

Release to the Australian Securities Exchange

Notice of Annual General Meeting for XTEK Limited

Monday, 25 October 2021: XTEK Limited (ASX:XTE) advises that the Annual General Meeting of the Shareholders of XTEK Limited (XTEK), will be a virtual meeting which will be conducted online from XTEK Head Office, commencing at 1.00 pm on Friday, 26 November 2021. A copy of the Notice of Meeting, Explanatory Statement and Proxy Form are attached and form part of this announcement.

Meeting Participation

To participate in the virtual meeting, please register to attend the webcast from Friday 19 November 2021 onwards, noting that a final cut off time for registration has been set as 11.00 am on Friday 26 November 2021. This can be achieved by visiting <https://xtekagm2021.chimeagm.live> where you will be able to:

- complete all necessary registration processes; and
- participate in the virtual meeting and ask any relevant questions on the day.

Live Online Voting

To record a valid vote on the resolutions, other than voting in person at the AGM, members and proxyholders will be able to vote online by:

- Visiting <https://web.lumiagm.com> on a smartphone, tablet or computer (using the latest version of Chrome, Safari, Edge and Firefox); and
- Using unique meeting ID 374-327-078

Online voting registration will commence 30 minutes prior to the start of the meeting. For full details on how to log on and vote online, please refer to the user guide www.computershare.com.au/onlinevotingguide

Announcement authorised by the XTEK Limited Board of Directors.

Signed for and on behalf of XTEK Limited:



Lawrence A Gardiner
Company Secretary
25 October 2021

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About XTEK Limited

XTEK 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

NOTICE OF ANNUAL GENERAL MEETING

Friday 26 November 2021

Notice is hereby given that the Annual General Meeting of the Shareholders of XTEK Limited ('Company' or 'XTEK') will be a virtual meeting, which will be conducted online from XTEK Head Office, on Friday 26 November 2021, commencing at 1.00 pm. The Explanatory Notes that accompany and form part of this Notice of Annual General Meeting describe the various matters to be considered.

MEETING AGENDA

ORDINARY BUSINESS

1. Chairman's Address

2. Financial Statements and Reports

To receive and consider:

- 2021 Financial Report;
- Directors' Report; and
- Auditor's Report for the Financial Year 2021.

Note: The Auditor of XTEK or their representative, will be available to receive questions relevant to the Financial Report and the Auditor's Report.

3. Resolutions

Resolution 1

Adopt Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the Remuneration Report, as set out in the Annual Report for the Financial Year ended 30 June 2021, be adopted."

Resolution 2

Re-election of Mr. Christopher Pyne as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purpose of section 201H(3) of the Corporations Act and for all other purposes, Mr. Christopher Pyne, being a retiring Director and being eligible, be re-elected as a Director of the Company."

Resolution 3

Re-election of Mr. Mark Smethurst as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purpose of section 201H(3) of the Corporations Act and for all other purposes, Mr. Mark Smethurst, being a retiring Director and being eligible, be re-elected as a Director of the Company."

Resolution 4

Ratification of Issue of New Securities

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, in compliance with ASX Listing Rule 7.4, Shareholders ratify the issue of new ordinary securities in the Company under the Placement, as per the terms set out in the Explanatory Statement"

Resolution 5 (Special)

Additional Placement Capacity

To consider and, if thought fit, pass the following resolution as a special resolution:

"That, in compliance with ASX Listing Rule 7.1A, an additional placement capacity of up to 10% of the Company's capital, to issue equity securities, is approved as per the terms and conditions as set out in the Explanatory Statement."

