

Release to the Australian Securities Exchange

XTEK completes capital raising round to fund next phase of growth

Highlights:

- XTEK raises an additional \$498,000 via placement to sophisticated investor
- Total capital raised from recent SPP and placement is \$2.5m
- Funds raised will better position Company to pursue near-term growth opportunities
- XTEK expects FY17 to be significantly ahead of FY16

Canberra, Monday 17 October 2016: XTEK Limited (ASX: XTE) is pleased to announce that the Company has raised an additional \$498,000 through the issue of 1,500,000 ordinary shares at 33.2 cents per share to a sophisticated investor.

This placement, which was undertaken at the same price as the company's recent Share Purchase Plan (SPP), completes the board's capital raising objectives and brings the total capital raised over the past four months to \$2.5 million, including the proceeds from the recent SPP and associated placement.

The funds raised will contribute to working capital and will be applied to the commercialisation of the Company's XTatlas™ contextual mapping technology and XTclave™ advanced composite product production, as well as enhancing the Company's capabilities to market, sell and support a range of agency products.

"This latest placement is consistent with the Company's strategy of broadening the share registry with sophisticated long term investors who believe in our growth story, and to provide XTEK with the necessary resources to capitalise on what is shaping up to be a very significant turnaround in the financial performance of our business for the current financial year," said the Managing Director of XTEK, Philippe Odouard.

"We are seeing increased level of interest for our agency products and customised solutions as XTEK is well positioned to benefit from the government's increased defence spending, growing demand for counter-terrorism solutions and the trend to use unmanned aerial systems in the military, security and emergency services industries."

Pursuant to the application for official quotation of these new ordinary shares, XTEK confirms the following:

1. An Appendix 3B in respect of these new ordinary shares is annexed to this announcement.

2. Following the allotment and issue of the 1,500,000 new ordinary shares, the issued capital of XTEK comprises 29,472,429 fully paid ordinary shares.
3. A statement specifying the 20 largest holders of ordinary shares and the percentage of ordinary shares held by each after completion of the Placement is set out overleaf.

A notice given pursuant to section 708A(5) of the *Corporations Act 2001* (Cth) forms part of this overall announcement.

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 becoming 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

Signed for and on behalf of XTEK Limited:



Lawrence A Gardiner
Company Secretary
17 October 2016

TOP 20 HOLDERS OF ORDINARY SHARES AS AT 17 OCTOBER 2016

Shareholder	Number of Shares	Percentage of Total Shares	Ranking
UDB Pty Limited (The Boettcher Family A/C)	3,731,935	12.66%	1
Fairlane Management Pty Ltd	2,096,097	7.11%	2
Wendy Wing Lin Lo	1,500,000	5.09%	3
UDB Pty Limited (Boettcher Super Fund Account)	1,203,943	4.08%	4
BISSAP Software Pty Ltd (Super Fund A/C)	833,859	2.83%	5
Advancer Pty Limited (The Genco S/F A/C)	800,000	2.71%	6
Berend John Philip Hoff & Peta Lindsay Hoff (Berend Hoff Super Fund A/C)	800,000	2.71%	7
Nicholas Henry Weber (Majura Family A/C)	675,804	2.29%	8
DWKSJK Pty Ltd (Seaweed Investment A/C)	603,090	2.05%	9
Mr. Ivan Slavich	596,998	2.03%	10
Anwat Marketing Pty Ltd	558,807	1.90%	11
Chimaera Pty Ltd (Chimaera Super Fund) Pty Ltd	480,120	1.63%	12
Allen John Tapp & Maria Polymeneas (Super Account)	429,594	1.46%	13
Atech Group Pty Ltd (Atech Group Super Fund A/C)	360,000	1.22%	14
Thomas Bruessel	345,180	1.17%	15
Apam Holdings Pty Ltd (Hector Super Fund A/C)	322,424	1.09%	16
David & Sarah Peachey (The Peachey SBF A/C)	312,594	1.06%	17
OR Super Pty Ltd (OR Systems Super Fund A/C)	300,000	1.02%	18
Mr. Nigel James French	286,161	0.97%	19
Allen John Tapp & Robyn Kosmider (Cope Super Account)	279,824	0.95%	20
Total	16,516,430	56.04%	

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:	17 October 2016
Number Issued:	1,500,000
Issue Price per Security	\$0.332

Notice

1. The Company gives the Australian Securities 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
17 October 2016

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

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 Shares (fully paid) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1,500,000 |
| 3 | Principal terms of the +securities (e.g. 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 Fully Paid |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4	Do the +securities rank equally in all respects from the +issue date 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	Yes
5	Issue price or consideration	\$0.332 per share
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	To expand marketing, sales and contract support, for commercialisation of XTatlas TM technology, to continue development and commercialisation of XTclaveTM and to supplement working capital.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	26 November 2015
6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	1,500,000

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	704,226 issued on 24 December 2015	
6f	Number of +securities issued under an exception in rule 7.2	Nil	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Yes Issue date of 17 October 2016 VWAP (15 day) of \$0.331 per share Issue Price of \$0.332 per share ASX (XTE)	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	1,039,795	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	17 October 2016	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number 29,472,429	+Class Ordinary Fully Paid Shares

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	500,000	15 July 2018
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Pro rata issue

11	Is security holder approval required?	No
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 offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

+ See chapter 19 for defined terms.

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 offer documents 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.

Appendix 3B

New issue announcement

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

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)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

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.

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 +issue date 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	
42	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in clause 38)	Number	+Class
		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 is not available now, we 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.



Lawrence A. Gardiner
Company Secretary
17 October 2016

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⁺ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	21,077,233
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period <i>Note:</i> - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	2,766,522 1,266,024
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	700,000
“A”	24,409,779

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	3,661,467
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: - Under an exception in rule 7.2 - Under rule 7.1A - With security holder approval under rule 7.1 or rule 7.4 Note: <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>	3,562,650
“C”	3,562,650
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	3,661,467
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	3,562,650
Total [“A” x 0.15] – “C”	98,817 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	24,409,779
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	2,440,978
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items	1,500,000 issued on 17 October 2016
“E”	1,500,000

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	2,440,978
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	1,500,000
Total [“A” x 0.10] – “E”	940,978 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.