

K-TIG Enters Into Binding Agreement To Acquire U.S. Based Metal Powder Works

Highlights:

- MPW has invented and patented the DirectPowder™ Process, which converts premium bar stock into high-quality powder
- Yields 95% compared to 20-30% from traditional powder production methods results in positive economic outcomes, along with less CO2 emissions
- MPW technology is the first innovation in powder production in over 90 years, resulting in the issuance of 4 US patents
- 16 commercial materials are currently available, including high strength aluminium, Al-Sc, CuNi 7030, nickel aluminium bronzes, coppers, zirconium, and titanium, with several more in development
- Materials are available for additive manufacturing, as well as open to additional market segments such as energetics and hydrogen because of low cost and flexible options
- MPW has developed Zirconium powder in conjunction with the US nuclear and defence industry.
- MPW developed Titanium powder in conjunction with a strategic partner. MPW is working with its partner to increase its CP-Ti production to 2,000kg in 2025.
- MPW has been nominated for Material Company of the Year by 3D Printing Industry
- MPW tripled production output (in kg) from 2023 to 2024 predominantly focusing on its technological advantage in copper, nickel, aluminium, bronze alloy powder production for the US Naval Defence Industry

1. TRANSACTION

1.1 Overview

K-TIG Limited (**K-TIG** or the **Company**) is pleased to announce that it has entered into a binding agreement to acquire 100% of Metal Powder Works Inc. (**Metal Powder Works** or **MPW**) (the **Acquisition**).

The Acquisition will amount to a significant change to the nature and scale of the Company's activities and as such, the Company will be required to obtain shareholder approval under ASX Listing Rule 11.1.2 at a general meeting and re-comply with Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3 (**Re-compliance**).

Noting the unique attributes and economic advantages of the DirectPowder™ process, K-TIG intends to raise a minimum of \$7 million (**Minimum Subscription**) and up to a maximum of \$10 million (before costs) (**Maximum Subscription**) at an issue price of \$0.20 per fully paid ordinary share (**Share**) pursuant to a public offer under a full form prospectus (**Public Offer**). The Public Offer will not be underwritten.

Completion of the Acquisition and Re-compliance (together, the **Transaction**) is subject to receipt of various shareholder approvals that are required to give effect to the Transaction, including but not limited to approval for the Company to consolidate its existing securities on a 13 to 1 basis (**Consolidation**) and to change its name to “**Metal Powder Works Limited**” in connection with the Acquisition. The Company will despatch a notice of meeting shortly to convene an extraordinary general meeting (**Notice of Meeting**) to be held in January 2025 (**General Meeting**).

Metal Powder Works will become a wholly owned subsidiary of the Company on completion of the Transaction (**Completion**) and the Company's primary focus will shift to the production of specialist additive manufacturing powders. Concurrently, K-TIG's existing technology and operations will continue, complementing Metal Powder Works' activities and serving overlapping end customers.

1.2 About Metal Powder Works

Metal Powder Works, based in Pittsburgh, Pennsylvania, USA, specialises in the production of high-quality metal powders for additive manufacturing and other advanced applications.

MPW has developed the patented DirectPowder™ process, which converts premium bar stock into high-quality powder for a range of materials and for diverse applications in additive manufacturing and adjacent metal powders markets. The DirectPowder™ process produces highly consistent particles from machine to machine and/or batch to batch. In this process, a round bar of feedstock is rotated at a prescribed speed, and particles of metals can be made to a size and/or shape requirement.

The MPW technology produces powder through a computer-controlled, mechanical process, resulting in very consistent particles from machine to machine or batch to batch. In this process, a round bar of feedstock is rotated at a prescribed speed, and particles of metals (or polymers) can be made to a size and/or shape requirement. In this manner, particles can be designed for the subsequent downstream processing condition whether that be based on sintering, deformation, melting, or used in energetics, chemical synthesis or conductive pastes. The numerical control of the process coupled with the tooling design ensures the consistency of particle size and morphology.

The DirectPowder™ Process stands out by enabling precise control over powder size and shape through numerical control, which is crucial for economic efficiency and consistent processing results. This technology achieves a 95% yield from infeed material, a substantial improvement over traditional atomization methods, which typically yield only 20-30% depending on the metal. With this manner of production, particles can be designed for the subsequent downstream processing condition, whether based on sintering, deformation, melting, or used in energetics, chemical synthesis, or conductive pastes.

Moreover, the DirectPowder™ Process is highly energy-efficient and environmentally friendly, reducing energy consumption and CO2 emissions by up to 83% compared to gas atomisation and up to 89% compared to water atomisation. This makes it a superior

alternative for most powder metallurgy and additive manufacturing processes, aligning with the industry's move towards more sustainable practices.



Key Efficiencies

- Generates a yield of between 95%-100%
- Low-energy process with up to 90% reduction in CO₂ emissions compared to atomization
- In-line sieving allows for safe no-touch powder handling
- Reduces inventory costs and hazards by eliminating storage of large amounts of powder
- As this process does not require melting, a wide range of metals can be converted to powder
- Powder by the Hour™ can be used onsite for direct feed of powder
- Expeditionary configuration possible

MPW has 16 commercial materials currently available, including high strength aluminium, Al-Sc, CuNi 7030, nickel aluminium bronzes, coppers, zirconium, and titanium, with several more in development.

MPW generated US\$111,892 (A\$167,003) of revenue in 2022 and US\$875,939 (A\$1,307,371) of revenue in 2023. MPW generated US\$397,766 (A\$593,681) of revenue in the six months to 30 June 2024

1.3 Key Acquisition Terms

K-TIG has executed a binding agreement with the shareholders of MPW (**MPW Vendors**) to acquire 100% of the issued capital of Metal Powder Works (**Share Purchase Agreement**).

