

Ms Cheng Tang
Senior Adviser, Listings Compliance (Melbourne)
ASX Limited
Level 4, North Tower, 525 Collins Street,
Melbourne VIC 3000

25 September 2019

Dear Ms. Tang,

RE: XTEK LIMITED ASX PRICE QUERY

I am writing in respect to your letter dated 25 September 2019 concerning a change in XTEK (XTE) securities from a close yesterday of \$0.645 cents to an intra-day high of \$0.740 cents on 25 September 2019. In responding to the questions as raised in your correspondence, I am able to offer the following information:

Question 1 Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

Answer: Yes, the Company is aware of such information, that relates to an Australian Government Contract (Defence). To date, XTEK had been unable to release specific and price sensitive details on this contract without prior Defence approval. However, on the 25th September 2019, XTEK became aware that this information had been released by Defence through Aus Tender, unfortunately without the knowledge of either the Defence Minister or XTEK.. The Company has been awarded a long-term and exclusive contract (HSD/CON/8054/1) to provide spare parts, repair, maintenance and support services for the ADF's growing SUAS fleet.

To date AusTender has issued the following Contract Notices under this Contract:

- Contract Notice No 3626505 – Contract Value \$28,213.46
- Contract Notice No 3628788 – Contract Value \$30,551.09
- Contract Notice No 3623915 – Contract Value \$550,000.00
- Contract Notice No 3629757 – Contract Value \$10,072,700.00

Question 2 If the answer to Question 1 is Yes

Answer Given the confidential and sensitive nature of information contained within the contract and after being directed by the Australian Defence Force not to make any such public disclosure on the Contract award until it had been disclosed firstly by the Defence Minister, XTEK became reliant on the provisions of LR 3.1A.1 to not make any market announcements. However, since being made aware of disclosure on Aus Tender on 25 September 2019, XTEK is no longer relying exemption provisions of LR 3.1A.1. This matter has been discussed with Ms Tang at the ASX. On 25 September 2019, an immediate announcement was prepared, lodged with and released to the market by the ASX.

Question 3 If the answer to Question 1 is “No”, is there any other explanation that the Entity may have for the recent trading in its securities?

Answer: Not applicable

Question 4 Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Answer: The Company considers it is in full compliance with the ASX Listing Rules and has met its continuous disclosure obligations and, in particular Listing Rule 3.1 obligations.

Question 5 Please confirm that XTEK's response to the questions have been authorised and approved under its published continuous disclosure policy.

Answer: The above response to the question as raised by the ASX have been duly authorised and approved in accordance with Board policy as delegated to the Company Secretary.

I trust the above information is to your satisfaction, should you require any further information in respect to this matter please contact myself in the first instance.

Yours sincerely



Lawrence A. Gardiner
Company Secretary
For and on behalf of
XTEK Limited



25 September 2019

Reference: ODIN07668

Mr Lawrence Gardiner
Company Secretary
Xtek Limited

By email only

Dear Mr Gardiner

Xtek Limited ('XTE'): Price Query

We note the change in the price of XTE's securities from a low of \$0.645 to a high of \$0.740 today.

Request for Information

In light of this, ASX asks XTE to respond separately to each of the following questions and requests for information:

1. Is XTE aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

In responding to this question, please consider in particular whether XTE is aware of any information that its earnings for the 12 month period ending on 30 June 2019:

- (a) are likely to differ materially (downwards or upwards) from any earnings guidance it has given for the period; or
 - (b) if XTE has not given any earnings guidance for the period, are otherwise likely to come as a surprise to the market (by reference to analyst forecasts for the period or, if XTE is not covered by analysts, its earnings for the prior corresponding period)?
2. If the answer to question 1 is "yes".
 - (a) Is XTE relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in XTE's securities would suggest to ASX that such information may have ceased to be confidential and therefore XTE may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
 3. If the answer to question 1 is "no", is there any other explanation that XTE may have for the recent trading in its securities?
 4. Please confirm that XTE is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 5. Please confirm that XTE's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of XTE with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEST Thursday, 26 September 2019**. If we do not have your response by then, ASX will likely suspend trading in XTE's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, XTE's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsComplianceMelbourne@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to XTE's obligations under Listing Rules 3.1 and 3.1A and also to Guidance *Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that XTE's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in XTE's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in XTE's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Cheng Tang
Senior Adviser, Listings Compliance (Melbourne)