Resolution 6

Approval of XTEK Employee Incentive Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, in compliance with Sections 259B(2) and 260C(4) of the Corporations Act and ASX Listing Rule 7.2, Exceptions 13 and 15, and for all other purposes:

- a) the XTEK Employee Incentive Plan Rules (the Plan), a summary of which is set out in the Explanatory Notes accompanying the Notice of Meeting is approved; and*
- b) the issue of new securities made to participants under the Plan is approved.*

OTHER BUSINESS

4. Other Business

To transact any other business that may be legally brought forward at the AGM

VOTING EXCLUSIONS

Resolution 1

In accordance with the Corporations Act, a vote must not be cast (in any capacity), and the Company will disregard any such votes cast on Resolution 1 by any Key Management Personnel, the details of whose remuneration are included in the Remuneration Report.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the Chair of the meeting is appointed as proxy and the appointment of the Chair does not specify the way in which the Chair is to vote and expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

Alternatively, Shareholders can nominate as their proxy for the purpose of Resolution 1, a proxy who is not a member of the Company's Key Management Personnel or any of their Closely Related Parties. That person would be permitted to vote undirected proxies.

Resolutions 2 and 3

There are no voting exclusions for Resolutions 2 and 3

Resolution 4

The Company will disregard any votes cast in favour of Resolution 4 by a person and any associates of those persons who participated in the issue of new securities made on 9 March 2021 and 11 October 2021 respectively by the Company in accordance with ASX Listing Rules 7.1.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions given to the proxy or attorney to vote in the resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the direction given to the Chair to vote as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the resolution and the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Resolution 5

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of a person who is expected to participate in, or will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) and any associates of those persons, if Resolution 5 is passed.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions given to the proxy or attorney to vote in the resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the direction given to the Chair to vote as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the resolution and the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

As at the date of this Notice of Meeting the Company has no specific plans to issue Equity Securities pursuant to ASX Listing Rule 7.1A and therefore it is not known who (if any) may participate in an issue of new securities under ASX Listing Rule 7.1A.

Resolution 6

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of any Director of the entity and associates of any of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions given to the proxy or attorney to vote in the resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the direction given to the Chair to vote as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the resolution and the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

DETERMINATION OF VOTING ENTITLEMENTS

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that the shareholding of each member for the purposes of ascertaining voting entitlements for the Annual General Meeting, will be as it appears in the share register at 7.00pm (Canberra Time) on Wednesday, 24 November 2021.

By order of the Board of Directors

A handwritten signature in blue ink, appearing to read 'L. Gardiner', is written over a faint circular stamp.

Lawrence Gardiner
Company Secretary
18 October 2021

EXPLANATORY STATEMENT

PURPOSE OF INFORMATION

The purpose of this Explanatory Statement, which is included in and forms part of the Notice of Annual General Meeting (AGM) dated 18 October 2021, is to provide members with an explanation of the business of the meeting and of the resolutions to be proposed and considered at the AGM to be conducted online from XTEK Head Office, on Friday 26 November 2021, commencing at 1.00 pm and to assist members to determine how they wish to vote on each resolution.

FINANCIAL STATEMENTS AND REPORTS

Pursuant to the Corporations Act, the Directors of a public company are required to hold an Annual General Meeting and must table the financial statements and reports of the Company (including the Directors' Report and Auditor's Report) for the previous financial year before the members at that AGM.

Shareholders have been provided with all relevant information concerning the Company's financial statements, the Directors' Report and Auditor's Report in the Annual Report of the Company for the year ended 30 June 2021. A copy of the Annual Report has been forwarded to each Shareholder (other than those Shareholders who have previously notified the Company that they elect not to receive the Annual Report, whether in paper form or electronically). Any Shareholder who has made this election and now wishes to receive a paper or electronic copy of the Annual Report should contact the Company to arrange receipt. The Annual Report can also be viewed, printed and downloaded from the Company's website www.xtek.net. A copy of the financial statements, the Directors' Report and the Auditor's Report will be tabled at the AGM.

Shareholders should note that the sole purpose of tabling the financial statements and the reports of the Company at the AGM is to provide the Shareholders with the opportunity to be able to ask questions or discuss matters arising from the financial statements and/or the reports at the meeting. It is not the purpose of the meeting that the financial statements or the reports be accepted, rejected or modified in any way. Further, as it is not required by the Corporations Act, no resolution to adopt, receive or consider the Company's financial statements or the reports (other than the Remuneration Report) will be put to the Shareholders at the meeting.

