

Release to the Australian Securities Exchange

Loan Facility Secured to Mass Produce Ballistic Helmets

Tuesday, 16 June 2020: XTEK Limited (ASX: XTE) (XTEK, or the Company) is pleased to advise that it has secured a A\$2.5m loan facility from the Commonwealth Bank of Australia (CBA). This loan will be used to invest into the equipment for the mass production of XTEK's XTclave™ ballistic helmets.

Key highlights

- XTEK secured A\$2.5m loan facility with the Commonwealth Bank of Australia
- Funds to be used primarily to enhance XTclave™ ballistic helmet manufacturing line within XTEK's state-of-the-art manufacturing facility in Adelaide
- Such investment places XTEK in a stronger position to deliver on large commercial orders for XTclave™ ballistic helmets
- Good progress has been made with international customers and the first commercial order for XTclave™ ballistic helmets is expected in the near term

XTEK Managing Director, Philippe Odouard, said:

"This CBA loan facility represents non-dilutive funding and is a step in optimising XTEK's capital structure. The funds will be used to design, build and install new state-of-the-art equipment into the ballistic helmet manufacturing line in the Adelaide manufacturing facility. This upgrade enhances our helmet manufacturing capabilities and ensures XTEK is well positioned to deliver on large quantities of our rifle ballistic helmets into the world's biggest markets. This helmet uniquely protects against AK47 rounds using an ultra-light Polyethylene (PE) material"

"Significant progress has been made with international customers recently, and we are working towards finalising the first helmet order in the near term. We look forward to accelerating our commercialisation strategy and further showcasing our advanced manufacturing capability."

The CBA loan facility enables important investment into XTEK's manufacturing capabilities in the near term and represents a non-diluting funding option that optimises XTEK's capital structure and shareholder returns. The CBA loan facility is A\$2.5m line of credit (BetterBusiness Loan), with a three year term and a competitive variable interest rate, with interest-only payments for the first twelve months. The CBA loan facility is secured by a registered charge over the assets of XTEK.

XTEK has successfully developed a next-generation helmet for western military and homeland security forces. To manufacture these helmets in large volumes, XTEK required an upgrade to the existing manufacturing line which includes additional commercial scale preform presses, to be used prior to the patented XTclave™ process. In addition, automated 3D-cutting and painting capabilities will be installed to increase production capacity and efficiency.

As previously disclosed, XTEK is in active negotiations to supply helmets to international customers. XTEK confirms that good progress has been made recently and the first order remains on track for mid-2020. Existing preform equipment is already fully operational and this additional equipment in the helmet production line is expected to be operational in the second quarter of FY21.

ENDS

Signed for and on behalf of XTEK Limited:



Lawrence A Gardiner
Company Secretary
16 June 2020

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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