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XTEK Chairman's 2011 AGM Address

Canberra, **24 November 2011** – Opening remarks by Mr. Uwe Boettcher - Chairman

"Good afternoon, ladies and gentlemen, my name is Uwe Boettcher, Chairman of XTEK, I would like to welcome each of you here today to the Annual General Meeting and introduce the Board and Management that are present

On my right are my fellow directors:

Mr Laurie Gardiner, Executive Director & Company Secretary;
Brigadier Greg Thomas, Non - Executive Director,

and from Management;

Mr Brian Malcolm, CEO
Ms Megan Burgmann, CFO

Since taking over as Chairman, XTEK has successfully completed 2 out of 3 tasks, namely:

1. The restructuring of operations so as to make the business more efficient; and
2. The cutting of operational expenditure.

The third task is to increase revenue. Our short term aim is to make the business a self sustaining business which does not need to go to shareholders for funds to sustain the core business. Our medium term aim is to make XTEK profitable. To achieve both these aims we need to increase revenue.

We have been working to increase revenue since early this year but unfortunately revenue in the Defence and Homeland Security sector cannot be increased overnight. Unlike the retail sector where sales can quickly stimulate revenue there are medium to long lead times in the Defence and Homeland Security sectors. In addition the commercialisation of new technology also takes time.

Despite these challenges the board is confident that our CEO and new marketing manager will be able to implement the revenue growth plan that has been developed. The singular focus of the board and management is now on sales and marketing. With our new systems and staff we are confident that increased sales can be achieved.

XTEK has traditionally had significant sales in Explosive Ordnance Disposal (EOD). unfortunately sales have slipped over the past year or so but I am pleased to advise that XTEK has revitalised its EOD portfolio with an updated range of EOD capabilities, which are expected to invigorate EOD sales in future.

I am very pleased to announce that the terms of a Joint Venture agreement between XTEK and Armor Australia, for the first step in the commercialisation of the XTClave (Hydroclave) technology has been agreed. The execution of the formal JV agreement is imminent.

Mr Brian Malcolm will brief you on the opportunities that exist for XTEK with the XTclave Joint Venture for body armour and the weapons ancillaries that have been designed in house and will be manufactured using the XTclave as well as the opportunities with Unmanned Aerial Vehicles (UAV's).

We have orders in hand which allow us to make predictions for a few months but not for the financial year. What can be said is that our operational expenditure for this year will be less than for last year and our revenue will be higher this year than last year. We are budgeting for a loss in the first half which is lower than the loss for the first half of last year and for a profit in the second half which is greater than the profit in the second half of last year.

I would like to thank my fellow directors for their input and support during the last year. Not having the expertise of an experienced accountant on the board has imposed an extra burden on the existing board. The board acknowledge the desirability of an experienced financial expert on the board. The appointment has not been made to date because of the financial constraints under which the company has operated but now that the company is in better financial shape we are beginning to look for an additional director.

Finally I would like to thank Mr Brian Malcolm and his team for the sterling job they have done with the very limited resources that have been available".

Uwe Boettcher
Chairman