Members will be given a reasonable opportunity at the meeting to ask questions and make comments on the financial statements and the reports. The Company's Auditor will also be available to receive questions and comments from Shareholders about the preparation and content of the financial statements and the Auditor's Report and the conduct of the audit generally.

Further, any Shareholder entitled to cast a vote at the AGM may submit written questions to the Auditor if:

The question is relevant to:

- the content of the Auditor's Report to be considered at the AGM; or
- the conduct of the audit of the 2021 financial report to be considered at the AGM.

The Shareholder gives the question to the Company no later than 5 business days before the day on which the AGM is to be held, and the Company will then pass the question on to the auditor. At the AGM, the Company will allow a reasonable opportunity for the auditor to answer written questions submitted to the auditor.

REMUNERATION REPORT (Resolution 1)

The Directors' Report for the year ended 30 June 2021 contains a Remuneration Report section of the Annual Report, which may accompany this Notice but, in any event, is available on the Company's website www.xtek.net. This report sets out the policy for remuneration of the Directors and Key Management Personnel for the Company.

Section 250R (2) of the Corporations Act requires that a resolution be put to the Shareholders of listed companies at their AGM, that the Remuneration Report be adopted. Pursuant to Section 250R (3) of the Corporations Act expressly provides that the vote is advisory only and does not bind the Directors or the Company. At the 2020 AGM, the Company's Remuneration Report for the year ended 30 June 2020 did not receive a 'no' vote of 25% or more from Shareholders.

Shareholders participating in the virtual meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1
The Chairman intends to vote all undirected proxies in favour of Resolution 1.

ELECTION OF MR. CHRISTOPHER PYNE AS A DIRECTOR (Resolution 2)

Clause 6.1 (d) and (e) of the Company's Constitution requires that any Director appointed by the Company since the last AGM, must retire from office and be subject to re-election (if sought) at the next AGM of the Company, when the Director may be re-elected. In accordance with Clause 6.1 (e) Mr. Pyne has agreed to retire at the 2021 AGM. He is eligible for election and is seeking re-appointment as a Director.

The Directors (other than Mr. Pyne) recommend that Shareholders vote in favour of Resolution 2.

The Chairman intends to vote all undirected proxies in favour of Resolution 2.

Biography of Mr. Pyne

Mr. Christopher Pyne was appointed a Director of the Company on 29 November 2020. Mr. Pyne brings a wealth of commercial, political and global defence experience to XTEK, having served as a Member for Parliament (MP) for over 25 years, from which he retired in 2019. Mr. Pyne served as the 54th Australian Defence Minister and was responsible for delivering the \$200 billion build-up of Australia's military capability, the largest in Australia's peacetime history. He assisted in developing the 2016 Defence White Paper and implementing the Integrated Investment Program. Mr. Pyne is the current Chairman of Pyne and Partners and Principal of GC Advisory, consulting to business in the domain of government and political engagement. Both are headquartered in Adelaide, South Australia but operate nationally and globally. He is an Industry Professor in the University of South Australia Business School specialising in Defence and Space. Before entering Parliament, Mr. Pyne practised as a solicitor at Corrs Chambers Westgarth and Thomson Geer

Other Directorships Chairman of Pyne and Partners Pty Ltd, Director of the International Centre for Democratic Partnerships Pty Ltd, Principal of GC Advisory Pty Ltd.

Interest in Shares/Options: Nil.

ELECTION OF MR. MARK SMETHURST AS A DIRECTOR (Resolution 3)

Clause 6.1 (d) and (e) of the Company's Constitution requires that any Director appointed by the Company since the last AGM, must retire from office and be subject to re-election (if sought) at the next AGM of the Company, when the Director may be re-elected. In accordance with Clause 6.1 (e) Mr. Smethurst has agreed to retire at the 2021 AGM. He is eligible for election and is seeking re-appointment as a Director.

