

ASX Announcement | 16 March 2023

K-TIG COMPLETES \$2M CAPITAL RAISING

Highlights

- K-TIG has raised \$2 million through the issue of convertible debt notes from sophisticated and existing investors.
- Proceeds from the capital raise will be used to support sales momentum, progress the UK nuclear strategic initiatives, expenses of the raise and for working capital purposes.

K-TIG Limited (ASX:KTG) ("K-TIG" or the "Company") is pleased to announce that it has successfully raised A\$2,000,000 (before costs) through an offer of convertible notes ("Convertible Notes") to sophisticated investors ("Capital Raise").

Key terms

K-TIG has raised \$2,000,000 (before costs) through the issue of 2,000 convertible debt notes with a face value of \$1,000 each ("Note").

Subject to satisfaction of the following conversion conditions, the Notes will automatically convert into Shares on completion of a future capital raising:

- K-TIG Shareholders approving the issue of Shares to be issued on conversion of the Notes;
- K-TIG obtaining ASX approval that the Notes are not inconsistent with Listing Rule 6.1; and
- K-TIG successfully completing a future capital raising of no less than \$4,000,000 ("Future Capital Raising",

(together, the "Conversion Conditions").

The Notes will convert into fully paid ordinary shares in the capital of K-TIG at a conversion price which is equal to the issue price of Shares under the Future Capital Raising.

On conversion of the Notes, and subject to satisfaction of the Conversion Conditions, the Noteholders will receive 1 unquoted option for every Share issued on conversion, with an exercise price equal to the Conversion Price expiring approximately 36 months after the Conversion Date (**Options**).

The terms and conditions of the Notes are provided in Schedule A.

Capital Raise use of funds

The Company intends to apply the funds raised from the Capital Raise as follows:

Description	\$
Inventory	250,000
Progress the UK nuclear strategic initiatives ¹	1,250,000
Expenses of the Capital Raise	100,000
Working capital purposes	400,000
Total	2,000,000

Note 1: Costs associated with Nuclear Advanced Manufacturing Research Centre ("Nuclear AMRC") activities (refer to ASX release dated 9 February 2022).

The above table is an indicative estimate as at the date of this announcement and is subject to change without further notice.

Morgans Corporate Limited acted as lead manager to the Capital Raise.

Graham Engineering Limited – Update

Further to the announcement dated 27 January 2023 regarding the entering into a binding agreement to acquire 100% of Graham Engineering Limited ("GEL") the Company wishes to advise that the parties are currently in advanced negotiations to execute a long form share sale agreement on terms materially consistent with the binding term sheet. Consequently, GEL and K-TIG have agreed to extend the period of exclusivity to 20 March 2023 to allow finalisation of the long form share sale agreement.

The Company will provide a further update on the signing of the long form share sale agreement.

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

For more information, please contact:

Company enquiries

Adrian Smith
K-TIG Limited
P: +61 8 7324 6800

Corporate enquiries

George Rogers
SRG Partners
P: +61 438 815 495

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.

Schedule 1 – Convertible Note Terms

Issuer	K-TIG Limited (KTG)
Background	KTG intends to raise \$2,000,000 (before costs) through the issue of up to 2,000 convertible debt notes with a face value of \$1,000 each ("Note").
Face Value	\$1,000 per Note.
Funds Raised	\$2,000,000 (before costs).
Debt Instrument	Prior to the satisfaction of the Conversion Conditions (defined below), the Notes will be debt instruments.
Subscribers	The Notes will be offered to a small number of unrelated, professional and sophisticated investors.
Conversion Conditions	<p>Subject to satisfaction of the following conversion conditions, the Notes will automatically convert into ordinary shares in KTG upon KTG's next equity raise of equal to or greater than AUD \$4,000,000 (before costs) (Conversion Date):</p> <ul style="list-style-type: none"> (a) KTG obtaining shareholder approval for the conversion of the Notes into shares and options in the capital of KTG (Shareholder Approval); (b) KTG obtaining ASX approval that the Notes are not inconsistent with Listing Rule 6.1; and (c) KTG successfully completing a future capital raise of no less than \$4,000,000 (Future Capital Raising), <p>("Conversion Conditions")</p>
Conversion Price	The Notes will convert into fully paid ordinary shares in the capital of KTG ("Shares") at a conversion price which is equal to the issue price of the Shares under the Future Capital Raising.
Interest	<p>Simple, non-compounding interest will accrue on the Notes at the rate of 10% per annum. Interest accrues on a daily from the date of issue and is repayable on conversion or redemption:</p> <ul style="list-style-type: none"> • in cash, or • at the election of KTG and subject to shareholder approval, through the issue of Shares issued at the Conversion Price at maturity.
Placement Capacity / Shareholder Approval	<p>No equity securities will be issued until Shareholder Approval is obtained under Listing Rule 7.1.</p> <p>KTG will seek shareholder approval shortly prior to the proposed Conversion Date, and in the notice of meeting will specify either a fixed Conversion Price or a minimum price at which the conversion may occur (floor price).</p>

Security	The Notes will be unsecured, unsubordinated and rank behind any secured indebtedness of the Company whilst ranking pari-passu as between themselves.
Unquoted	The Notes will be unquoted. KTG will apply for quotation of the Shares issued on conversion.
Maturity	24 months from the issue date.
Options	<p>On conversion of the Notes, and subject to satisfaction of the Conversion Conditions, the Noteholders will receive 1 unquoted option for every Share issued on conversion, with an exercise price equal to the Conversion Price expiring approximately 36 months after the Conversion Date ("Options").</p> <p>In the event the Conversion Conditions are not satisfied, the Company must, prior to maturity:</p> <ul style="list-style-type: none"> • seek shareholder approval for the issue of 20,000,000 Options with an exercise price equal to the Company's 20 day VWAP as at the date of the shareholder meeting, expiring 36 months after the issued date, such that each Noteholder is issued 10,000 Options per Note (Redemption Options); or • (in the event the shareholder approval is not obtained), reimburse the Noteholder a further \$350 for each Note in addition to accrued interest.