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**Metal Powder Works Inc.**

**Annual Report - 31 December 2023**

**Metal Powder Works Inc.**  
**Directors' report**  
**31 December 2023**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Metal Powder Works Inc. (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2023.

**Directors**

The following persons were directors of Metal Powder Works Inc. during the whole of the financial year and up to the date of this report, unless otherwise stated:

John Barnes  
Chris Aldridge  
Leo Christodoulou  
Kapil Talwar  
Bruno Campisi  
Rob Gorham

**Principal activities**

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Machine and process development
  - System industrialization, closed loop control system
  - Simplified user interface development
  - Yield, productivity and tool design improvements
- Material portfolio expansion
- Business development, customer and partner engagements

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$891,912 (31 December 2022: \$1,469,298).

To mitigate technological and economic risks associated with the development of advanced metal alloy powders, the company has prioritized revenue-generating technology development agreements with industry partners. Under this approach, material development initiatives are funded by prospective customers and collaborators. This strategy reduces the company's financial exposure but also expands industry relationships in an ecosystem that is diverse in downstream powder processing and manufacturing applications.

**Significant changes in the state of affairs**

In quarter two, the company established its principal site of operations at Neighbourhood 91, the location of a Pittsburgh-based cluster of innovative companies in the additive manufacturing ecosystem. During June 2023, the company issued \$323,109 worth of convertible notes, the terms of the notes are detailed in note 14.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

**Matters subsequent to the end of the financial year**

*Convertible note issue*

On 22 November 2024, the Company entered into a convertible note arrangement to raise A\$1,050,000 with multiple parties.

Key terms and conditions:

- Maturity dates is 24 months from the date the Convertible Note Agreement signed by the parties which is the redemption event;
- Each notes will be convertible into Common Stock at a conversion price equal to 20% discount from the valuation utilised in the next financing; and
- Interest is 4% per annum, and payable is arrears on redemption. If automatically converted no interest applies.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Likely developments and expected results of operations**

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

**Environmental regulation**

The consolidated entity is not subject to any significant environmental regulation and is not aware of an environmental breaches.

**Information on directors**

**Name:** John Barnes  
**Title:** Chairman and Chief Executive Officer  
**Qualifications:** BS, MS  
**Experience and expertise:** John is recognized internationally for contributions to additive manufacturing (AM), product development, and leadership in engineering. He has more than 25 years' experience in product development and aerospace with Honeywell, Lockheed Martin Skunk Works™, Australia's CSIRO, and Arconic. He has been involved with AM technical and business cases in materials, powders, processing, and printing to mature the technology for applications. John is also Adjunct Professor at Carnegie Mellon University and RMIT University, and Adjunct Senior Research Fellow at Monash University. In 2017, he joined the Additive Manufacturing Technical Community as an SME Advisor. In 2022, he was named vice-chair of SME's AM Technical Leadership Committee.

**Name:** Chris Aldridge  
**Title:** Executive Director and Chief Technology Officer  
**Qualifications:** BS  
**Experience and expertise:** Chris has worked in advanced manufacturing process development and machine design for more than 15 years. He has led projects in high precision machining, powder handling, and nearly all aspects of AM. At Lockheed Martin Skunk Works and at Arconic's production facility, he worked on maturing AM from a prototyping tool to a production-capable technology, gaining skills in AM machine operation, powder handling, and process simulation. Chris has also managed engineering design teams for deep water oil and gas production and intervention equipment.

**Name:** Leo Christodoulou  
**Title:** Non-Executive Director  
**Qualifications:** BSc Eng. (Hons), ARSM, PhD, DIC, FASM  
**Experience and expertise:** Senior Executive Director, The Boeing Company Senior Executive Service (US Government, Dept of Defenses, Department of Energy) Reader Imperial College of Science, Technology and Medicine, London England Director, Composites, Martin Marietta Research laboratories

**Name:** Kapil Talwar  
**Title:** Non-Executive Director  
**Qualifications:** BS, MS, PhD, MBA  
**Experience and expertise:** Kapil has over 25 years of management experience across start-ups, SMEs, and R&D organizations across multiple industrial sectors including software, semiconductors, additive manufacturing, specialty metals, chemicals and plastics, where he performed functional roles in P&L management, business development, R&D management, technology licensing, and capital raising. He is currently an Executive Director of Huntly Common Pty Ltd. He served as the CEO of VPAC Innovations in Melbourne, an engineering software company (2014-2018). He co-founded Vihana, Inc., a Silicon Valley-based fabless semiconductor start-up (Director, VP Business Development, VP Operations) that was acquired by Cisco Systems. He has worked at CSIRO's metals manufacturing division, involved in commercialisation and business development.