The Directors (other than Mr. Smethurst) recommend that Shareholders vote in favour of Resolution 3.

The Chairman intends to vote all undirected proxies in favour of Resolution 3.

Biography of Mr. Smethurst

Mr. Mark Smethurst was appointed a Director of the Company on 29 April 2021. Mr. Smethurst's significant Defence experience spans over 35 years in Australian Army, with 27 years as a Senior Special Forces Officer. He was the Deputy Commander of the Australian Special Forces. He commanded all the NATO Special Forces in Afghanistan and was the Deputy Chief of Operations for the US Special Operations Command. Prior to leaving the Australian Defence Force in early 2017 after over 7 years as a Brigadier, he was the Head of Preparedness / Director General Joint Force Analysis, responsible for developing Futures Concepts, Experimentation, Lessons and Preparedness. He is a member of, and Advisor to the Global SOF Foundation and is the Chairman of the Commando Welfare Trust. Through his other business interests, he is well positioned to support XTEK both within the Australian and international contexts.

Other Directorships Director of Kord Defence

Interest in Shares/Options: 72,460 shares

RATIFICATION OF ISSUE OF NEW SECURITIES (Resolution 4)

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made

Pursuant to ASX Listing Rule 7.4, the Company is seeking shareholder ratification of the issue of 10,576,614 New Securities issued under the Placement under Listing Rule 7.1 in order to give it maximum flexibility to issue new securities in the forthcoming 12 months. By doing so, the Company is able to refresh its ability (under ASX Listing Rule 7.1) to issue up to the maximum limit of 15% of its issued capital in any 12 month period without shareholder approval.

If Resolution 4 is passed, the Placement will be excluded in calculating the Company's aggregated 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the issue of the Placement Shares.

If Resolution 4 is not passed, the Placement will be included in calculating the Company's aggregated 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the issue of the Placement Shares.

In order to obtain approval of Resolution 4, the Company is required to provide certain information in accordance with ASX Listing Rule 7.5, this information is set out below:

- Number of New Securities used under ASX Listing Rule 7.1:
 - 9 March 2021, an issue of 191,999 new securities to employees – Issue price of \$0.60 each
 - 11 October 2021, an issue of 10,384,615 new securities under a Placement – Issue price of \$0.26 each
- Terms of the New Securities – Each New Security ranks equally, from the date of issue, with all XTEK's other issued fully paid ordinary shares.
- Name of Recipients – XTEK Employees, Existing Security Holders, Sophisticated Investors
- Use of funds – to raise working capital; primarily for development and commercialisation of XTEK's proprietary technology.
- Allocation policy – The placement in October 2021 issued shares to existing shareholders, institutional investors and sophisticated investors. The basis of allocation was dependent on the specific circumstances and were the result of discussion and judgement, considering:
 - Total quantum needed to achieve use of funds
 - Fair allocation to existing shareholders
 - Introduction of new institutional investors to the share register
 - Fair allocation to investors who provided early commitments / demand
 - Improving liquidity
- The Company's allocation policy for any future issues made under the approval will be dependent on the prevailing market conditions at the time of any proposed issues made pursuant to Listing Rule 7.1. As at the date of this Notice, the Company has no specific plans to issue new securities pursuant to ASX Listing Rule 7.1 and therefore it is not known who (if any) may participate in a potential (if any) issue of new securities under ASX Listing Rule 7.1. All issues will be limited as per the issue formula defined in ASX Listing Rule 7.1.

Voting Exclusion Statement – A voting exclusion statement is set out in the Notice of Meeting.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.
The Chairman intends to vote all undirected proxies in favour of Resolution 4.

ADDITIONAL PLACEMENT CAPACITY (Resolution 5)

Listing Rule 7.1A enables eligible entities to seek approval of holders of its ordinary securities by special resolution to have the additional capacity to issue equity securities up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting. This is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

Pursuant to ASX Listing Rule 7.1A, the Company is seeking approval by a special resolution for an additional placement capacity of up to 10% of the Company's capital, in order to give it maximum flexibility for the issue of new securities in the forthcoming 12 months (should that need arise).