The key terms and conditions of the Acquisition are as follows:

(a) Consideration

The consideration to be provided by the Company under the terms of the Share Purchase Agreement comprises the issue of the following securities (on a post-Consolidation basis):

- 55,000,000 Shares (**Consideration Shares**); and
- 50,000,000 Performance Rights (**Consideration Performance Rights**), in two equal tranches subject to the following vesting conditions:

Tranche	Vesting Condition	MPW Revenue	% of vesting Performance Rights
Tranche 1	Achieving the specified MPW Revenue for the 2026 calendar year.	Less than USD\$4,000,000	0%
		USD\$4,000,000-6,000,000	(MPW Revenue in 2026 calendar year /

			USD\$6,000,000) x 100
		Greater than USD\$6,000,000	100%
Tranche 2	Achieving the specified MPW Revenue for the 2027 calendar year.	Less than USD\$10,000,000	0%
		USD\$10,000,000- 12,000,000	(MPW Revenue in 2027 calendar year / USD\$12,000,000) x 100
		Greater than USD\$12,000,000	100%

The Consideration Shares and Consideration Performance Rights (together, the **Consideration Securities**) will be issued to the MPW Vendors in proportion to their respective interests in MPW on Completion.

(b) **Conditions precedent**

The Share Purchase Agreement is subject to certain conditions precedent, including:

- (i) ASX providing a conditional reinstatement letter to the Company on terms satisfactory to the Company (acting reasonably);
- (ii) the minority holders of MPW entering into a minority shareholder agreement (**Minority MPW SPA**) and the Company being entitled to complete under the Minority MPW SPA;
- (iii) the Company's shareholders approving the Transaction and associated resolutions at the General Meeting; and
- (iv) the Company raising the Minimum Subscription of \$7,000,000 under the Public Offer,

(together, the **Conditions Precedent**).

(c) **Convertible Notes**

MPW has convertible notes on issue with an aggregate face value of \$1,050,000 (**MPW Notes**) and has agreed to issue 6,562,500 Shares (on a post-Consolidation basis) (**MPW Conversion Shares**) to the holders of the MPW Notes (**MPW Noteholders**) on Completion.

The key terms of the MPW Notes are summarised below:

- (i) (**Conversion**): on the earlier of:
 - (A) MPW completing its next capital raising of at least US\$2,000,000 (**MPW Future Capital Raising**), the MPW Notes (including accrued interest) automatically convert at a conversion price equal to a 20% discount to the issue price of shares under the MPW Future Capital Raising; or

- (B) a change of control in the ownership of MPW (**MPW Change of Control**), the face value of MPW Notes automatically convert at a conversion price equal to a 20% discount to the agreed value per share of common equity of the acquiring entity provided as consideration under the change of control transaction.
- (ii) (**Interest**): interest accrues at a rate equal to the lesser of 4%, and the short term applicable federal rate (United States) as at the date of the MPW Notes.
In the case of an MPW Change of Control, accrued interest is payable to the MPW Noteholders in cash on conversion.
- (iii) (**Maturity Date**): 24 months from the date of the MPW Notes.
- (d) **Board Nominees**
The MPW Vendors (defined below) will have the right to nominate up to 3 Directors to the Board of the Company from Completion (**Board Nominees**), subject to there always being two Australian resident Directors on the Board.
The MPW Vendors have nominated John Barnes, Leo Christodoulou and Bruno Campisi as the Board Nominees (together, the **Proposed Directors**).
- (e) **Termination**
A party may elect to terminate the Share Purchase Agreement in the event that:
 - (i) the Conditions Precedent are not satisfied or waived within 120 days after the date of the Share Purchase Agreement;
 - (ii) an insolvency event occurs in respect of a counterparty or MPW; and
 - (iii) a counterparty defaults in the performance of any of its obligations under the Share Purchase Agreement and the default continues for 15 business days after receipt of notice in writing.

2. EFFECT OF THE TRANSACTION

2.1 Re-Compliance with Chapters 1 and 2 of the ASX Listing Rules

Listing Rules 11.1.2 and 11.1.3 apply to the Transaction. The Transaction requires shareholder approval under the Listing Rules and therefore may not proceed if that approval is not forthcoming.

The Transaction will also require the Company to re-comply with ASX's requirements for admission and quotation and therefore the Transaction may not proceed if those requirements are not met. ASX has an absolute discretion in deciding whether or not to re-admit the entity to the official list and quote its securities. The Transaction may not proceed if ASX exercises that discretion.

Investors should take account of these uncertainties in deciding whether or not to buy the Company's securities, which are currently suspended from trading.

2.2 Capital Structure

As part of the Transaction, the Company intends to consolidate the current Shares on issue on a 13 to 1 basis, subject to shareholder approval.

The existing capital structure of K-TIG is set out below:

Securities	Shares	Performance Rights
Pre-consolidation	73,328,415	2,400,000 ⁽¹⁾
Post-consolidation	5,640,647	184,615

Notes:

1. Comprising:
 - (a) 800,000 unquoted class A performance rights expiring on 22 December 2025;
 - (b) 800,000 unquoted class B performance rights expiring on 22 December 2025; and
 - (c) 800,000 unquoted class C performance rights expiring on 22 December 2025.

The proposed capital structure of the Company on completing the Transaction is set out below (on a post-Consolidation basis):

Shares	Minimum Subscription		Maximum Subscription	
	Number	%	Number	%
Existing Securities	5,640,647	4.54	5,640,647	4.05
Public Offer Shares	35,000,000	28.15	50,000,000	35.88
Consideration Shares	55,000,000	44.23	55,000,000	39.47
Advisor Shares ⁽¹⁾	3,241,211	2.61	3,241,211	2.33
March 2023 Conversion Shares ⁽²⁾	7,692,308	6.19	7,692,308	5.52
June 2024 Conversion Shares ⁽²⁾	7,692,308	6.19	7,692,308	5.52
October 2024 Conversion Shares ⁽²⁾	3,125,000	2.51	3,125,000	2.24
MPW Conversion Shares ⁽³⁾	6,562,500	5.28	6,562,500	4.71
Director Shares ⁽⁴⁾	384,615	0.31	384,615	0.28
Total (post-Consolidation)	124,338,589	100.00	139,338,589	100.00

Notes:

1. Comprising the White Hutt Shares, Ventnor Shares and Powerhouse Ventures Shares (as those terms are defined in Sections 6.3(b) and 6.3(c) and 6.3(d) respectively);
2. The Company has existing convertible notes on issue with an aggregate face value of \$3,500,000 which will convert into Shares on Completion. Directors Stuart Carmichael, Darryl Abotomey and Anthony McIntosh and former director, Mr Adrian Smith hold an aggregate \$100,000 of convertible notes that will convert into a total of 769,232 Shares (**Director Conversion Shares**) and 769,232 attaching Options (**Director Conversion Options**) (together, **Director Conversion Securities**). Further details will be contained in the Notice of Meeting.
3. See Section 1.3(c) of this announcement for details of the MPW Notes.
4. The Company intends to seek shareholder approval to issue 192,308 Shares to each of Darryl Abotomey and Anthony McIntosh in lieu of accrued Director fees (**Director Shares**).

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Options	Number	%
Existing Options	0	-
Conversion Options ⁽¹⁾	15,384,616	100.00
Total (post-Consolidation)	15,384,616	100.00

Notes:

- Comprising:
 - 7,692,308 March 2023 Conversion Options; and
 - 7,692,308 June 2024 Conversion Options.

Performance Rights	Number	%
Existing Performance Rights	184,615	0.37
Consideration Performance Rights	50,000,000	99.63
Total (post-Consolidation)	50,184,615	100.00

2.3 Indicative Use of Funds

The Company expects to have the following funds available to it on completion of the Transaction:

Source of funds	Minimum Subscription		Maximum Subscription	
	\$	%	\$	%
Existing cash ⁽¹⁾	436,886	5.87	436,886	4.19
Funds raised from the Public Offer	7,000,000	94.13	10,000,000	95.81
Total funds	7,436,886	100.00	10,436,886	100.00

Notes:

- Based on the Company's cash balance as at 27 November 2024.

The Company intends to use the funds raised under the Public Offer based on Minimum and Maximum Subscription, together with the Company's estimated existing cash reserves post-Transaction as follows:

Minimum Subscription	\$			%
	Year 1	Year 2	Total	
Scale NextGen System ⁽¹⁾	750,000	500,000	1,250,000	16.81
Sales and marketing ⁽²⁾	750,000	750,000	1,500,000	20.17
Powder development production (Titanium, other alloys) ⁽³⁾	1,250,000	1,250,000	2,500,000	33.62

Market expansion assessment	250,000	-	250,000	3.36
Transaction and recompliance costs	660,000	-	660,000	8.87
Working Capital ⁽⁴⁾	653,443	623,443	1,276,886	17.17
Total	4,313,443	3,123,443	7,436,886	100.00

Notes:

1. Comprises the further refinement to the DirectPowder production process to further improve yield levels and metal compatibility
2. Comprises sales and marketing costs associated with both the MPW business and the Company's existing business.
3. Metal Powder Works currently has 16 alloys in production. A key strategy is to expand the number of metal powders available for production to satisfy customer requirements.
4. Comprises of general administration expenses, including director fees, legal, ASX fees, accounting and book keeping costs, and general working capital associated with both the MPW business and the Company's existing business.

Maximum Subscription	\$			%
	Year 1	Year 2	Total	
Scale NextGen System ⁽¹⁾	750,000	500,000	1,250,000	11.98
Sales and marketing	750,000	750,000	1,500,000	14.37
Powder development production (Titanium, other alloys) ⁽³⁾	2,250,000	2,250,000	4,500,000	43.12
Market expansion assessment	250,000	-	250,000	2.40
Transaction and recompliance costs	840,000	-	840,000	8.05
Working Capital ⁽⁴⁾	1,063,443	1,033,443	2,096,886	20.09
Total	5,903,443	4,533,443	10,436,886	100.00

Notes:

1. Comprises the further refinement to the DirectPowder production process to further improve yield levels and metal compatibility
2. Comprises sales and marketing costs associated with both the MPW business and the Company's existing business.
3. Metal Powder Works currently has 16 alloys in production. A key strategy is to expand the number of metal powders available for production to satisfy customer requirements.
4. Comprises of general administration expenses, including director fees, legal, ASX fees, accounting and book keeping costs, and general working capital associated with both the MPW business and the Company's existing business.

2.4 Board of Directors

The following proposed changes to the Board will be made in connection with the Transaction:

- (a) Anthony McIntosh will resign as Non-Executive Director;
- (b) John Barnes will be appointed as the Managing Director on Completion;
- (c) Leo Christodoulou will be appointed as a Non-Executive Director on Completion; and
- (d) Bruno Campisi will be appointed as a Non-Executive Director on Completion.

On Completion, the Board will consist of:

- (a) Stuart Carmichael – Non-Executive Chair;
- (b) John Barnes – Managing Director;
- (c) Darryl Abotomey – Non-Executive Director;
- (d) Leo Christodoulou – Non-Executive Director; and
- (e) Bruno Campisi – Non-Executive Director.

Further information regarding the background and experience of the Proposed Directors is set out below.

(a) John Barnes

Mr Barnes has a 30+ year career in product development and aerospace with Honeywell, Lockheed Martin Skunk Works™, Australia's CSIRO, and Arconic. He's been involved in metal AM throughout his career since the late 1990s when he was part of the Sandia National Labs LENS™ CRADA. Since then, he has been in and around AM, working on technical and business cases for implementation and development efforts in materials, powders, processing, and printing to mature the technology for applications. Mr Barnes is recognized internationally for contributions to additive manufacturing, product development, and leadership in engineering.

Mr Barnes is a Materials Engineer by background but has developed expertise in manufacturing, airframe structures, gas turbines, and low observables. He has over 14 patents or patents in application. In 2014, he was Purdue University's Materials Engineer of the Year. His team won the Silver Medal in the U.S. Air Force AM Olympics in 2020. In 2017, he was invited to join the Additive Manufacturing Technical Community as an SME Advisor based on his active industry contributions, reputation, and personal commitment to expand the use of additive manufacturing. In 2022, he was named vice-chair of SME's AM Technical Leadership Committee.