**Metal Powder Works Inc.  
Directors' report  
31 December 2023**

Name: Bruno Campisi  
Title: Non-Executive Director  
Qualifications: B.Bus (Acc)  
Experience and expertise: Bruno has over 40 years' experience in business services and manufacturing, and has a broad range of skills in strategic planning, implementation and business development. Bruno has held senior positions in private enterprises, including Finance Director and later Managing Director roles.

Name: Rob Gorham  
Title: Non-Executive Director  
Qualifications: BS, MS  
Experience and expertise: Rob is CEO of BlueForge Alliance (BFA), an organization that integrates U.S. Navy efforts to sustain the submarine industrial base (SIB). He is responsible for overseeing SIB's capability and resilience to build and maintain the US's critical undersea presence. Previously, Rob had served as Executive Director of The SecureAmerica Institute, responsible for strategic manufacturing initiatives. He also led the SecureAmerica Institute, a \$50M private-public partnership converging technology, economics and policy toward a resilient U.S. industrial base. He was also the Executive Director of America Makes, the National Additive Manufacturing Innovation Institute at the National Center for Defense Manufacturing and Machining, where he was responsible for execution of a \$400M Department of Defense sponsored, public-private partnership to advance 3D Printing and Additive Manufacturing technologies. Prior to this, he was Senior Manager of the Manufacturing Exploration and Development Group at Lockheed Martin Aeronautics – Advanced Development Programs.

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
John Barnes	12	12
Leo Christodoulou	12	12
Kapil Talwar	12	12
Bruno Campisi	12	12

Held: represents the number of meetings held during the time the director held office.

**Shares under option**

There were no unissued ordinary shares of Metal Powder Works Inc. under option outstanding at the date of this report.

**Shares issued on the exercise of options**

There were no ordinary shares of Metal Powder Works Inc. issued on the exercise of options during the year ended 31 December 2023 and up to the date of this report.

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Metal Powder Works Inc.  
Directors' report  
31 December 2023**

**Proceedings on behalf of the company**

No person has applied to the Court for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Auditor's independence declaration**

A copy of the auditor's independence declaration is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the directors



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Kapil Talwar  
Non-Executive Director

26 November 2024

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## Auditor's Independence Declaration

### To the Directors of Metal Powder Works Inc.

In accordance with the requirements of APES 110 Code of Ethics for Professional Accountants (the Code), as lead auditor for the audit of Metal Powder Works Inc. for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

*L A Stella*

L A Stella  
Partner – Audit & Assurance

Perth, 26 November 2024

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**Metal Powder Works Inc.**

**Contents**

**31 December 2023**

Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	27
Independent auditor's report to the members of Metal Powder Works Inc.	28

**General information**

The financial statements cover Metal Powder Works Inc. as a consolidated entity consisting of Metal Powder Works Inc. and the entities it controlled at the end of, or during, the year. The financial statements are presented in United States dollars, which is Metal Powder Works Inc.'s functional and presentation currency.

Metal Powder Works Inc. is a private company, incorporated and domiciled in Delaware, United States of America. Its registered office and principal place of business is:

1300 Clinton Rd, Clinton, PA 15026, United States of America

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 November 2024.

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**Metal Powder Works Inc.**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2023**

	Note	Consolidated 2023 \$	2022 \$
<b>Revenue</b>	3	875,939	111,892
Other income	4	22,760	28,874
<b>Expenses</b>			
Raw materials and consumables used		(272,972)	(123,693)
Employee benefits expense		(544,020)	(356,929)
Depreciation and amortisation expense		(191,252)	(141,244)
Legal & Professional Services		(78,285)	(129,815)
Contractors		(439,123)	(548,050)
Insurance expense		(28,195)	(9,205)
Research & Development		(68,412)	(161,101)
Other expenses		(86,907)	(85,498)
Finance costs		(33,464)	(20,385)
Marketing		(41,075)	(19,906)
Occupancy		(6,906)	(14,238)
<b>Loss before income tax expense</b>		(891,912)	(1,469,298)
Income tax expense	5	-	-
<b>Loss after income tax expense for the year attributable to the owners of Metal Powder Works Inc.</b>		(891,912)	(1,469,298)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive loss for the year attributable to the owners of Metal Powder Works Inc.</b>		<u>(891,912)</u>	<u>(1,469,298)</u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Metal Powder Works Inc.**  
**Statement of financial position**  
**As at 31 December 2023**