If Resolution 5 is passed, the Company will be able to issue equity securities under Listing Rule 7.1A during the 10% Placement Period in addition to the Company's 15% placement capacity under Listing Rule 7.1 without any further Shareholder approval.

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

In order to obtain approval of Resolution 5, the Company is required to provide certain information in accordance with ASX Listing Rule 7.3A. This information is set out below in the Disclosure Statement.

Disclosure Statement

- Minimum issue price – The new securities, if issued, will be issued at a price that is not less than 75% of the volume weighted average price of Company securities calculated over the 15 trading days recorded immediately prior to the date of issue. Each new security issued will rank equally, from the date of issue, with all XTEK's other issued fully paid ordinary shares.
- Risk of economic and voting dilution – If Resolution 5 is approved by Shareholders and the Company issues new securities under the 10% additional placement facility, existing shareholders may be subject to both economic and voting power dilution. There is a risk that:
 - the market price of the Company's securities may be significantly lower on the date of the issue of the new securities than at the date of the AGM;
 - the new securities may be issued at a price that is at a discount to that of the market price for the Company's securities on the issue date for the new securities; and

The Potential Dilution Table below shows the potential dilution of existing shareholders for issues made under ASX Listing Rule 7.1A only, on the basis of the market price of the Company's securities on 12 October 2021 and based on the number of ordinary securities on issue as of the date of this Notice.

Potential Dilution Table

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.13 Issue Price 50% decrease in Issue Price	\$0.26 Issue Price (12 October 2021)	\$0.52 Issue Price 100% increase in Issue Price
Current variable "A" 81,421,174 shares	10% Voting Dilution	8,142,117 shares	8,142,117 shares	8,142,117 shares
	Funds Raised	\$1,058,475	\$2,116,950	\$4,233,900
50% increase in current variable "A" 122,131,761 shares	10% Voting Dilution	12,213,176 shares	12,213,176 shares	12,213,176 shares
	Funds Raised	\$1,587,712	\$3,175,425	\$6,350,851
100% increase in current variable "A" 162,842,348 shares	10% Voting Dilution	16,284,234 shares	16,284,234 shares	16,284,234 shares
	Funds Raised	\$2,116,950	\$4,233,900	\$8,467,801

Note: The Table gives theoretical examples of the Variable "A" as per ASX Listing Rule 7.1A.2 based on the assumption that the Company issues the maximum allowable new securities available under the 10% Placement Facility. Additionally, the Table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements made under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

- Date by which securities may be issued – The Company will only allot and issue the new securities during the 10% Placement Period which will expire on 25 November 2022. Any approval for Resolution 5 as granted by Shareholders for the issues of new securities, will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (significant change in nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking).
- Purposes for which the new securities may be issued – The Company may issue the new securities under the following circumstances:
 - Cash consideration – to raise working capital; primarily for innovation and commercialisation of emerging technologies and for merger and acquisition purposes.
- Allocation policy – The Company's allocation policy for any issues made under the approval will be dependent on the prevailing market conditions at the time of any proposed issues made pursuant to the 10% Placement Facility. As at the date of this Notice, the Company has no specific plans to issue new securities pursuant to ASX Listing Rule 7.1A and therefore it is not known who (if any) may participate in a potential (if any) issue of new securities under ASX Listing Rule 7.1A. Any such issue would be to existing security holders and or sophisticated investors as determined by the Board of Directors. All issues will be limited as per the issue formula defined in ASX Listing Rule 7.1A.2 (A x D) – E.
- Previous approval – The Company obtained previous approval under ASX Listing Rule 7.1A from Shareholders at the 2020 AGM held on 27 November 2020.
- Securities issued under ASX Listing Rule 7.1A in the last 12 months – The Company has not issued any new securities under ASX Listing Rule 7.1A since the last AGM,

Voting Exclusion Statement – A voting exclusion statement is set out in the Notice of Meeting.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

The Chairman intends to vote all undirected proxies in favour of Resolution 5.

