Release to the Australian Securities Exchange

XTEK Awarded Contract by the US Department of Defense

Canberra – Friday 5 July 2013: XTEK Limited (ASX:XTE) is pleased to announce that the Company has been awarded a significant international contract up to the value of $1,502,166.10 by the United States (US) Department of Defense (DoD) Foreign Comparative Testing (FCT) Program.

The contract was awarded to XTEK following its initial success in being selected to participate in the FCT Program on 3 October 2012. This FCT Contract will see XTEK undertake development and testing work for the US Army over the next two years to develop advanced lightweight hard armour plate solutions using XTEK's novel XTclave™ isostatic Composite Consolidation Technology (CCT).

US Foreign Comparative Testing Program
The FCT Program is a US DoD initiative that allows for the testing and evaluation by the US armed services of foreign non-developmental items that demonstrate the potential to satisfy user requirements of the components of the US military. The FCT process is managed under the Office of the Secretary of Defense (OSD) Comparative Testing Office (CTO).

FCT Process
The mission of the FCT Program is to test items and technologies of foreign allies and friends that have a high Technology Readiness Level in order to satisfy valid defence requirements. Within the FCT Program, foreign items are nominated by a sponsoring organization within the DoD for testing in order to determine whether the items satisfy US military requirements or address mission area shortcomings. The US Army has been appointed the sponsor agency for the XTclave™ project.

The OSD Review Committee independently assessed XTEK's proposal in accordance with established evaluation criteria and subsequently recommended the project for funding. The OSD then prepared and sent notification letters to the US Congress listing our project for funding. Following Congressional approval, the US Army was notified of project approval and funding awarded. Funds have now been forwarded to the Army Project Officer for disbursement to XTEK in accordance with the FCT Contract.

XTEK was notified of its success in being selected to participate in the US FCT Program on 3 Oct 2012 and after successfully completing all stages of the FCT Process was formally awarded the FCT Contract to undertake development and testing works using XTclave™ technology on 1 July 2013.

Objective of the FCT Contract
The objective of the approved FCT Contract is for XTEK to produce advanced armour plate designs at reduced weight with performance characteristics meeting or exceeding those of current US Army designs. This will be achieved by utilising XTclave™ CCT to optimise the armour plate solutions.

XTclave

XTclave™ Technology
XTEK's XTclave™ technology was initially developed as a batch-type manufacturing process for ballistic protection laminates, specifically Small Arms Protective Inserts (SAPI's), and employs the programmable cycling of significant isostatic pressure (>100bar) and temperature to achieve composite consolidation in thermoset and thermoplastic based systems. XTclave™ technology has demonstrated an ability to achieve superior performance characteristics for armour plates manufactured using the XTclave™ technology, such as lower area density and increased ballistic performance**.**

Benefits to XTEK
Awarding of this FCT contract to XTEK to undertake development and testing work for the US Army has validated our belief in XTclave™ technology. By being chosen to undertake this important armour developmental and testing work for the US Army, XTclave™ technology has been acknowledged as offering a possible solution to the goal of providing lighter and enhanced body armour to the US Military.

The US armour market is clearly the largest armour market in the world for both body armour plates and other armour requirements. It is estimated that the US Defense market alone has a requirement for around 1.5 million sets of body armour plates. Subject to the XTclave™ armour technology passing all FCT test and evaluation criteria, there is strong reason to believe that this technology could become the preferred choice for any future US Military body armour acquisition requirements.

The global market also provides excellent opportunities for XTEK to market its XTclave™ body armour technology to military and law enforcement agencies. XTEK anticipates accessing these markets through international alliances, joint ventures and license agreements.

Summary
The Company has successfully moved the XTclave™ technology from a design concept in 2007, to that of a proven production process in 2012. The awarding of this US FCT Contract to XTEK to undertake specific development and testing work over the next two years further demonstrates the acceptance of XTEK's leading edge armour technology. The Company is confident, that it will meet all of the objectives required of the US FCT Contract and successfully position XTclave™ as a world leading armour technology.

The XTclave™ CCT process has the potential to provide significant financial return to the Company in the medium to long term through production and licensing arrangements.

XTEK's knowledge and expertise is focused on the delivery of protection and sustaining 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
5 July 2013