

## K-TIG signs MOU with global nuclear industry engineering group Darchem Engineering

### Highlights

- K-TIG has signed a Memorandum of Understanding with Darchem Engineering with the intent to novate a 3M<sup>3</sup> Intermediate Level Waste, ILW, Nuclear Storage container contract in the nuclear decommissioning sector
- Darchem Engineering has extensive experience in the global nuclear industry with products in more than 180 nuclear sites worldwide
- If an agreement is reached K-TIG will assume risk and responsibility in line with the contract in exchange for royalty-per-container to be paid to Darchem as compensation for their voluntary exit of the contract
- Successful novation of the contract and establishment of fabrication capability will enable K-TIG to fully undertake the development of its QC/QA technology in a commercial setting. The QC/QA technology is being developed in partnership with the NAMRC for the purpose of optimising the design and manufacturing process for the suite of UK and EU ILW containers

**K-TIG Limited (ASX:KTG) ("K-TIG" or the "Company")** is pleased to announce that it has entered into a Non-Binding Memorandum of Understanding ("MOU") with Darchem Engineering Limited ("Darchem") regarding the intent to novate an Intermediate Level Waste, ILW, Nuclear Storage container contract that Darchem has to K-TIG to facilitate company technology development and optimise the design and manufacturing process for Intermediate Level Waste containers.

Darchem is a market leader in the design, manufacture (and if required installation) of a wide range of high integrity engineered products in stainless steel and titanium as well as thermal insulation systems for aerospace, motorsport, marine defence, nuclear and oil & gas applications.

Darchem has extensive experience in the global nuclear industry with products in more than 180 nuclear sites worldwide and is a supplier of 3M<sup>3</sup> ILW containers into the UK nuclear decommissioning program.

Under the MOU, K-TIG and Darchem will work together to produce a binding agreement for the novation of an intermediate level waste contract where K-TIG will assume responsibility for the fabrication of these 3M<sup>3</sup> ILW containers.

## Strategic importance to nuclear waste storage strategy

Previously, K-TIG had entered into a research and development agreement with the Nuclear Advanced Manufacturing Research Centre (NAMRC) with the purpose of optimising the design and manufacturing process for the suite of 3M<sup>3</sup> ILW nuclear waste storage containers. A key part of this research is the development of sophisticated Quality Control (QC) and Quality Assurance (QA) technology. The QC/QA technology encompasses acoustic arc, ultrasonic and visual inspection technology to minimise welding defects, reduce rework, reduce the need for expensive X-Ray inspections, and ultimately reduce the total cost of welding quality.

Successful novation of a contract from Darchem to K-TIG will provide K-TIG with direct access to a 3M<sup>3</sup> intermediate level waste containers contract and, subject to the establishment of fabrication capability, the production scale to compile the necessary Artificial Intelligence (AI) database to support the development of its QC/QA technology.

The MOU with Darchem is another significant step for K-TIG towards executing its nuclear waste storage strategy and extending its commercial presence in the UK and the EU.

## Material terms of the MOU

Under the terms of the MOU, which are non-binding save for exclusivity:

- K-TIG will pay a royalty-per-container to Darchem for containers supplied under the contract.
- Darchem will voluntarily exit 3M<sup>3</sup> ILW contract and will not accept any prolonged risk exposure due to novation.
- Upon novation, all contractual risks will immediately transfer to K-TIG.
- The novation of any contract is contingent on end-customer approval and satisfaction with procurement guidelines.
- Darchem and K-TIG will now work with the end customer to seek their approval for novation incorporating any requirements and conditions precedent that they may have.
- Both parties agree to negotiate a formal binding agreement to novate the contract as soon as practicable with the relevant parties.
- Darchem agrees (under a binding provision of the MOU) to exclusively deal with K-TIG in relation to certain 3M<sup>3</sup> ILW contract for a period of one year from the date of execution of the MOU (exclusivity period).

K-TIG is currently in discussion with a number of UK based industry participants around either partnering with or acquiring the required capabilities to allow K-TIG to fulfill its novated obligations under a Darchem contract should it be successful in novating a contract. These conversations are confidential and incomplete at this point in time and K-TIG will update the market in accordance with its obligations under ASX Listing Rule 3.1.

## Significance of the Memorandum of Understanding

Darchem has extensive experience in the global nuclear industry and is a supplier of 3M<sup>3</sup> ILW containers into the UK nuclear decommissioning program.

Successful novation from Darchem to K-TIG will provide K-TIG with direct access to a 3M<sup>3</sup> intermediate level waste containers supply contract and, subject to the establishment of fabrication capability, the production scale to compile the necessary Artificial Intelligence (AI) database to support the development of its QC/QA technology.

The Company is unable to quantify the value of the contract to K-TIG at this point in time as the value of individual contracts or supply agreements under contract is not presently known by the Company. The Company's current expectation is that the contract will provide the opportunity to supply several hundred containers over a period of five or more years. The final number of containers to be provided is intended to form part of the binding agreement for novation with Darchem. The Company will update the market in accordance with its obligations under ASX Listing Rule 3.1.

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.