APPROVAL OF XTEK EMPLOYEE INCENTIVE PLAN (Resolution 6)

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount that represents 15% of the number of fully paid ordinary securities on issue on the commencement of that 12 month period (including shares issued on the exercise of any options or performance rights). One of the exceptions is Listing Rule 7.2, which provides that Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if, within the 3 years before the date of issue, shareholders have approved the issue of the securities as an exception to Listing Rule 7.1.

Pursuant to ASX Listing Rule 7.2 Exceptions 13 and 15, the Company is seeking approval of the XTEK Employee Incentive Plan (the Plan) for the issue of new securities (fully paid ordinary shares) to be made to participants under the Plan as an exception to ASX Listing Rule 7.1. It is intended that this Plan will enable the Company to retain and attract skilled and experienced employees and provide them with the motivation to make the Company more successful.

The Purpose of the Plan is to:

- provide an additional incentive for eligible employees to remain in their employment in the long term and maximise their contribution to the performance of the Company;
- recognise the ongoing ability of eligible employees and their expected efforts and contribution in the long term to the performance and success of the Company;
- attract and retain eligible employees essential for the continued growth and development of XTEK; and

- provide eligible employees with the opportunity to acquire shares in the Company by achieving key organisational and individual performance goals as part of meeting their annual performance objectives.

In order to obtain approval of Resolution 6, the Company is required to provide certain information in accordance with ASX Listing Rule 7.2 Exception 13 (b), this information is set out below:

- Summary of terms of the scheme is set out in Schedule 1 of this Explanatory Statement
- Number of securities issued to date– No securities have been issued to, or for the benefit of, eligible employees under the Plan to date. The Plan will commence after shareholder approval is granted for the issue of new securities under the Plan pursuant to Resolution 6.
- Maximum number of new securities to be issued – Up to a maximum of 4,000,000 (being 5% of the current share capital) fully paid ordinary shares, to be issued no later than 3 years from the date of Shareholder approval. The allocation and issue of any new securities made to participants will be determined by the Board of Directors as applicable.
- Future issue price – This will be based on the volume weighted average price (VWAP) for Company securities calculated over the 30 day VWAP trading period recorded prior to the issue date, which may be based on the Preliminary Annual Report disclosure date, in each year of issue.
- Terms of the securities – Each New Security will rank equally, from the date of issue, with all XTEK's other issued fully paid ordinary shares.
- Recipients – Eligible employees of the Plan
- Expiry date – The new securities will be issued no later than 3 years from the date of Shareholder approval.

If Resolution 6 is passed, the Company will be able to issue new shares to eligible employees under that Resolution. Where the Resolution is not passed, the Company will not be able to issue new shares to eligible employees as part of meeting their incentive plans without special shareholder approval.

A voting exclusion statement is set out in the Notice of Meeting.

The Chairman intends to vote all undirected proxies in favour of Resolution 6.



