

Release to the Australian Securities Exchange

XTEK Launches Capital Raising

Monday 4 October 2020: XTEK Limited (ASX:XTE) (“**XTEK**” or the “**Company**”) is pleased to announce a successful underwritten placement of A\$2.7 million to existing security holders and new investors through an institutional placement (“**Placement**”) and that the Company will make a pro-rata non-renounceable Entitlement Offer (“**Offer**”) to all eligible security holders to raise approximately A\$5 million. The Institutional Placement and the Entitlement Offer collectively seeks to raise approximately A\$7.7 million.

Key highlights:

- **XTEK has successfully raised ~A\$2.7m via an underwritten placement at A\$0.26 per share, supported by existing and new investors.**
- **An Entitlement Offer to raise up to A\$5.0m (partially underwritten to A\$3.0 million) will follow the placement and eligible shareholders will have the opportunity to acquire new shares on the same terms.**

Use of Funds

The proceeds from the Placement and the Offer will be used as outlined below:

UAV's: development of an Australian-made small VTOL Unmanned Aerial Vehicles for upcoming sales opportunities with the Australian Defence Force;

Software: development of the next XTatlas™ actionable intelligence software applications;

Ballistics: expand the range of hard armour plates and helmets made using XTEK's patented XTclave process; and

Working capital: Provide working capital required to grow the Company's business and meet its ongoing financial obligations for factory stock, corporate and transaction costs.

Placement

The placement to institutions, sophisticated and professional investors will raise approximately A\$2.7million before transaction-related costs. The placement comprises the issue of new ordinary fully paid XTEK shares (“**New Shares**”), at A\$0.26 per New Share (“**Offer Price**”). The Offer Price of A\$0.26 represents:

- 28.8% to the last close price of A\$0.365 on, Wednesday 29th September 2021
- 31.7% to the 15-day VWAP of A\$0.380 up to and including Wednesday 29th September 2021

The Placement will be undertaken in a single tranche within the Company's existing placement capacity under ASX Listing Rule 7.1. Settlement of the Placement is scheduled to occur on Friday, 8 October 2021, with the Placement shares scheduled to be allotted and to commence trading on Monday, 11 October 2021. MST Financial Services Pty Ltd acted as Underwriter and Lead Manager to the Placement.

XTEK Pro-Rata Non Renounceable Entitlement Offer (“Offer”)

The pro-rata non renounceable entitlement offer (“Offer”), which is partially underwritten to \$3 million, will be targeting to raise up to approximately A\$5.0m at A\$0.26 per share (the same price as the Placement Offer Price). The Offer will be made to all eligible security holders as recorded on the Security Register as at 7.00pm (Sydney time) on Thursday 7th October 2021 (“**Record Date**”). The Offer will be on a pro-rata basis of one 1 new security for every 3.7 securities held at an issue price of \$0.26 per ordinary security.

This offer is open to eligible security holders with a registered address in Australia and / or New Zealand (“**Eligible Security Holders**”). There are no brokerage or transaction costs for Eligible Security Holders. New shares issued under the Offer will rank equally with existing XTEK ordinary shares.

In addition to being able to apply for New Securities in the manner described above, subscribing Security Holders will also have the opportunity to apply for New Securities that are not fully subscribed under the Offer (“**Shortfall Securities**”). All Shortfall Securities issued will be at the same price and on the same terms as the

New Securities. The Company reserves the right to accept or not accept such applications and will accept or reject applications (in part or whole) at its absolute discretion.

Shortfall Securities may be issued to the extent necessary to make up any shortfall in subscriptions. The Company may also present potential shortfall opportunities to exempt investors under section 708 of the *Corporations Act 2001*. If the Company receives applications for Shortfall Securities that result in the Rights Issue being oversubscribed then it reserves the right to accept or not accept such oversubscriptions and will accept or reject applications (in part or whole) at its absolute discretion.

The amount raised through the Offer remains subject to the Company's absolute discretion to accept oversubscriptions and to scale back applications. XTEK's Board and Management have confirmed their intention to participate as eligible shareholders in the Offer.

An Entitlement Offer Document detailing terms and conditions, together with an Offer Application Form will be sent to all Eligible Security Holders shortly. The Offer including eligibility, is subject to the more detailed Offer rules which prevail to the extent of any inconsistency.

The Offer will be partially sub-underwritten by two of our major security holders, Altor Capital Management Pty Ltd (Altor) and UDB Pty Ltd (UDB) a Company controlled by XTEK's Chairman. The continued support from Altor and UDB Pty Ltd is greatly appreciated and provides a lead for all other Security Holders.

All application monies received but not applied towards subscriptions will be refunded as soon as practicable. No interest will be paid on application monies held and returned. Furthermore, the Company will not issue Shortfall Securities where to do so would result in a breach of the *Corporations Act 2001* or ASX Listing Rules.

Timetable

The following are key indicative dates relating to the Placement and Entitlement Offer.

Activity	Date
Announcement of the Entitlement Offer and results of the Institutional Placement	4 October 2021
Entitlement Offer Record Date (7.00pm Sydney time)	7 October 2021
Settlement of Shares issued under the Institutional Placement	8 October 2021
Entitlement Offer opens (9.00am Sydney time)	11 October 2021
Offer Booklet and Entitlement and Acceptance Forms dispatched to Eligible Shareholders	11 October 2021
*Allotment and commencement of trading of Shares issued under the Institutional Placement	11 October 2021
* Entitlement Offer closes (5.00pm Sydney time)	25 October 2021
*Allotment of New Shares issued under the Entitlement Offer	1 November 2021
*Dispatch of holding statements in respect of New Shares issued under the Entitlement Offer	2 November 2021
*Commencement of normal trading of New Shares issued under the Entitlement Offer	2 November 2021

The dates marked with an asterisk (*) are indicative only and are subject to change. All times refer to Sydney time.

Announcement authorised by the XTEK Limited Board of Directors

Signed by



Lawrence A Gardiner
Company Secretary
4 October 2021

General enquiries:

Lawrence Gardiner, Company Secretary
XTEK Limited
T: +61 408 488 931
E: Laurie@xtek.net

Media enquiries:

Rod North, Managing Director
Bourse Communications Pty Ltd
T: +613 9510 8309 M: +61 408 670 706
E: rod@boursecommunications.com.au

About XTEK Limited

XTEK Limited provides high-quality products to deliver tailored solutions to the government, law enforcement, military, space and commercial sectors. XTEK is focused on developing and commercialising its proprietary technologies by leveraging its established distribution network. These technologies include XTclave™ produced ballistic products and advanced composite solutions, and XTatlas™ real time contextual video, which provide unique solutions for western military forces and other government agencies. In addition, the supply and maintenance of Small Unmanned Aerial Systems (SUAS) remains a focus for XTEK.

For more information visit the XTEK website at www.xtek.net