

XTEK LTD
ABN 80 103 629 107



Release to the Australian Stock Exchange

Issue of New Securities

Thursday 1st February 2007: The Directors wish to announce that, XTEK Limited (ASX: XTE), has today issued 2,500,000 new securities in the capital of the Company at the issue price of \$0.20 per security. This issue of the new securities is a result of the conversion of Convertible Notes as held by Noteholders, to fully paid ordinary shares.

The issue is in accordance with Resolutions 1 and 2, as approved by members, at the Extraordinary General Meeting held on 21st July 2006. The funds raised by the issue of the new securities are being used as working capital for the Company.

A notice given pursuant to section 708A(5) of the *Corporations Act 2001* (Cth) together with Appendix 3B are enclosed as part of this announcement.

XTEK Ltd is the leading company in the Australian Homeland Security Market. XTEK's knowledge and expertise is focused on the delivery of leading solutions for defence forces, state and federal law enforcement agencies, corrections and customs services and government clients. For more information visit the XTEK web site at www.xtek.net

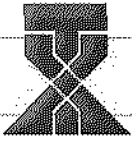
Signed for and on behalf of XTEK Limited:

Lawrence A Gardiner
Company Secretary
1st February 2007

Head Office 25 Yallourn Street (PO Box 333), Fyshwick ACT 2609 Australia
Telephone: +61 (0) 2 6280 6321, Facsimile: +61 (0) 2 6280 6518, Website: www.xtek.net

Branch Offices

Sydney Office	5/7 Cunningham Street, Moorebank NSW 1875	Tel: +61 (0) 2 9821 4296	Fax: +61 (0) 2 9821 3953
Melbourne Office	Suite 1401, 1 Queens Road Melbourne VIC 3004	Tel: +61 (0) 3 9863 7170	Fax: +61 (0) 3 9863 7165
Adelaide Office	Unit 6, 183 Philip Highway, Elizabeth Sth SA 5112	Tel: +61 (0) 8 8482 9990	Fax: +61 (0) 8 8252 1155



XTEK LTD
ABN 90 103 629 107



NOTICE UNDER SECTION 708A OF THE CORPORATIONS ACT 2001

Issuer: XTEK Limited – ABN 90 103 629 107

Details of Issue:

Class/Description:	Ordinary fully paid shares
ASX Code:	XTE
Date of Issue:	1 st February 2007
Number Issued:	2,500,000
Issue Price per Security	\$0.20

Notice

1. The Company gives the Australian Stock Exchange Limited notice relating to the issue of securities as identified above.
2. This notice is given under paragraph (5)(e) of section 708A of the *Corporations Act 2001* (Cth).
3. The securities of the Company as listed above were issued without disclosure to investors under Part 6D.2 of the *Corporations Act 2001* (Cth).
4. As at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the *Corporations Act 2001* (Cth) as they apply to the Company; and
 - (b) section 674 of the *Corporations Act 2001* (Cth)
5. There is no excluded information (as defined in section 708A(7) of the *Corporations Act 2001* (Cth) as at the date of this notice.

Signed for and on behalf of XTEK Limited:

Lawrence A. Gardiner
Company Secretary
1st February 2007

Head Office 25 Yallourn Street (PO Box 333), Fyshwick ACT 2609 Australia
Telephone: +61 (0) 2 6280 6321, Facsimile: +61 (0) 2 6280 6518, Website: www.xtek.net

Branch Offices
Sydney Office 5/7 Cunningham Street, Moorebank NSW 1875 Tel: +61 (0) 2 9821 4296 Fax: +61 (0) 2 9821 3953
Melbourne Office Suite 1401, 1 Queens Road Melbourne VIC 3004 Tel: +61 (0) 3 9863 7170 Fax: +61 (0) 3 9863 7165
Adelaide Office Unit 6, 183 Philip Highway, Elizabeth Sth SA 5112 Tel: +61 (0) 8 8482 9990 Fax: +61 (0) 8 8252 1155

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

XTEK Limited (XTE)

ABN

90 103 629 107

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Ordinary fully paid Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 2,500,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Issued in accordance with Resolutions 1 & 2 as approved at XTEK EGM held at Melbourne on 21 st July 2006. <ul style="list-style-type: none">• Redemption of Convertible Notes on issue to Contemplator Pty Ltd• Conversion at any time prior to Maturity Date of 31st March 2007• Conversion Issue Price of \$0.20 each |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>The shares rank equally with each other in all respects. The shares issued rank equally in all respects with the issued quoted ordinary shares.</p>	
<p>5 Issue price or consideration</p>	<p>\$0.20 per share</p>	
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To satisfy Note Terms applicable to the original Convertible Notes that have now been redeemed by the Company. Funds raised by the Convertible Note and Share redemption process are being used as working capital for the Company.</p>	
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>1st February 2007</p>	
<p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<p>Number</p>	<p>⁺Class</p>
	<p>70,432,000</p>	<p>Ordinary</p>

⁺ See chapter 19 for defined terms.

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	3,580,000 1,000,000 2,280,000	Unlisted Options Convertible Notes Performance Rights
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A	
12	Is the issue renounceable or non-renounceable?	N/A	
13	Ratio in which the +securities will be offered	N/A	
14	+Class of +securities to which the offer relates	N/A	
15	+Record date to determine entitlements	N/A	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A	
17	Policy for deciding entitlements in relation to fractions	N/A	
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A	
19	Closing date for receipt of acceptances or renunciations	N/A	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of *security holders	N/A
25	If the issue is contingent on *security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do *security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do *security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one) N/A
- (a) Securities described in Part 1 - N/A
- (b) All other securities - N/A
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38 Number of securities for which
 +quotation is sought

N/A

39 Class of +securities for which
 quotation is sought

N/A

40 Do the +securities rank equally in all
 respects from the date of allotment
 with an existing +class of quoted
 +securities?

If the additional securities do not
 rank equally, please state:

- the date from which they do
- the extent to which they
 participate for the next dividend,
 (in the case of a trust,
 distribution) or interest payment
- the extent to which they do not
 rank equally, other than in
 relation to the next dividend,
 distribution or interest payment

N/A

41 Reason for request for quotation
 now

Example: In the case of restricted securities, end of
 restriction period

(if issued upon conversion of
 another security, clearly identify that
 other security)

N/A

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	N/A	

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Print name: Lawrence A. Gardiner
Position: Company Secretary
Date: 1st February 2007

====

+ See chapter 19 for defined terms.