Lawrence Gardiner
Company Secretary
18 October 2021

SCHEDULE 1 EXPLANATORY STATEMENT

Summary of Employee Incentive Plan

What is the Plan?	The Plan is a plan established by XTEK to enable employees to acquire Shares, Options or Performance Rights (Securities) (up to a value determined at discretion of the Board) and, to the extent that an employee gains a benefit from the acquisition of those Securities. The Plan is designed to give eligible employees of XTEK the opportunity to become shareholders of XTEK without having to make any payment for the acquisition of Securities.
What are the benefits?	Employees may acquire Securities (up to the value determined by the Board) without having to make any payment for their acquisition. Becoming an XTEK shareholder under the Plan means employees become a part-owner of the Company (together with all other Shareholders).
How many Shares?	The number of Shares employees will receive will be determined by dividing the value (as set by the Board) by the market value per XTEK Share on the date employees acquire them. Fractions of a Share will be rounded down. The market value per Share for tax purposes will usually be the weighted average of trading prices in XTEK Shares on ASX over a defined period up to and including the acquisition date. There is no stamp duty or brokerage applicable to this issue of Shares.
Securities can grow in value	All employees contribute to XTEK's performance in their own way, whether through increasing sales, improving efficiency, controlling costs, etc. By continuously striving for improvement employees will assist in improving Group performance which can influence the value of Securities in XTEK. It is important to realise of course that the value of the Securities could fall - ultimately the share price (and dividends if and when paid by XTEK) will depend on XTEK's future performance and general share market conditions.
Shares can earn dividends	As a shareholder, employees will be eligible to receive dividends declared by XTEK. All dividends declared will be paid to the holder at the same time and in the same way as all other shareholders. Holders will need to declare any dividend in their tax return. With each dividend payment the holder will receive a dividend advice which the employee must retain for the completion of their tax return. Where dividends are franked, such dividend income is taxed favourably with the benefit of imputation credits.
Who is eligible to participate?	The Board will determine whether an employee is to be issued Securities under the Plan.
How to participate	Complete the relevant application form and return it to the Company Secretary.
Who is the Shareholder?	The Securities will be registered in the employee's name, but may be held in the Plan or in a trading lock subject to the Plan Rules. XTEK or its delegate will issue or acquire Shares for Plan participants with its own funds or funds from other Group companies.
Shareholder information	As a shareholder, employees will be entitled to receive an annual report as well as other regular shareholder updates and information.
Voting and dividend rights	Once the Securities are exercised and the Shares are fully vested, the employee will be entitled to attend and vote at general meetings as a shareholder and holders will be entitled to any bonus issues or dividends, and to participate in any rights issues should they occur. The Plan rules make provisions for taking up rights inside or outside the Plan. The Board may determine whether an employee is entitled to dividends paid on Shares which are subject to vesting conditions (including whether any such dividends are held in escrow until the Shares are fully vested).
Can employees sell the Securities?	While Securities are held in the Plan, they will be the subject of a holding lock administered by the XTEK's share registry and XTEK must refuse to register a paper based transfer. The holding lock will prevent the employee from selling or transferring their Securities until it is removed, which will only occur on instruction from XTEK.
Transfer of Securities	Unless determined by the Board in accordance with the Plan, employees must not dispose of, sell, transfer or grant a security interest in a Security that they have been granted under the Plan.
Takeover bids	In the event a takeover bid occurs while a holder of Securities is employed by XTEK, the Board may, at its discretion, bring forward the date to exercise any Securities held, or waive or vary the conditions required to be satisfied before the employee can exercise those rights.
Reorganisation of capital	If there is a reorganisation of capital (before or during a period to exercise rights attached to a Security) then rights will be changed to the extent necessary to comply with the Listing Rules as they apply at the relevant time.
What if I leave XTEK?	Generally, employees keep their Shares even if they cease employment with the Group at any time after the Shares are issued to them.
Plan rules	A copy of the entire Plan rules will be provided to employees at any time without charge and within a reasonable period following their request. Requests should be directed to the Company Secretary.

Amendment to the Plan	Subject to the ASX Listing Rules and to specified restrictions in the Plan rules, XTEK may at any time by written instrument or by resolution of the Board, amend the Plan rules.
Dilution Limit	The number of Securities which can be issued by XTEK under all employee security schemes in any 3 year period cannot exceed 5% of issued Shares in XTEK.
Administration	Administration of the Plan is in the hands of the Plan Committee of XTEK and the Board. Plan rules are subject to the Corporations Act and the ASX Listing Rules.
Securities legislation	Offers may be made in reliance on ASIC Class Order 14/1000. A copy of the relevant Offer Booklet will be lodged with ASIC where reliance is made. ASIC does not take any responsibility for the content of the Offer Booklet.
Employee Share Trading Policy	Any employee in possession of inside information must not deal in Securities at any time. Inside information is information which is not generally available and could affect the price or value of Securities. To do so may result in that employee committing a criminal offence under the <i>Corporations Act</i> . Insider trading is a serious offence and if an employee thinks they may be in possession of inside information, it would be prudent not to deal in their Securities until that information is made generally available to the public. In addition, all employees of XTEK are subject to the Company's Share Trading Policy.

