

Release to the Australian Securities Exchange

XTEK receives international ballistics orders worth ~US\$2.1m and secures export license

Tuesday, 15 December 2020: XTEK Limited (ASX:XTE) (“XTEK” or the “Company”) is pleased to announce that its US subsidiary, **HighCom Armor Solutions, Inc** (“HighCom”), has secured approval for permanent export licenses for ballistic products to Mexico City, with current export orders worth a total of US\$2.1m. This follows the approval of a Warehousing Distribution Agreement (WDA) with strategic partner Performance Materials S.A. de C.V by the US State Department office of Directorate of Defense Trade Controls.

Key Highlights

- **Award of permanent export license for hard armour plate and helmet products to a number of Mexican government customers, with the current orders worth ~US\$2.1m**
- **Follows approval from the US State Department for a Warehousing Distribution Agreement, projected to value armour products distribution over the next 10 years up to US\$50m**
- **Combined with the appointment of a new distributor in Mexico City, the agreements will expedite XTEK’s Mexico strategy with the ability to significantly increase ballistic body armour exports**

Mr. Phillipe Odouard, XTEK MD, commented:

“Previously, exports to Mexico were limited by the need to continuously request export licences for quantities of any size, with each request typically taking several weeks to be awarded – so this new license streamlines the process significantly and makes it a much more attractive opportunity to export to these Mexican customers. The orders represent the start of a new expansion into Mexico that we are confident will build significantly.”

The Company has completed the successful filing and approval from the U.S. State Department office of Directorate of Defense Trade Controls for a WDA with strategic partner Performance Materials S.A. de C.V. The agreement is projected to value personal protective armour products distribution over the next 10 years of up to US\$50 million, with an option to increase.

With the approval of the WDA, further approvals for exports up to a total of ~US\$2.1m have now been secured. The Company filed an initial permanent export license (DSP5) for the first tranche of product export valued at ~US\$0.9m. Nearly 60% of the fulfillment on this obligation through December has now been completed. A second permanent export license, covering other products, has now been approved to facilitate an additional export valued at ~US\$1.2 million. Deliveries on the second export are expected to begin in Q1 2021.

The WDA will allow an expedited approach to the Company’s Mexico strategy for distribution of Level IV and other USML personal protective equipment. The primary end use will be for Federal, State, and Local Municipal personal protection deployment. This will accelerate the Company’s approval of exports and delivery of product that will support continued growth. The appointment of this new distributor in Mexico City is expected to further support and accelerate future export orders.

Mr. Mike Bundy, HighCom CEO, commented:

“HighCom is excited about this opportunity not only from the more than two decades of working in Mexico but also from the standpoint of our continued commitment to international trade compliance and the effective deployment of resource capability through such programs. Today is important for what tomorrow brings, and our business development and trade compliance team members have executed on a thorough and exhaustive process to ensure our company and group globally is adhering to the strict U.S. Government trade compliance regulations while streamlining supply and delivery of critical life-saving equipment to our allies south of the border.”

ENDS

Announcement authorised by the XTEK Limited Board of Directors.

Signed for and on behalf of XTEK Limited:



Lawrence A Gardiner

Company Secretary

15 December 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

HighCom Armor Solutions, Inc. (HighCom), is a U.S. based design and manufacturing company and subsidiary of XTEK Limited.