	Note	Consolidated 2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	177,098	460,405
Trade and other receivables	7	101,030	9,006
Total current assets		<u>278,128</u>	<u>469,411</u>
<b>Non-current assets</b>			
Trade and other receivables	7	6,705	38,422
Property, plant and equipment	9	393,702	428,958
Right-of-use assets	8	386,216	489,207
Intangibles	10	286,186	313,441
Total non-current assets		<u>1,072,809</u>	<u>1,270,028</u>
<b>Total assets</b>		<u>1,350,937</u>	<u>1,739,439</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	309,308	143,298
Borrowings	12	100,000	-
Lease liabilities	13	94,844	85,709
Total current liabilities		<u>504,152</u>	<u>229,007</u>
<b>Non-current liabilities</b>			
Lease liabilities	13	314,102	408,946
Convertible note	14	323,109	-
Total non-current liabilities		<u>637,211</u>	<u>408,946</u>
<b>Total liabilities</b>		<u>1,141,363</u>	<u>637,953</u>
<b>Net assets</b>		<u>209,574</u>	<u>1,101,486</u>
<b>Equity</b>			
Issued capital	15	2,790,111	2,790,111
Accumulated losses		<u>(2,580,537)</u>	<u>(1,688,625)</u>
<b>Total equity</b>		<u>209,574</u>	<u>1,101,486</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Metal Powder Works Inc.**  
**Statement of changes in equity**  
**For the year ended 31 December 2023**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 January 2022	1,344,909	(219,327)	1,125,582
Loss after income tax expense for the year	-	(1,469,298)	(1,469,298)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(1,469,298)	(1,469,298)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 15)	1,445,202	-	1,445,202
Balance at 31 December 2022	<u>2,790,111</u>	<u>(1,688,625)</u>	<u>1,101,486</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 January 2023	2,790,111	(1,688,625)	1,101,486
Loss after income tax expense for the year	-	(891,912)	(891,912)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(891,912)	(891,912)
Balance at 31 December 2023	<u>2,790,111</u>	<u>(2,580,537)</u>	<u>209,574</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Metal Powder Works Inc.**  
**Statement of cash flows**  
**For the year ended 31 December 2023**

	Note	Consolidated 2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		806,674	206,758
Payments to suppliers and employees		<u>(1,729,059)</u>	<u>(1,636,662)</u>
Net cash used in operating activities	24	<u>(922,385)</u>	<u>(1,429,904)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	9	(25,748)	(108,581)
Proceeds from release of security deposits		<u>241,717</u>	<u>20,607</u>
Net cash from/(used in) investing activities		<u>215,969</u>	<u>(87,974)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	15	-	1,245,202
Proceeds from borrowings	14	<u>423,109</u>	<u>-</u>
Net cash from financing activities		<u>423,109</u>	<u>1,245,202</u>
Net decrease in cash and cash equivalents		(283,307)	(272,676)
Cash and cash equivalents at the beginning of the financial year		<u>460,405</u>	<u>733,081</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>177,098</u></u>	<u><u>460,405</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

### **Note 1. Material accounting policy information**

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

#### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **Going concern**

The consolidated financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year ended 31 December 2023, the Group incurred a loss after income tax expense of \$891,912 (31 December 2022: \$1,469,298) and net operating cash outflows of \$922,385 (31 December 2022 : \$1,429,904).

The ability of the Company to continue as going concerns and to pay their debts as and when they fall due is dependent on the following:

- the ability to raise additional funding, including A\$1,050,000 under a convertible note per subsequent event disclosure within note 23;
- achieving revenue targets in line with management's forecasts;
- managing all costs in line with management's forecasts;
- continued support of the Company's major shareholders and funders; and
- The completion of an anticipated IPO.

The Directors believe that the group can raise capital as required based on the success of previous capital raises and the continued support from the Company's major shareholders. The Directors have a reasonable expectation that the Company has this support and have therefore determined that the Company will continue in operational existence for the foreseeable future. The company's 12 month outlook remains strong on the back of new income streams, a healthy pipeline and expected price growth in addition to a thorough review of our cost base being undertaken.

The financial report has therefore been prepared on the going concern basis. Should the Company be unable to achieve successful outcomes in relation to each of the matters referred to above, there is material uncertainty as to whether the Company will be able to continue as a going concern and, therefore, whether they will realise their assets and discharge their liabilities in the normal course of business. The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

#### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board ('IFRS'), as appropriate for for-profit oriented entities.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

#### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

**Note 1. Material accounting policy information (continued)**

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Metal Powder Works Inc. ('company' or 'parent entity') as at 31 December 2023 and the results of all subsidiaries for the year then ended. Metal Powder Works Inc. and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Revenue recognition**

The consolidated entity recognises revenue as follows:

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

*Sale of powder*

*Revenue from the sale of Metal alloy powders for use in industrial applications is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.*

*Contracted research and development*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Note 1. Material accounting policy information (continued)**

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

**Note 1. Material accounting policy information (continued)**

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	7-10 years
Fixture and fittings	7-10 years
Computer equipment	1-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Intangible assets**

*Intellectual property*

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 15 years.

**Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Note 1. Material accounting policy information (continued)**

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

International Financial Reporting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Convertible notes*

The fair value of the liability of convertible notes is based on the contractual stream of future cash flows. The Group uses its judgement to determine the discount rate based on the market interest rates existing at the end of the 31 December 2023.

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Powder Sale	172,439	12,900
Contracted research and development	703,500	98,992
Revenue	<u>875,939</u>	<u>111,892</u>

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	172,439	12,900
Services transferred over time	703,500	98,992
	<u>875,939</u>	<u>111,892</u>

**Note 4. Other income**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Sublease income	18,000	25,000
Other income	4,760	3,874
Other income	<u>22,760</u>	<u>28,874</u>

**Metal Powder Works Inc.**  
**Notes to the financial statements**  
**31 December 2023**

**Note 5. Income tax expense**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(891,912)	(1,469,298)
Tax at the statutory tax rate of 21%	(187,302)	(308,553)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation and amortisation expense	40,163	29,661
Current year tax losses not recognised	(147,139)	(278,892)
	147,139	278,892
Income tax expense	-	-

**Note 6. Cash and cash equivalents**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Cash at bank	177,098	460,405

**Note 7. Trade and other receivables**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	99,160	-
Other receivables	1,870	9,006
	101,030	9,006
<i>Non-current assets</i>		
Other receivables	6,705	38,422
	107,735	47,428

*Allowance for expected credit losses*

The consolidated entity has recognised a loss of \$nil (2022: \$nil in profit or loss in respect of the expected credit losses for the year ended 31 December 2023).

**Metal Powder Works Inc.**  
**Notes to the financial statements**  
**31 December 2023**

**Note 8. Right-of-use assets**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	638,390	638,390
Less: Accumulated depreciation	<u>(252,174)</u>	<u>(149,183)</u>
	<u><u>386,216</u></u>	<u><u>489,207</u></u>

The consolidated entity leases land and buildings for its offices and warehouses under agreements of between 3 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Land and buildings \$	Total \$
Balance at 1 January 2022	30,024	30,024
Additions	514,956	514,956
Depreciation expense	<u>(55,773)</u>	<u>(55,773)</u>
Balance at 31 December 2022	489,207	489,207
Depreciation expense	<u>(102,991)</u>	<u>(102,991)</u>
Balance at 31 December 2023	<u><u>386,216</u></u>	<u><u>386,216</u></u>

**Note 9. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	576,682	558,675
Less: Accumulated depreciation	<u>(204,152)</u>	<u>(153,701)</u>
	<u>372,530</u>	<u>404,974</u>
Fixtures and fittings - at cost	14,959	14,957
Less: Accumulated depreciation	<u>(3,518)</u>	<u>(2,024)</u>
	<u>11,441</u>	<u>12,933</u>
Computer equipment - at cost	11,853	11,853
Less: Accumulated depreciation	<u>(2,122)</u>	<u>(802)</u>
	<u>9,731</u>	<u>11,051</u>
	<u><u>393,702</u></u>	<u><u>428,958</u></u>

**Metal Powder Works Inc.**  
**Notes to the financial statements**  
**31 December 2023**

**Note 9. Property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Plant and equipment \$	Fixture and fittings \$	Computer equipment \$	Total \$
Balance at 1 January 2022	377,232	1,360	-	378,592
Additions	84,564	12,164	11,853	108,581
Depreciation expense	(56,822)	(591)	(802)	(58,215)
Balance at 31 December 2022	404,974	12,933	11,051	428,958
Additions	18,008	-	-	18,008
Depreciation expense	(50,452)	(1,492)	(1,320)	(53,264)
Balance at 31 December 2023	<u>372,530</u>	<u>11,441</u>	<u>9,731</u>	<u>393,702</u>

**Note 10. Intangibles**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Non-current assets</i>		
Patents and trademarks - at cost	408,837	408,837
Less: Accumulated amortisation	(122,651)	(95,396)
	<u>286,186</u>	<u>313,441</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Patents and trademarks \$	Total \$
Balance at 1 January 2022	340,697	340,697
Amortisation expense	(27,256)	(27,256)
Balance at 31 December 2022	313,441	313,441
Amortisation expense	(27,255)	(27,255)
Balance at 31 December 2023	<u>286,186</u>	<u>286,186</u>

**Metal Powder Works Inc.**  
**Notes to the financial statements**  
**31 December 2023**

**Note 11. Trade and other payables**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Current liabilities</i>		
Trade payables	90,951	122,663
Equipment deposit	210,000	-
Other payables	8,357	20,635
	<u>309,308</u>	<u>143,298</u>

Refer to note 17 for further information on financial instruments.

**Note 12. Borrowings**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Current liabilities</i>		
Loan – related party	<u>100,000</u>	<u>-</u>

*Loans from related parties*

On 26 July 2023 the Company signed a bridging loan agreement of \$100,000 owed to The Barnes Global Advisors LLC (“TBGA”) a related party of the Director. The borrowing is interest bearing at 8% p.a and is repayable 24 months from inception.

Refer to note 17 for further information on financial instruments.

**Note 13. Lease liabilities**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>94,844</u>	<u>85,709</u>
<i>Non-current liabilities</i>		
Lease liability	<u>314,102</u>	<u>408,946</u>
	<u>408,946</u>	<u>494,655</u>

Refer to note 17 for further information on financial instruments.

**Note 14. Convertible note**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Non-current liabilities</i>		
Convertible notes	<u>323,109</u>	<u>-</u>

**Metal Powder Works Inc.**  
**Notes to the financial statements**  
**31 December 2023**

**Note 14. Convertible note (continued)**

In April 2023, the Company entered into convertible note agreements for the issuance of 323,109 convertible notes ("Notes") at the value of \$322,109 to raise funds for working capital. Under this raising, the Company entered into convertible note agreements with various lenders (the "Lenders") pursuant to which the Lenders subscribed for convertible notes in the Company which upon the Company completing the IPO process, convert into Shares.

The notes are unsecured, interest-bearing at 5% per annum

*Key terms and conditions:*

- Each notes will be convertible into Common Stock at a conversion price equal to 20% discount from the valuation utilised in the next financing;
- Interest is 5% per annum, and payable is arrears on redemption. If automatically converted no interest applies; and
- Maturity date is 24 months from the date the Convertible Note Agreement signed by the parties which is the redemption event;.

**Note 15. Issued capital**

	<b>2023</b>	<b>Consolidated</b>		
	<b>Shares</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	11,193,828	11,193,828	2,790,111	2,790,111

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue Price \$</b>	<b>\$'000</b>
Balance	1 January 2022	10,924,932		1,344,909
Issue of shares	10 January 2021	4,488	5.56	25,000
Issue of shares – founder shares	27 January 2022	64,632	5.56	360,000
Issue of share	29 April 2022	17,953	5.56	100,000
Issue of shares	30 April 2022	47,173	4.46	210,202
Issue of shares	3 June 2022	26,930	5.56	150,000
Issue of shares	2 August 2022	64,632	5.56	360,000
Issue of shares	5 September 2022	17,953	5.56	100,000
Issue of shares	2 November 2022	25,135	5.56	140,000
Balance	31 December 2022	11,193,828		2,790,111
Balance	31 December 2023	11,193,828		2,790,111

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 15. Issued capital (continued)**

*Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

**Note 16. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Note 17. Financial instruments**

***Financial risk management objectives***

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

***Market risk***

*Foreign currency risk*

The consolidated entity is not exposed to any significant foreign currency risk.

*Price risk*

The consolidated entity is not exposed to any significant price risk.

*Interest rate risk*

The consolidated entity is not exposed to any significant interest rate risk.

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

**Metal Powder Works Inc.**  
**Notes to the financial statements**  
**31 December 2023**

**Note 17. Financial instruments (continued)**

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

**Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Remaining contractual maturities**

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

<b>Consolidated - 2023</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	309,308	-	-	-	309,308
<i>Interest-bearing - fixed rate</i>						
Convertible notes	5.00%	-	323,109	-	-	323,109
Lease liability	7.50%	121,556	123,987	222,733	-	468,276
<b>Total non-derivatives</b>		<b>430,864</b>	<b>447,096</b>	<b>222,733</b>	<b>-</b>	<b>1,100,693</b>

<b>Consolidated - 2022</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	143,298	-	-	-	143,298
<i>Interest-bearing - fixed rate</i>						
Lease liability	7.50%	119,173	121,556	346,721	-	587,450
<b>Total non-derivatives</b>		<b>262,471</b>	<b>121,556</b>	<b>346,721</b>	<b>-</b>	<b>730,748</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Metal Powder Works Inc.**  
**Notes to the financial statements**  
**31 December 2023**

**Note 18. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Short-term employee benefits	382,209	405,950
Post-employment benefits	11,858	11,289
	<u>394,067</u>	<u>417,239</u>

**Note 19. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Audit services - Grant Thornton Audit Pty Ltd</i>		
Audit or review of the financial statements	<u>50,000</u>	<u>50,000</u>

**Note 20. Related party transactions**

*Parent entity*

Metal Powder Works Inc. is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 22.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 18.

*Transactions with related parties*

During the year the Group paid \$152,611 (2022: \$137,787) to The Barnes Global Advisors for consulting related services. Mr John Barnes (Chief Executive Director) is a director of the related party.

During the year the Group paid \$225,328 (2022: \$338,398) to ECA Design LLC for consulting related services. Mr Chris Aldridge (Executive Director) is a director of the related party.

There were no other transactions with related parties during the current and previous financial year.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

**Metal Powder Works Inc.**  
**Notes to the financial statements**  
**31 December 2023**

**Note 21. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(891,912)	(1,469,298)
Total comprehensive loss	<u>(891,912)</u>	<u>(1,469,298)</u>

*Statement of financial position*

	<b>Parent</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Total current assets	278,128	469,411
Total assets	<u>1,350,937</u>	<u>1,739,439</u>
Total current liabilities	504,152	229,007
Total liabilities	<u>1,141,363</u>	<u>637,953</u>
Equity		
Issued capital	2,790,111	2,790,111
Accumulated losses	<u>(2,580,537)</u>	<u>(1,688,625)</u>
Total equity	<u><u>209,574</u></u>	<u><u>1,101,486</u></u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2023 and 31 December 2022.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 31 December 2023 and 31 December 2022.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2023 and 31 December 2022.

*Material accounting policy information*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Metal Powder Works Inc.**  
**Notes to the financial statements**  
**31 December 2023**

**Note 22. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Metal Powder Works LLC (Dormant)	Pennsylvania, United states of America	100%	100%
Sweet Metals Pty Ltd (Dormant)	Australia	100%	100%

**Note 23. Events after the reporting period**

On 22 November 2024, the Company entered into a convertible note arrangement to raise A\$1,050,000.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 24. Reconciliation of loss after income tax to net cash used in operating activities**

	Consolidated	
	2023 \$	2022 \$
Loss after income tax expense for the year	(891,912)	(1,469,298)
Adjustments for:		
Depreciation and amortisation	191,252	141,244
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(92,026)	65,994
Decrease in lease liability	(85,709)	(53,779)
Decrease in trade and other payables	(43,990)	(114,065)
Net cash used in operating activities	<u>(922,385)</u>	<u>(1,429,904)</u>

**Metal Powder Works Inc.**  
**Directors' declaration**  
**31 December 2023**

In the directors' opinion:

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors



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Kapil Talwar  
Non-Executive Director

26 November 2024

## Independent Auditor's Report

To the Members of Metal Powder Works Inc.

Report on the audit of the financial report

### Opinion

We have audited the financial report of Metal Powder Works Inc. (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *International Financial Reporting Standards*, including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the year ended on that date.

### Basis for opinion

We conducted our audit in accordance with International Financial Reporting Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of \$901,466 during the year ended 31 December 2023, and as of that date, the Company's net operating cash outflows totalled \$931,939. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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### **Information other than the financial report and auditor's report thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

*lla*

L A Stella  
Partner – Audit & Assurance  
Perth, 26 November 2024

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