Mr Barnes was previously a non-executive director of Titomic Limited (ASX:TTT).

(b) Leo Christodoulou

Mr Christodoulou is the Chief Technologist, a direct report to the CTO of The Boeing Company. In this role, Dr Christodoulou leads the implementation and assessment of advanced manufacturing, based around seven verticals that ensure Boeing's competitive advantage in the second century. As part of his formal role, Dr

Christodoulou also leads Boeing's companywide strategy and technology maturation for additive manufacturing.

Mr Christodoulou joined Boeing in October 2012 from the U.S. Department of Energy, where he was head of the Advanced Manufacturing Office and co-chairman of the Inter-Agency Working Group on the White House's Advanced Manufacturing Partnership Initiative, a program launched by President Obama in June 2011.

Before that assignment, Mr Christodoulou was Director of the Defense Sciences Office at the Defense Advanced Research Agency (DAPRA), where applied his research expertise to developing revolutionary capabilities for the U.S. military. As Defense Sciences Office (DSO) Director at DAPRA, he led interdisciplinary research and development across the fields of math, physics and quantum science, materials, portable energy and power, tactical medicine, biological warfare defense and neuroscience. As DAPRA Program Manager, he also pioneered the accelerated development of multifunctional materials to realize a new class of unmanned, micro aircraft used by U.S. forces today.

(c) **Bruno Campisi**

Mr Campisi has over 40 years' experience in business services and manufacturing and has a broad range of skills in strategic planning, implementation and business development. Mr Campisi has held senior positions in private enterprises, including Finance Director and later Managing Director roles.

Mr Campisi does not currently hold any other material directorships, other than as disclosed in this announcement.

3. TIMETABLE

An indicative timetable for the Transaction is set out below. The Company notes that the timetable may be subject to change. A more detailed timetable will be provided as part of the Notice of Meeting.

Description	Indicative timing
Despatch of Notice of General Meeting	Monday, 23 December 2024
Lodgement of Prospectus with ASIC	Tuesday, 14 January 2025
Opening of the Public Offer	Wednesday, 22 January 2025
General Meeting held to approve the Transaction	Friday, 31 January 2025
Effective Date of Consolidation	Monday, 3 February 2025
Closing of Public Offer	Wednesday, 12 February 2025
Settlement date of the Public Offer Completion of the Transaction Despatch of holding statements for securities issued under the Public Offer	Thursday, 20 February 2025

Expected date for Reinstatement of securities to trading on ASX	Friday, 28 February 2025
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4. BUSINESS MODEL AND KEY RISKS

The versatility of Metal Power Works technology enables equipment to be installed in dynamic environments (configuration, form factor, footprint) with suitable commercial arrangements. Metal Powder Works currently derives (or in the case of (c), plans to derive) revenue through the following revenue models:

- (a) **Direct powder sales (in-house production):** MPW produces powder for sale at the Neighbourhood 91 campus location in Pittsburgh, PA, which accounted for approximately 73% of MPW's 2023 income from sales;
- (b) **Machine sales:** MPW has sold one machine to date, which accounted for approximately 27% of MPW's 2023 income from sales, and is in negotiations for a second. These sales are to non-competitive users with a strategic relationship to MPW; and
- (c) **Pay per use machines located at customer sites, with minimum production requirements:** The Powder by the Hour™ concept would work much like a flexible lease, where a customer would pay for 2,000 hours of use (minimum) and then if surge production is needed, pay for additional time.

A non-exhaustive list of key risks faced by the MPW business are set out below.

(a) **Future Capital Needs**

The MPW business is in a growth phase and has recorded negative cash flows from operating activities of USD\$922,385 in the year ended 31 December 2023 and USD\$154,579 in the six months ended 30 June 2024. The Company's existing business also produces negative cash flow.

Although the Directors consider that the Company will, on Completion of the Public Offer, have sufficient working capital to carry out its stated objectives, there can be no assurance that such objectives can continue to be met in the future without securing further funding.

The future capital requirements of the Company will depend on many factors, including the continuation of its current business and sales, and the Company may need to raise additional funds from time to time to finance its ongoing operations. Should the Company require additional funding, there can be no assurance that additional financing will be available on acceptable terms or at all.

An inability to obtain additional funding would have a materially adverse effect on the Company's business, and may give rise to significant uncertainty on the Company's ability to continue as a going concern..

(b) **Reliance on key customers**

A significant proportion of MPW's revenue is currently derived from its largest customers, being Toho Titanium and Solvus Global. Sales from Toho Titanium and Solvus Global represented approximately 64% of MPW's revenue in 2023. As products

provided to Toho Titanium and Solvus Global comprise a material component of MPW's revenue, there would be material detriment to the affairs of MPW if Toho Titanium or Solvus Global do not continue to order MPW products.

(c) **Failure to attract new customers**

The success of the MPW's business relies on its ability to attract new business from existing customers and attract new customers including in new jurisdictions. The capacity to attract new customers and attract new business from existing customers and new customers will be dependent on many factors including the capability, cost-effectiveness, customer support and value compared to competing products.

(d) **Product quality risks**

Risks are involved in the ability to translate technical objectives into a solution that provides the expected quality of product in a cost-effective manner to support the price needed to make an impact in the marketplace. The products and technology supplied by MPW may not be functional, may be faulty, or not meet customers' expectations. This may lead to requirements for MPW to improve or refine its products, which may diminish operating margins or lead to losses.

The products and technology supplied by MPW, while extensively tested prior to collection, can be damaged in transit. While this risk is insurable, it may diminish operating margins.

(e) **Manufacturing risks**

MPW's products may be subject to product quality risks. Risks are involved in the ability to translate the technology into a solution that provides the expected quality of product in a cost-effective manner to support the price needed to make an impact in the marketplace.

(f) **Competition**

Whilst MPW currently has expertise to deliver a high-quality product, it is anticipated that the level of competition could increase rapidly. There is no assurance that competitors will not succeed in developing products more effective or economic than the products developed by MPW which would render the MPW's products uncompetitive. MPW faces a range of risks including that existing competitors could increase their market share through aggressive sales and marketing campaigns, product, research and development or price discounting; and existing and potential competitors, who may have significantly more resources, develop new or superior products or improve existing products to compete with MPW.

(g) **Supplier risk**

MPW will source certain key components for its systems from third party suppliers. The delivery of such components may be delayed, or a specific supplier may not be able to deliver at all, which may lead to a longer sales cycle or may force MPW to shift to another supplier.

(h) **Key personnel risk**

MPW will depend on certain key personnel and the departure of any of them may lead to disruptions of customer relationships or delays in the manufacturing and product development efforts.

(i) **Intellectual Property Risk**

MPW undertakes measures to protect its know how, commercially sensitive information and intellectual property, however, no assurance can be given that employees or third parties will not breach confidentiality agreements or infringe or misappropriate MPW's know how or commercially sensitive information.

MPW's ability to expand into new markets and jurisdictions will depend on securing and maintaining adequate intellectual property rights and permits in those areas. While MPW will seek to protect its technologies by maintaining existing patents and obtaining additional patents (if required) as the business expands, there is no guarantee that it will be able to secure such patents in a timely manner, if at all.

Without patent protection, MPW's intellectual property may be vulnerable to imitation or unauthorised use by competitors, which could undermine MPW's competitive advantage and result in potential loss of market share.

(j) **Development risks**

MPW is currently investing into new research and development initiatives and new technologies that are still at an early stage of development and validation. While MPW is not presently aware of any potential problems, the commerciality of these new products is still uncertain.

(k) **Operating in multiple jurisdictions**

Post Completion, the Company and its subsidiaries (including MPW) will have operations in the United States, the United Kingdom and Australia. Each jurisdiction has distinct customer bases, operating practices and laws and regulations. Operating in multiple jurisdictions adds complexity to operations of the Company. However, the Company's management team are familiar with operating in both United States, United Kingdom and Australia and consider that they are appropriately resourced to manage operations in the relevant jurisdictions.

(l) **Supply chain risk**

The MPW business depends on the supply of raw material in the form of bar and tooling inserts. The quality of the bar material and tooling inserts directly affects the quality of the MPW powder produced. While the bar material can be sourced from conventional sources, there is a small number of tooling insert providers. A disruption to the supply of the materials which MPW requires would materially affect MPW's ability to produce products for its customers and potentially its ability to both comply with contractual obligations and produce revenue in the future.

(m) **Contract risk**

A significant proportion of MPW's revenue is generated from uncontracted customer relationships, using MPW's or the customer's standard terms and conditions and purchase orders and invoices. By their nature these uncontracted customer relationships can be terminated at any time by the relevant customer so there is a risk

that MPW will be unable to maintain its uncontracted customers. If MPW was to lose one or more of these customers, and MPW is unable to add new customers, its business, and financial performance could be adversely impacted.

There can also be no guarantee that these customers will continue to purchase the same, similar or greater quantities of MPW's products as they have historically. In addition, there is no certainty as to the volume, price and frequency of any future sales from uncontracted customers.

(n) **Workplace health and safety**

MPW's staff work in an environment subject to heightened workplace health and safety risks. MPW and their respective staff must comply with various workplace health and safety laws. In the event that the MPW does not maintain its strict health and safety standards, it may give rise to claims against MPW.

(o) **Regulatory risk**

Regulation in the specialist manufacturing industry is complex and subject to change.

MPW is subject to continuing regulation, including quality regulations applicable to the manufacture of its products and various reporting regulations. There can be no guarantee that the regulatory environment in which MPW or its customers currently operates will not change in the future in a way that may impact on MPW's products.

Depending upon the severity of any failure of MPW or its customers to comply with any applicable regulations, MPW or its customers could be subject to enforcement actions, including but not limited to: warning letters, fines, injunctions, consent decrees, civil monetary penalties, recalls or seizures of its devices, manufacturing restrictions, closure of its manufacturing operations, modifications or revocations of any clearances and approvals that it already holds or will hold, and/or criminal prosecution.

(p) **Product liability and warranty risk**

MPW's products are subject to stringent safety and manufacturing standards. There is a risk that MPW's products may have actual or perceived safety or quality failures or defects which could result in:

- (i) litigation or claims alleging negligence, product liability or breach of warranty against MPW;
- (ii) regulatory authorities revoking or altering any approvals granted, or forcing MPW to conduct a product recall;
- (iii) regulatory action;
- (iv) damage to the MPW's brand and reputation; or
- (v) MPW being forced to terminate or delay sales or operations.

Despite best practice by MPW with respect to the manufacture and supply of its products and any insurance that MPW may hold, the risk of defective products remains and may negatively impact the MPW's reputation, operations and financial prospects.

(q) **Past performance not indicative of future performance**

While MPW tripled production output (in kg) from 2023 to 2024, investors are cautioned that past production performance is not indicative of future production. While historical production data may provide insights into the capabilities and operations of our production facilities, there are numerous factors that could result in significant differences between past performance and future results. These factors include, but are not limited to:

- (i) changes in market demand for MPW's products;
- (ii) the ability to retain key staff;
- (iii) unforeseen operational challenges or technical difficulties; and
- (iv) general economic conditions that impact production cost.

A reliance on past production as a predictor of future performance may not be accurate and could lead to incorrect expectations. Accordingly, investors should not place undue reliance on historical production figures as an indicator of future production rates or our future financial performance. Given the current status of MPW's operations and the speculative nature of its business, the Directors do not consider it appropriate to forecast future earnings.

5. SHAREHOLDER APPROVALS

The Company intends to convene an extraordinary general meeting in January 2025 to seek the required shareholder approvals to give effect to the Transaction, including but not limited to the following:

- (a) approval to consolidate the Company's issued capital on a 13 to 1 basis;
- (b) approval of the change to the nature and scale of the Company's activities resulting from the Transaction;
- (c) approval to appoint Proposed Directors:
 - (i) John Barnes as the Managing Director;
 - (ii) approval to appoint Leo Christodoulou as a Non-Executive Director;
 - (iii) approval to appoint Bruno Campisi as a Non-Executive Director;
- (d) approval to issue up to 50,000,000 Shares under the Public Offer;
- (e) approvals to issue an aggregate 18,509,616 Shares and 15,384,616 attaching Options on conversion of the Company's existing convertible notes;
- (f) approval to issue 6,562,500 Shares on conversion of the MPW Notes;
- (g) approval to change the Company's name to 'Metal Powder Works Limited'; and
- (h) approval to issue the Consideration Securities pursuant to the Share Purchase Agreement.

6. ASX GUIDANCE NOTE 12 - ANNEXURE A DISCLOSURE

The Company provides the following disclosure in accordance with ASX Guidance Note 12 - Annexure A, to the extent that the information has not been provided elsewhere in this announcement.

6.1 MPW Vendors

The MPW Vendors consist of:

- (a) Proposed Directors:
 - (i) John Barnes, a 35.2% shareholder of MPW;
 - (ii) Leo Christodoulou, a 0.4% shareholder of MPW; and
 - (iii) Bruno Campisi, a 10.5% shareholder of MPW; and
- (b) approximately 30 other MPW Vendors, none of whom are a related party or substantial Shareholder of the Company.

6.2 Financial Information

Financial statements of Metal Powder Works and historical financial information will be provided within the Notice of Meeting to Shareholders for the approval of the Transaction.

An indicative pro forma statement of financial position of the Company based on the audited accounts of the Company and accounts of Metal Powder Works as at 30 June 2024 is in Annexure 1.

A transaction based comparison table in Annexure 2 demonstrates the likely effect of the Transaction on the Company's consolidated total assets, total equity interests, annual revenue and annual profit before tax.

6.3 Facilitation and Advisor fees

The Company will pay the following fees for services to be provided in connection with the Transaction:

(a) Lead Manager Fees

The Company will pay Morgans Corporate Limited a management fee of 2% and a selling fee of 4% of the proceeds of the Public Offer in return for its services as lead manager.

(b) White Hutt Mandates

The Company is party to corporate advisory mandates with White Hutt Pty Ltd (**White Hutt**), pursuant to which the Company has agreed to pay White Hutt a monthly retainer of \$7,500 (excluding GST) and issue 1,346,154 Shares (**White Hutt Shares**) as consideration for these services, subject to obtaining shareholder approval at the General Meeting.

Further details will be contained in the Notice of Meeting.

(c) Ventnor Mandate

The Company is party to a corporate advisory mandate Ventnor Equities & Advisory Pty Ltd (**Ventnor**), pursuant to which the Company has agreed to issue 1,345,057 Shares (**Ventnor Shares**) as consideration for these services, subject to obtaining shareholder approval at the General Meeting.

Further details will be contained in the Notice of Meeting.

(d) Facilitator Fees

The Company has agreed, subject to obtaining shareholder approval at the General Meeting, to issue 550,000 Shares (**Powerhouse Ventures Shares**) to Powerhouse Ventures Limited (ASX:PVL) as a fee for introducing the Acquisition to the Company.

6.4 Issues in the previous 6 months

(a) Company

In October 2024, the Company raised \$500,000 (before costs), through the issue of 500 convertible notes with a face value of \$1,000 each (**October 2024 Note**). The October 2023 Notes are held by Mr Rick Smith, who is not a related party or substantial Shareholder of the Company or MPW.

The issue of October 2024 Notes was not underwritten.

Funds raised through the issue of the October 2024 Notes were used for working capital purposes including salaries, ongoing professional service costs, costs associated with assessing potential acquisition opportunities and the Transaction.

The Company has not issued any other securities in the past 6 months.

(b) MPW

MPW has not issued any securities in the 6 months prior to the date of this announcement.

6.5 Proposed issue of Securities

(a) Company

The Company intends to issue the following securities subject to Shareholders approving the Transaction at the General Meeting:

- (i) up to 50,000,000 Shares under the Public Offer;
- (ii) the Consideration Securities, comprising 55,000,000 Consideration Shares and 50,000,000 Consideration Performance Rights;
- (iii) 1,346,154 Shares to White Hutt (or nominee/s);
- (iv) 1,345,057 Shares to Ventnor (or nominee/s);
- (v) 550,000 Shares to Powerhouse Ventures Limited (or nominee/s);
- (vi) 7,692,308 Shares and 7,692,308 Options on conversion of the March 2023 Notes;
- (vii) 7,692,308 Shares and 7,692,308 Options (**June 2024 Conversion Options**) on conversion of the June 2024 Notes, including the Director Conversion Securities;
- (viii) 3,125,000 Shares on conversion of the October 2024 Note;
- (ix) 6,562,500 Shares on conversion of the MPW Notes, including 937,500 Shares to be issued to Anbu Investments Pty Ltd, an entity controlled by Proposed Director Bruno Campisi;
- (x) 384,615 Shares to certain Directors in lieu of accrued Director fees, comprising:
 - (A) 192,308 Director Shares to Darryl Abotomey (or nominee/s); and

(B) 192,308 Director Shares to Anthony McIntosh (or nominee/s).

None of the proposed issues of Securities will be underwritten.

(b) **MPW**

(i) **2024 MPW Notes**

In November 2024, MPW issued the MPW Notes to various “accredited investors” (within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) or (12) under the U.S. Securities Act of 1933) in the United States. None of the MPW Noteholders are a related party or substantial shareholder of the Company or MPW. The issue of MPW Notes was not underwritten.

The issue of MPW Notes raised \$1,050,000 (before costs), consisting of 1,050 convertible notes with a face value of \$1,000 each. The MPW Notes will convert directly into K-TIG Shares at a conversion price of \$0.16 each, resulting in the issue of 6,562,500 Shares on Completion.

Interest accrues on the MPW Notes at the rate of the lesser of 4% and the short term applicable federal rate (United States) as at the date of the MPW Note. Interest that accrues on the MPW Notes will be repaid in cash on conversion of the MPW Notes at Completion.

Funds will be used for working capital to fund the ongoing operations of MPW until Completion.

(ii) **New Electric Mandate**

MPW is party to an adviser agreement with New Electric Partners International Pte Ltd (**New Electric Partners**) dated 18 September 2024 (**New Electric Mandate**) pursuant to which New Electric Partners was engaged by MPW to provide strategic and financial advice in relation to the Transaction.

As consideration for these services, MPW agreed to issue such number of MPW shares to New Electric Partners equal to 5% of the fully diluted issued capital of MPW immediately prior to completion of the Transaction.

New Electric Partners are not a related party or substantial shareholder of MPW or the Company.

(iii) **2023 MPW Convertible Notes**

In June 2023, MPW raised US\$301,171 via the issue of convertible notes to 5 investors, including US\$150,000 invested by Metal Powder Holdings, LLC, an entity controlled by Proposed Director John Barnes. The 2023 MPW Convertible Notes are subject to an interest rate of 5% per annum and will convert into MPW Shares prior to completion of the Transaction. The number of MPW Shares issued on conversion of the 2023 MPW Convertible Notes is expected to represent approximately 5.65% of the MPW Shares on issue at Completion.

MPW is not proposing to issue any additional securities prior to Completion other than those noted above.

6.6 No change in control

No person will acquire control of, or voting power of 20% or more, in the Company as a result of the Transaction.

6.7 Principal activities and jurisdictions

The Company's activities following Completion will be conducted in Australia, the USA, and the UK.

6.8 Regulatory Approvals and Waivers

The Company has applied for:

- (a) a waiver from Listing Rule 1.1 Condition 12 to permit the Company to have the Consideration Performance Rights on issue with an exercise price of less than \$0.20;
- (b) a waiver from Listing Rule 1.1 Condition 12 to permit the Company to have the June 2024 Conversion Options on issue with an exercise price of less than \$0.20;
- (c) a confirmation that the terms of the Consideration Performance Rights are appropriate and equitable for the purposes of Listing Rule 6.1; and
- (d) a standard waiver from Listing Rule 10.13.5 to permit the Notice not to state that the following Shares will be issued no later than one month after the date of the Meeting:
 - (i) the Ventnor Shares to be issued to Ventnor (or its nominee), an entity controlled by Director Stuart Carmichael;
 - (ii) the Director Conversion Securities to be issued to Messrs Carmichael, Abotomey and McIntosh (or nominee/s) and to Mr Adrian Smith, a former director of the Company;
 - (iii) the Director Shares to be issued to Messrs Abotomey and McIntosh (or nominee/s); and
 - (iv) the Director MPW Conversion Shares to be issued to Anbu Investments Pty Ltd (or nominee/s), an entity controlled by Proposed Director Bruno Campisi.

There is no guarantee the above-mentioned waivers and confirmation will be granted. To the extent that any or all of the waivers or confirmation aren't granted or given, the Company may be required to re-negotiate the terms of the Acquisition, and there can be no assurance that the MPW Vendors will agree to such changes.

On 27 January 2025, the Company will have been suspended for a continuous period of 2 years (**Delisting Deadline**). Without an extension to the Delisting Deadline, the Company will be automatically removed from the official list under ASX's policy for automatic removal of long term suspended entities. The Company intends to apply for an extension to the Delisting Deadline but there are no guarantees that ASX will grant an extension. If the Company were to be delisted prior to Completion and reinstatement, it may still proceed to Completion and seek admission to the official list of ASX pursuant to chapters 1 and 2 of the Listing Rules.

No further regulatory approvals are required.

6.9 Appropriate Enquiries

The Company is undertaking due diligence into the assets and liabilities, financial position and performance, profits and losses and prospects of Metal Powder Works and is satisfied that the Transaction is in the interests of the Company and its security holders, subject to the completion of due diligence.

The Company notes that the Share Purchase Agreement contains a condition precedent that the Company completes due diligence to its satisfaction.

The Company has not yet satisfied or waived this condition precedent but intends to complete due diligence prior to lodging the Prospectus and seeking reinstatement of its Shares to official quotation. The Directors confirm that this announcement includes all material and accessible information available to the Directors as at the date of this announcement.

6.10 Listing Rule 3.1

The Company is in compliance with its continuous disclosure obligations under Listing Rule 3.1 as at the date of this announcement but intends to remain in suspension until such time as it is able to complete the Transaction.

6.11 ASX

ASX takes no responsibility for the contents of this announcement.

--ENDS--

This announcement was authorised for issue by the Board of K-TIG Limited.

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About K-TIG Limited

K-TIG is a transformative, industry disrupting welding technology that seeks to change the economics of fabrication. K-TIG's high speed precision technology welds up to 100 times faster than traditional TIG welding, achieving full penetration in a single pass in materials up to 16mm in thickness and typically operates at twice the speed of plasma welding. K-TIG works across a wide range of applications and is particularly well suited to corrosion resistant materials such as stainless steel, nickel alloys, titanium alloys and most exotic materials. It easily handles longitudinal and circumferential welds on pipes, spooling, vessels, tanks and other materials in a single pass. Originally developed by the CSIRO, K-TIG owns all rights, title and interest in and to the proprietary and patented technology and has been awarded Australian Industrial Product of the Year and the DTC Defence Industry Award.

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of K-TIG Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

ANNEXURE 1 - INDICATIVE PROFORMA STATEMENT OF FINANCIAL POSITION (A\$)

The table below set out the indicative Pro Forma Historical Consolidated Statement of Financial Position of the Company as at 30 June 2024. The Pro Forma Historical Consolidated Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial position.

	MPW (30 June 2024) ¹	K-TIG Limited (30 June 2024)	Minimum Sub.	Maximum Sub.	Acquisition	Convertible note raise	Conversion of convertible Notes	Issue of board and advisor securities	Pro-Forma Balance Sheet (Minimum Sub.)	Pro-Forma Balance Sheet (Maximum Sub.)
Current Assets										
Cash and cash equivalents	187,751	296,233	6,700,000	9,580,000		1,550,000			8,733,984	11,613,984
Financial assets	-	5,000							5,000	5,000
Trade and other receivables	142,407	249,551							391,958	391,958
Inventories	-	2,039,108							2,039,108	2,039,108
Total Current Assets	330,158	2,589,892							11,170,050	14,050,050
Non-current assets										

	MPW (30 June 2024) ¹	K-TIG Limited (30 June 2024)	Minimum Sub.	Maximum Sub.	Acquisition	Convertible note raise	Conversion of convertible Notes	Issue of board and advisor securities	Pro-Forma Balance Sheet (Minimum Sub.)	Pro-Forma Balance Sheet (Maximum Sub.)
Other receivables	(8,821)	14,150							5,328	5,328
Intangibles	406,803	13,324							420,127	420,127
Goodwill	-				2,142,416				2,142,416	2,142,416
Right-of-use assets	499,582	524,821							1,024,403	1,024,403
Fixed assets / other assets	515,752	337,819							853,571	853,571
Total Non- Current Assets	1,413,316	890,114							4,445,846	4,445,846
Total Assets	1,743,475	3,480,006							15,615,896	18,495,896
Liabilities										
Current Liabilities										

	MPW (30 June 2024) ¹	K-TIG Limited (30 June 2024)	Minimum Sub.	Maximum Sub.	Acquisition	Convertible note raise	Conversion of convertible Notes	Issue of board and advisor securities	Pro-Forma Balance Sheet (Minimum Sub.)	Pro-Forma Balance Sheet (Maximum Sub.)
Trade and other payables	254,384	258,452							512,836	512,836
Borrowings	570,157	-							570,157	570,157
Lease liabilities	148,796	305,713							454,509	454,509
Employee benefits	-	53,490							53,490	53,490
Amounts received in advance	576,701	618,474							1,195,175	1,195,175
Total Current Liabilities	1,550,037	1,236,129							2,786,166	2,786,166
Non-Current Liabilities										
Lease liabilities	392,563	258,164							650,726	650,726
Financial liabilities	482,252	3,000,000					(3,482,252)		-	-

	MPW (30 June 2024) ¹	K-TIG Limited (30 June 2024)	Minimum Sub.	Maximum Sub.	Acquisition	Convertible note raise	Conversion of convertible Notes	Issue of board and advisor securities	Pro-Forma Balance Sheet (Minimum Sub.)	Pro-Forma Balance Sheet (Maximum Sub.)
Total Non-Current Liabilities	874,815	3,258,164							650,726	650,726
Total Liabilities	2,424,852	4,494,293							3,436,892	3,436,892
Net Assets	(681,378)	(1,014,287)	6,700,000	9,580,000	2,142,416	1,550,000	(3,482,252)	-	12,179,004	15,059,004
Equity										
Share capital	4,164,345	27,839,530	7,000,000	10,000,000	(26,711,401)	1,550,000	5,014,423	725,165	19,582,062	22,582,062
Other reserves	-	1,648,069			(1,648,069)				-	-
Share based payments	-	2,207,652			(2,207,652)			(725,165)	(725,165)	(725,165)
Accumulated losses	(4,845,722)	(32,709,538)	(300,000)	(420,000)	32,709,538		(1,532,171)		(7,403,059)	(7,523,059)

	MPW (30 June 2024) ¹	K-TIG Limited (30 June 2024)	Minimum Sub.	Maximum Sub.	Acquisition	Convertible note raise	Conversion of convertible Notes	Issue of board and advisor securities	Pro-Forma Balance Sheet (Minimum Sub.)	Pro-Forma Balance Sheet (Maximum Sub.)
Total Equity	(681,378)	(1,014,287)	6,700,000	9,580,000	2,142,416	1,550,000	3,482,252	-	12,179,004	15,059,004

Notes:

1. Acquisition is a reverse takeover.
2. MPW becomes the accounting parent.
3. Minimum Subscription of \$7,000,000 and Maximum Subscription of \$10,000,000.
4. Based on an exchange rate of A\$1.00 = USD\$0.67.

ANNEXURE 2 – TRANSACTION BASED COMPARISON TABLE⁽¹⁾

Particulars	Prior to Transaction – 30 June 2024	Effect of Transaction (based on MPW audited accounts – 30 June 2024)	Post Transaction Analysis – Pro forma	Percentage Change due to Transaction	Scale of Change
Total Consolidated Assets	3,480,006	15,015,890	18,495,896	431.5%	5.31
Total Equity	-1,014,287	16,073,291	15,059,004	-1584.7%	-14.85
Annual Revenue	2,209,763	1,307,372 ⁽²⁾	3,517,135	59.2%	1.59
Annual Profit (before tax and extraordinary items)	-306,604	-597,581 ⁽²⁾	-904,185	194.9%	2.95
Total No. of Shares	5,640,647	133,697,942 ⁽³⁾	139,338,589	2,370.3%	24.70
Total No. of Options & Performance Rights	15,569,231 ⁽⁴⁾	50,000,000 ⁽⁵⁾	65,569,231	321.1%	4.21
Fully Diluted Issued Capital (Shares + all Options/Performance Rights converted)	21,209,878	183,697,942	204,907,820	866.1%	9.66
Market Capitalisation ⁽⁶⁾	1,128,129	26,739,588	27,867,718	2,370.3	24.70

Notes:

- The table is prepared on a post-Consolidation basis.
- MPW annual figure for 12 months to 31 December 2023 converted at A\$1.00 = USD\$0.67.
- Comprising the Capital Raising Shares (based on the Maximum Subscription under the Public Offer), Consideration Shares, Advisor Shares and MPW Conversion Shares, the March 2023 Conversion Shares, the June 2024 Conversion Shares and the October 2024 Conversion Shares.

4. Comprising the Existing Options, Existing Performance Rights and the Conversion Options.
5. Includes only the Consideration Performance Rights.
6. Based on the proposed offer price under the Public Offer of \$0.20.