VOTING INFORMATION FOR SHAREHOLDERS

Voting and Proxy Votes

1. A member entitled to attend and vote at the meeting has a right to appoint a proxy.
2. The proxy need not be a member of the Company.
3. A member who is entitled to cast two or more votes may appoint up to two proxies and, in the case of such an appointment, may specify the proportion or number of votes each proxy is appointed to exercise.
4. If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes which each proxy may exercise, each proxy may exercise half of the votes.
5. The proxy form included in this Notice of Annual General Meeting (AGM) must be signed by the member or the member's attorney. Proxies given by corporations must be signed under the hand of a duly authorised officer or attorney.
6. To be valid, the form appointing the proxy and the power of attorney or other authority (if any) under which it is signed (or a certified copy of it) must be lodged with the Share Registry – Computershare Investor Services Pty Limited at GPO Box 242, Melbourne VIC 3001, using the reply paid envelope supplied, by facsimile to +1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia) or by voting online at www.investorvote.com.au as soon as possible and in any event not later than 48 hours prior to the time appointed for the AGM.
7. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Company's Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.
8. If a Shareholder appoints the Chairperson of the meeting as the Shareholder's proxy and does not specify how the Chairperson is to vote on an item of business, the Chairperson will vote, as proxy for that Shareholder, in favour of the item on a poll.
9. Members should refer to the Explanatory Statement, which accompanies and forms part of this Notice of AGM, for information regarding voting restrictions.
10. Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the Chairperson of the AGM) a natural person to act as its representative at any general meeting.
11. The Chairman intends voting undirected proxies in favour of all resolutions.

To use online voting, you will need your Security Holder Reference Number (SRN) or Holder Identification Number (HIN) and your allocated Control Number shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website. To use your smartphone voting service, scan the QR code which appears on the top of your proxy form and follow the instructions provided. To scan the code you need to have already downloaded a free QR code reader app to your smartphone. When scanned, the QR code will take you directly to the mobile voting site. A proxy cannot be appointed electronically if they are appointed under a Power of Attorney or similar authority. The online proxy facility may not be suitable for shareholders who wish to appoint two proxies with different voting directions. Please read the instructions for online proxy submissions carefully before you lodge your proxy.

Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations Shareholders entered on the Company's Register of Members as at 7:00 pm on 24 November 2021 are entitled to attend and vote at the meeting. On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

Meeting Participation

To participate in the virtual meeting, please register to attend the webcast from Friday 19 November 2021 onwards, noting that a final cut off time for registration has been set as 11.00 am on Friday 26 November 2021. This can be achieved by visiting <https://xtekagm2021.chimeagm.live> where you will be able to:

- complete all necessary registration processes; and
- participate in the virtual meeting and ask any relevant questions.

Live Online Voting

To record a valid vote on the resolutions, other than voting in person at the AGM, members and proxyholders will be able to vote online by:

- Visiting <https://web.lumiagm.com> on a smartphone, tablet or computer (using the latest version of Chrome, Safari, Edge and Firefox);
- Using unique meeting ID 374-327-078

Online voting registration will commence 30 minutes prior to the start of the meeting. For full details on how to log on and vote online, please refer to the user guide www.computershare.com.au/onlinevotingguide

Queries

For further information in respect to the AGM, please contact the Company Secretary, Mr. Lawrence Gardiner, on (+61- 418 488 931) in the first instance.

Need assistance?

 **Phone:**
1300 855 080 (within Australia)
+61 3 9415 4000 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **1:00pm (AEDT) on Wednesday, 24 November 2021.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 186152

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of XTEK Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of XTEK Limited to be held as a virtual meeting on Friday, 26 November 2021 at 1:00pm (AEDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 6 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 6 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr. Christopher Pyne as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr. Mark Smethurst as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification of Issue of New Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of XTEK Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically