of the Plan is in the hands of the Plan Committee of XTEK. Plan rules are subject to the Corporations Act and the ASX Listing Rules, and any material amendments may require shareholder approval (and, if reducing the rights of Plan participants to existing Shares, approval of 75% of affected participants).
<b>Securities legislation</b>	All offers are made in reliance on ASIC Class Order 14/1000. A copy of the relevant Offer Booklet will be lodged with ASIC. ASIC does not take any responsibility for the content of this Offer Booklet.
<b>Employee Share Trading Policy</b>	Any employee in possession of inside information must not deal in Shares at any time. Inside information is information which is not generally available and could affect the price or value of Shares. To do so may result in that employee committing a criminal offence under the <i>Corporations Act</i> . Insider trading is a serious offence and if you think you may be in possession of inside information, it would be prudent not to deal in your Shares until that information is made generally available to the public. In addition, all employees of XTEK are subject to the Company's Share Trading Policy.

## VOTING INFORMATION FOR SHAREHOLDERS

### Voting and Proxy Votes

1. A member entitled to attend and vote at the meeting has a right to appoint a proxy.
2. The proxy need not be a member of the Company.
3. A member who is entitled to cast two or more votes may appoint up to two proxies and, in the case of such an appointment, may specify the proportion or number of votes each proxy is appointed to exercise.
4. If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes which each proxy may exercise, each proxy may exercise half of the votes.
5. The proxy form included in this Notice of Annual General Meeting (AGM) must be signed by the member or the member's attorney. Proxies given by corporations must be signed under the hand of a duly authorised officer or attorney.
6. To be valid, the form appointing the proxy and the power of attorney or other authority (if any) under which it is signed (or a certified copy of it) must be lodged with the Share Registry – Computershare Investor Services Pty Limited at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067, using the reply paid envelope supplied, by facsimile to +61 3 9473-2555 or by voting online at [www.investorvote.com.au](http://www.investorvote.com.au) as soon as possible and in any event not later than 48 hours prior to the time appointed for the AGM.
7. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Company's Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.
8. If a Shareholder appoints the Chairperson of the meeting as the Shareholder's proxy and does not specify how the Chairperson is to vote on an item of business, the Chairperson will vote, as proxy for that Shareholder, in favour of the item on a poll.
9. Members should refer to the Explanatory Statement, which accompanies and forms part of this Notice of AGM, for information regarding voting restrictions.
10. Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the Chairperson of the AGM) a natural person to act as its representative at any general meeting.
11. The Chairman intends voting undirected proxies in favour of all resolutions.

### Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations Shareholders entered on the Company's Register of Members as at 7:00 pm on 21 November 2018 are entitled to attend and vote at the meeting. On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

### How to Vote

To record a valid vote on the resolutions, other than voting in person at the AGM, members will need to complete and lodge the Proxy Form and return it by mail, facsimile or online means (to be received no later than 12.30pm on 21 November 2018 to the following:

#### Mail or Facsimile:

Computershare Investor Services Pty Limited  
GPO Box 242, Melbourne, VIC 3001

Facsimile number: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)


Online Voting: [www.investorvote.com.au](http://www.investorvote.com.au) (and follow the instructions on the proxy form)

To use online voting, you will need your Security Holder Reference Number (SRN) or Holder Identification Number (HIN) and your allocated Control Number shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website. To use your smartphone voting service, scan the QR code which appears on the top of your proxy form and follow the instructions provided. To scan the code you need to have already downloaded a free QR code reader app to your smartphone. When scanned, the QR code will take you directly to the mobile voting site. A proxy cannot be appointed electronically if they are appointed under a Power of Attorney or similar authority. The online proxy facility may not be suitable for shareholders who wish to appoint two proxies with different voting directions. Please read the instructions for online proxy submissions carefully before you lodge your proxy.

### Queries

For further information in respect to the AGM, please contact the Company Secretary, Mr. Lawrence Gardiner, on (+61 2) 6163 5588 in the first instance.

**Lodge your vote:**

 **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555


For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000



**Proxy Form**

**XX**

 <p><b>Vote and view the annual report online</b></p> <ul style="list-style-type: none"> <li>• Go to <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> or scan the QR Code with your mobile device.</li> <li>• Follow the instructions on the secure website to vote.</li> </ul>	
<p><b>Your access information that you will need to vote:</b></p> <p><b>Control Number:</b></p> <p><b>SRN/HIN:</b></p> <p>PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.</p>	

**For your vote to be effective it must be received by 12.30pm on Wednesday 21 November 2018**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions for Postal Forms**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** ➔

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of XTEK Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of XTEK Limited to be held at XTEK Head Office, 3 Faulding Street, Symonston, ACT 2609 on Friday 23 November 2018 at 12:30pm (AEDT) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 5 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 5 and 6 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Election of Mr. Christopher Fullerton as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr. Uwe Boettcher as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Additional placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval to issue New Securities to Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of XTEK Tax Exempt Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /