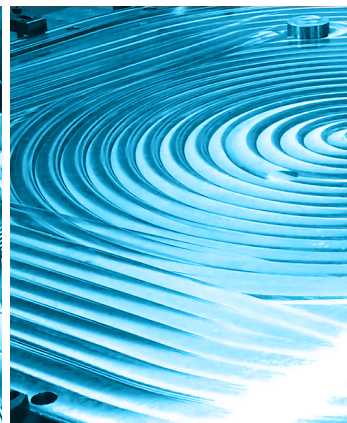
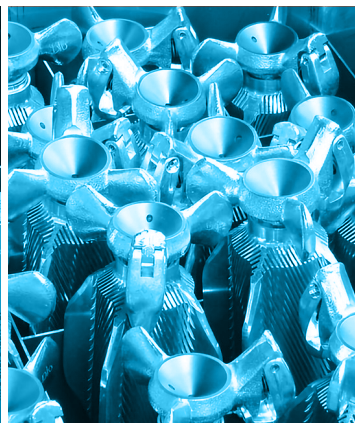
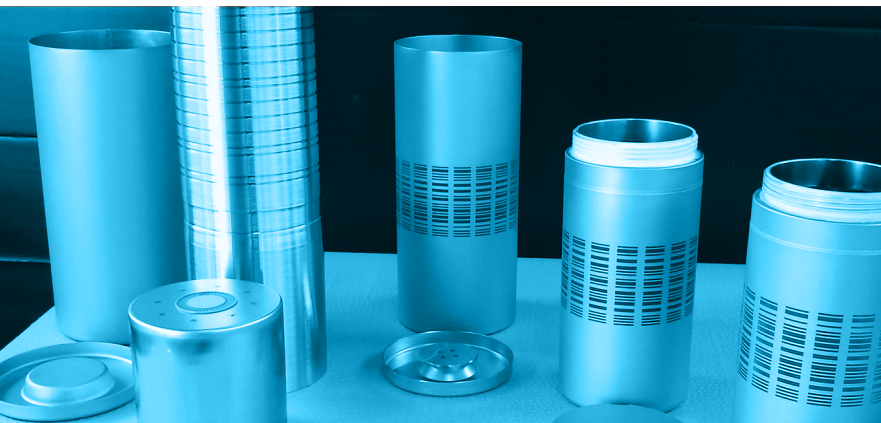




KEYHOLE TIG WELDING



# PROSPECTUS

**For an offer of up to 125,000,000  
Shares at an issue price of \$0.20 each  
to raise between \$20,000,000 and  
\$25,000,000 (before costs).**

ASX CODE: **KTG**

*This Prospectus also includes the Conversion Offer  
detailed in Section 2.1(b).*

## **Re-compliance with Chapters 1 and 2**

In addition to the purpose of raising funds under the Public Offer, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the Listing Rules following a change to the nature and scale of the Company's activities.

## **Conditional Offers**

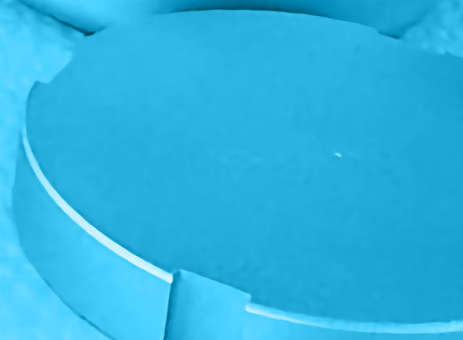
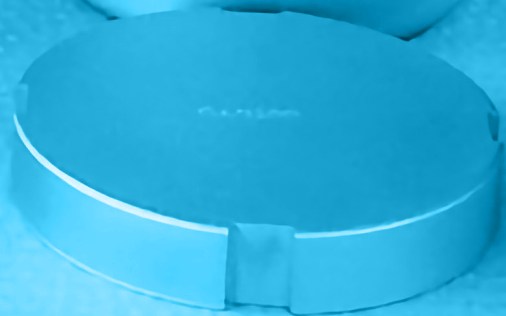
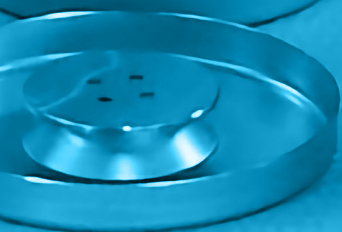
The Offers are conditional upon certain events occurring.  
Please refer to Section 2.3 for further information.  
The Offers are not underwritten.

## **IMPORTANT NOTICE**

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this Prospectus.

**The Securities offered pursuant to this Prospectus should be considered as speculative.**





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# Important Information

## The Offers

This Prospectus is issued by K-TIG Limited (ACN 158 307 549) (**Company**) for the purpose of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The Offers in this Prospectus comprise: (i) a public offering of up to 125,000,000 Shares at an issue price of \$0.20 each to raise up to \$25,000,000 (before costs) (**Public Offer**); and (ii) a separate offer to the Noteholders (or their nominees) of up to 20,000,000 Conversion Securities, consisting of 10,000,000 Conversion Shares and 10,000,000 Conversion Options (**Conversion Offer**).

## Lodgement and listing

This Prospectus is dated and was lodged with the Australian Securities and Investments Commission (**ASIC**) on 12 May 2023 (**Prospectus Date**). Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Application will be made to ASX within seven days of the Prospectus Date for Official Quotation of the Shares the subject of the Offers.

## Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Securities will be issued on the basis of this Prospectus after the Expiry Date.

## Not investment advice

The information in this Prospectus is not investment or financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser before deciding whether to invest in the Company. See Section 5 for the key risks relating to an investment in the Company, noting there may be other risks relevant to your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the

performance of the Company, the repayment of capital by the Company or any return on investment in Securities made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offers, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company, the Directors, the Lead Manager or any other person in connection with the Offers.

Morgans Corporate Limited (ACN 010 539 607) (the **Lead Manager**), has acted as the Lead Manager to the Public Offer. To the maximum extent permitted by law, the Lead Manager and its affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

## Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven day period after the Prospectus Date (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under this Prospectus will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

## No cooling-off rights

Cooling-off rights do not apply to an investment in the Securities issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.



## **Re-compliance with Chapters 1 and 2 of the Listing Rules**

The Transaction will constitute a significant change to the nature and scale of the Company's activities. Pursuant to Listing Rule 11.1.3, the Company must re-comply with the admission requirements of Chapters 1 and 2 of the Listing Rules, as if applying for admission to the Official List. Accordingly, this Prospectus is issued for the purpose of satisfying Chapters 1 and 2 of the Listing Rules, as well as for the purpose of raising funds under the Public Offer.

## **Conditional Offers**

The Offers contained in this Prospectus are conditional on certain events occurring. If these events do not occur, the Offers will not proceed and Applicants will be refunded their Application Monies (without interest). See Section 2.3 for further details on the conditions attaching to the Offers.

## **Target Market Determination**

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of Conversion Options issued under this Prospectus. The Company and the Lead Manager will only make available the Conversion Offer to those investors who fall within the target market determination (**TMD**) as set out on the Company's website ([www.k-tiq.com](http://www.k-tiq.com)). By making an application under the Conversion Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

## **Electronic Prospectus and Application Forms**

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available at [www.k-tiq.com](http://www.k-tiq.com). Application Forms will not be made available until after the Exposure Period has expired.

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be resident in Australia and must only access this Prospectus from within Australia.

The Prospectus is not available to persons in other jurisdictions in which it may not be lawful to make such an invitation or offer to apply for Securities. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the Application Form (free of charge) from the Company (see the Corporate Directory for contact details).

Applications will only be accepted on the Application Form attached to, or accompanying, this Prospectus. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus.

Prospective investors wishing to subscribe for Shares under the Public Offer should complete the relevant Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

## **Notice to foreign investors**

No action has been taken to register or qualify the Shares the subject of this Prospectus or the Offers, or otherwise to permit the offering of the Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside of Australia (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer.

In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## **New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or

- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). Accordingly, this document may not be distributed, and the Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offers. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the **SFA**) or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not

forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Shares. The Securities may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

## United Kingdom

Neither this document nor any other document relating to the offer of Shares has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares.

The Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to

which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

### **Taxation**

The acquisition and disposal of Securities under the Offers will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

The Company does not propose to give any taxation advice and, to the maximum extent permitted by law, the Company, its Directors and other officers and each of their respective advisers accept no responsibility or liability for any taxation consequences of subscribing for Shares under this Prospectus. You should consult your own professional tax advisers in regard to tax implications of the Offers.

### **Past performance**

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

### **Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'believes', 'estimates', 'expects', 'targets', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the Prospectus Date, are expected to take place.

The Company does not undertake to, and does not intend to, update or revise any forward looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward looking statements are subject to various risks that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 5. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of

which are beyond the control of the Company, the Directors and the Company's management.

The Company, the Directors, the Company's management and the Lead Manager cannot and do not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

### **Financial information presentation**

Historical financial information, including the pro forma financial information, has been prepared and presented in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards (as adopted by the Australian Accounting Standards Board (AASB)) (for K-TIG), United Kingdom Accounting Standards and applicable law (for GEL) and the Companies' respective adopted accounting policies. The historical financial information also complies with the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

### **Company website**

Any references to documents included on the Company's website are for convenience only, and none of the documents or other information available on the Company's website is incorporated into this Prospectus by reference.

### **Third party statements**

This Prospectus includes attributed statements from books, journals and comparable publications that are not specific to, and have no connection with the Company. The authors of these books, journals and comparable publications have not provided their consent for these statements to be included in this Prospectus, and the Company is relying upon *ASIC Corporations (Consents to Statements) Instrument 2016/72* for the inclusion of these statements in this Prospectus without such consent having been obtained.

### **Photographs and diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.



**Disclaimer**

Except as required by law, and only to the extent so required, none of the Company, the Directors, the Company's management, the Lead Manager or any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

**Currency**

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

**Time**

All references to time in this Prospectus are references to AWST, being the time in Perth, Western Australia, unless otherwise stated.

**Governing law**

The Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the law applicable in Western Australia and each Applicant submits to the exclusive jurisdiction of the courts of Western Australia.

**Defined terms and interpretation**

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 11.

# Corporate directory

## Directors and Proposed Directors

Stuart Carmichael	Non-Executive Chair
Adrian Smith	Managing Director
Syed Basar Shueb	Non-Executive Director
Anthony McIntosh	Non-Executive Director
Trish White	Non-Executive Director
Darryl Abotomey	Non-Executive Director
Tony Eckford	Proposed Non-Executive Director

## Company Secretary

Brett Tucker

## Registered and Principal Office

Ground Floor  
16 Ord Street  
West Perth WA 6005

Phone: +61 9482 0500  
Email: [investors@k-tig.com](mailto:investors@k-tig.com)  
Website: [www.k-tig.com](http://www.k-tig.com)

## Share Registry\*

Automic Group  
Level 5, 191 St Georges Terrace  
Perth WA 6000

## Corporate Lawyers

Hamilton Locke  
Level 48, 152-158 St Georges Terrace  
Perth WA 6000

## Lead Manager

Morgans Corporate Limited  
Level 29, 123 Eagle Street  
Brisbane QLD 4001

## Auditor\*

BDO Audit Pty Ltd  
BDO Centre  
Level 7, 420 King William Street  
Adelaide SA 5000

## Investigating Accountant

BDO Corporate Finance  
Level 9, Mia Yellagonga Tower 2  
Perth WA 6000

## Corporate Adviser

SRG Partners Pty Ltd  
262-266 Pirie Street  
Adelaide SA 5000

## Stock Exchange Listing

Australian Securities Exchange (**ASX**)  
Proposed ASX Code: KTG

\* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

# Letter from the Chairman

Dear Investor,

On behalf of the Board of K-TIG Limited (**Company**), I would like to invite you to become a shareholder of the Company.

According to the International Energy Agency approximately 200 commercial reactors are to be shut down between 2020 and 2040. Across the globe nuclear facilities are ageing with two-thirds of reactors 30 years or older.

Storing nuclear waste requires containers which must maintain integrity for a minimum of 150 years. K-TIG's technology is ideally suited to the nuclear decommissioning sector with K-TIG technology providing consistently repeatable high-quality welds and integration of cutting-edge real time quality inspection capability, such as ultrasonic and acoustic sensors.

In the last three years K-TIG has actively pursued its nuclear strategy to become a major supplier of waste containers to the UK (and global) nuclear industry and during this time progressed activities with both the UK Nuclear Advanced Manufacturing Research Centre (**Nuclear AMRC**) and global engineering group, Darchem Engineering Limited with the intent to novate a 3m<sup>3</sup> Intermediate Level Waste nuclear storage container contract in the nuclear decommissioning sector.

In order to deliver its stated strategy of successfully pursuing 3m<sup>3</sup> intermediate level waste containers opportunities K-TIG has identified the need to establish its own fabrication capability. The acquisition of Graham Engineering Limited (**GEL**) provides K-TIG with a UK-based specialist advanced manufacturer, of highly engineered, large scale metal fabrications to the UK nuclear decommissioning sector.

GEL has been supplying the nuclear sector since 1985 and has extensive experience in the manufacture of containments of all varieties, plant and equipment. GEL has extensive knowledge of producing 'nuclear product' and 'hazardous waste' containers for the Nuclear Industry which includes High Level Waste Flasks, Intermediate Level 4m<sup>3</sup> and 3m<sup>3</sup> boxes, 3m<sup>3</sup> Drums 500L drums, Low Level boxes and store furniture (i.e. stillage's and MBGW stools). Product containers from 30ml to 80L for a wide range of product types.

In addition to the nuclear sector, GEL delivers high integrity manufacturing solutions to a wide variety of market sectors, including, aerospace, medical and security.

The engineering, manufacturing and assembly relating to these products and solutions takes place at GEL's premises in Lancashire, United Kingdom (UK), conveniently located for GEL's core customers.

GEL clients include Sellafield Limited, Magnox Limited, Rolls Royce, Rapiscan Systems and Siemens.

## The Offers

On 21 March 2023, the Company entered into a binding agreement to acquire GEL. Completion of the Transaction requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules.

The Transaction is subject to a number of conditions, including obtaining the necessary Shareholder approvals, which are being sought at a General Meeting scheduled for 26 May 2023.

The purpose of the Public Offer is to raise up to \$25,000,000 (before associated costs) by the issue of up to 125,000,000 Shares at an issue price of \$0.20 each.

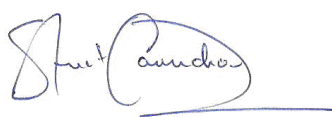


The proceeds of the Public Offer will be utilised to enable the Company to acquire GEL, to undertake market development and business development activities and to expand the Company's market presence, industrial, design and engineering capabilities in the UK and international nuclear sector.

An investment in the Company is speculative and subject to certain risks, a non-exhaustive list of which is highlighted in Section 5, including but not limited to reliance on key personnel, sales and marketing success, product quality risks, manufacturing risks, supplier risk and intellectual property risks. It is recommended that you consider the terms of the Offers contained in this Prospectus carefully and in its entirety. If you are in any doubt as to the contents of this Prospectus, you should consult your stockbroker, lawyer, accountant or other professional adviser.

On behalf of the Board of the Company, I commend this opportunity to you and look forward to welcoming you as a security holder.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Stuart Carmichael', with a horizontal line extending from the end of the signature.

**Stuart Carmichael**

**Chairman  
K-TIG Limited**

# Key details of the Offers

	Shares	Convertible Notes	Options	Performance Rights
Securities currently on issue (pre-Consolidation) <sup>1</sup>	183,319,832	-	6,612,152	6,000,000
Securities currently on issue (post-Consolidation 2.5:1) <sup>1</sup>	73,327,933	2,000	2,644,861	2,400,000
Public Offer Shares <sup>2</sup>				
Minimum Subscription:				
Maximum	100,000,000			
Subscription:	125,000,000	Nil	Nil	Nil
Conversion Shares <sup>3</sup>	10,000,000	Nil	10,000,000	Nil
Corporate Advisor Shares	1,125,000	Nil	1,125,000	Nil
<b>Total on Reinstatement<sup>5</sup></b>				
<b>Minimum Subscription:</b>				
<b>Maximum</b>	<b>184,452,933</b>			
<b>Subscription:</b>	<b>209,452,933</b>	<b>Nil</b>	<b>14,644,861</b>	<b>2,400,000</b>
<b>Indicative market capitalisation<sup>6</sup></b>				
<b>Minimum Subscription:</b>				
<b>Maximum</b>	<b>\$36.9 million</b>			
<b>Subscription:</b>	<b>\$41.9 million</b>			

## Notes:

1. The Company intends to undertake a consolidation of its issued capital on a ratio of 2.5 to 1.
2. The Company is seeking to raise a minimum of \$20,000,000 (before costs) and a maximum of \$25,000,000 (before costs) under the Public Offer through an offer of a minimum of 100,000,000 and a maximum of 125,000,000 Shares at an issue price of \$0.20 per Share.
3. Shares to be issued on conversion of the Convertible Notes summarised in Section 8.2(d).
4. Shares to be issued in accordance with the Corporate Advisor Mandate summarised in Section 8.2(c).
5. Assumes that the Convertible Notes are converted and that no further Securities are issued and no Options are converted into Shares.
6. Based on the Offer Price multiplied by the number of Shares on issue on Reinstatement. There is no guarantee that the Shares will trade at the Offer Price on or after Reinstatement.

# Indicative timetable

Event	Date
Lodgement of Prospectus with ASIC	12 May 2023
Opening Date of Offers	20 May 2023
General Meeting	26 May 2023
Effective Date of Consolidation	29 May 2023
Closing Date of Offers	16 June 2023
Settlement date of the Offers	26 June 2023
Completion of the Transaction	26 June 2023
Despatch of holding statements for Securities issued under the Offers	27 June 2023
Expected date for Shares to be reinstated to trading on ASX	4 July 2023

**Note:** The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. The Company reserves the right to vary the dates and times of the Offers (including, to vary the Opening Date and Closing Date) to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offers before the allocation of Securities in each case without notifying any recipient of this Prospectus or any Applicants, which may have a consequential effect on other dates. If the Offers are cancelled or withdrawn before the allotment of Securities, then all Application Monies will be refunded in full (without interest) in accordance with the requirements of the Corporations Act. Applicants are encouraged to lodge their Application Form and deposit the Application Monies as soon as possible after the Opening Date if they wish to invest in the Company. The Company's reinstatement to Official Quotation of its Securities is subject to the satisfaction of the conditions to the Offers set out in Section 2.3, which includes ASX providing the Company with, and the Company satisfying, the conditions to Reinstatement.



# Investment overview

This investment overview is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Securities offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Securities.

Topic	Summary	More information
<b>The Company, its business model and strategy</b>		
Who is the issuer of the Prospectus?	K-TIG Limited (ACN 158 307 549) is an Australian incorporated company listed on ASX.	Section 3.1
What is the Consolidation?	Subject to Shareholder approval at the General Meeting, the Company will undertake a consolidation of its Securities on a 2.5 to 1 basis.	Section 1.5
Who is the Company and what does it do?	<p>The Company was incorporated on 11 May 2012 and admitted to the Official List of ASX on 30 October 2012 as Magnolia Resources Limited. Following a re-compliance with Chapters 1 and 2 of the ASX Listing Rules, the Company was reinstated to Official Quotation on 9 October 2019 under its current name, K-TIG Limited.</p> <p>K-TIG is a welding business that seeks to change the economics of fabrication.</p>	Section 3.1
What is the Transaction?	<p>The Company has entered into a binding share sale agreement with Graham Engineering Limited (<b>GEL</b>) on 21 March 2023, whereby the Company has agreed to acquire 100% of the fully paid issued capital of GEL (<b>Transaction</b>).</p> <p>K-TIG will pay up to £17,550,000 in consideration for the acquisition of GEL, consisting of:</p> <ul style="list-style-type: none"> <li>(a) an upfront cash payment of £14,550,000 payable on Completion;</li> <li>(b) a deferred payment amount (if applicable) determined based on GEL's earnings before interest, tax, depreciation and amortisation for the 12 month period ending on 31 August 2023 as derived from the audited accounts for GEL for the financial year ended on 31 August 2023.</li> </ul> <p>The Transaction will result in a material change in the nature and scale of the Company's activities, and requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules.</p>	Sections 1.1 and 8.2(a)
Where does the Merged Company operate and what are its main business activities?	Upon completion of the Transaction, completion of the Offers and the reinstatement to quotation of the Shares on the ASX, the Merged Company will provide advanced manufacturing and welding technology applications to a wide variety of market sectors including nuclear, aerospace, medical, security and defence.	Section 3

Topic	Summary	More information
	The Merged Company will operate in Australia, UK, USA, and Asia.	
What is the Merged Company's strategy and how does it propose to achieve its objectives?	<p>Upon completion of the Transaction, completion of the Offers and the reinstatement to quotation of the Shares on the ASX, the Merged Company will proceed with the following business and expansion strategy:</p> <ul style="list-style-type: none"> <li>(a) continue to extend the capabilities of its advanced manufacturing and welding business;</li> <li>(b) execute the Company's nuclear strategy and the Company's pursuits in the UK nuclear decommissioning industry; and</li> <li>(c) expand the Company's market presence, industrial, design and engineering capabilities in the UK and international nuclear sector.</li> </ul>	Section 3.5 and 3.6
What are the key dependencies of the Company's business model?	<p>The key dependencies of the Merged Company's business model include:</p> <ul style="list-style-type: none"> <li>(a) the successful completion of the Transaction;</li> <li>(b) the successful completion of the Public Offer;</li> <li>(c) continuing to extend the capabilities of its advanced manufacturing and welding technology;</li> <li>(d) execute the Company's nuclear strategy and the Company's pursuits in the UK nuclear decommissioning industry;</li> <li>(e) retaining and recruiting key personnel skilled in the metal fabrication sector;</li> <li>(f) access to capital to further research and develop the Company's technology and execute its business model and growth strategy; and</li> <li>(g) sufficient worldwide demand for the Company's products.</li> </ul>	Section 3.7
What are the key advantages of an investment in the Merged Company?	<p>The Directors are of the view that an investment in the Merged Company provides the following non-exhaustive list of advantages:</p> <ul style="list-style-type: none"> <li>(a) <b>Exposure to the UK nuclear decommissioning sector:</b> the Transaction will support the execution of the nuclear strategy and the Company's pursuits in the UK nuclear decommissioning industry by providing access to existing manufacturing capabilities, experienced technical staff and management and an existing client base of large industrial clients;</li> <li>(b) <b>Advanced manufacturing capability:</b> the Merged Company delivers high integrity manufacturing solutions to a wide variety of market sectors including nuclear, aerospace, medical, security and defence;</li> <li>(c) <b>Nuclear fabrication capability to support pursuit of UK decommissioning opportunities:</b> GEL has</li> </ul>	Section 3.6

Topic	Summary	More information
	<p>been supplying the nuclear sector since 1985 and has extensive experience in the manufacture of containments of all varieties, plant and equipment. producing 'nuclear product' and 'hazardous waste' containers for the nuclear industry includes high level waste flasks, intermediate level 4m<sup>3</sup> and 3m<sup>3</sup> boxes, 3m<sup>3</sup> drums 500L drums, low level boxes and store furniture (i.e stillage's and MBGW stools) and product containers from 30mL to 80L for a wide range of product types. The HLW WVP flasks have been a single source supply from GEL for over 30 years.</p> <p>(d) <b>Revenue generating with an operating subsidiary with a history of profitable operations:</b> The Merged Company is revenue generating, with K-TIG generating \$1,561,556 in revenue for the twelve month period to 30 June 2021 and \$3,702,512 in revenue for the 12 month period to 30 June 2022, and GEL generating £20,011,417 of revenue in 2021 and £13,458,702 in 2022. Investors should refer to Sections 6 and 7 for further historical financial information of GEL.</p>	
How was the value of, and consideration for, the Transaction determined?	The valuation and consideration for the Transaction was determined through arm's length negotiations.	N/A
<b>Key risks</b>		
<p>Prospective investors should be aware that subscribing for Securities in the Company involves a number of risks and uncertainties. The risk factors summarised in Section 5, and other general risks applicable to all investments in listed securities, may affect the value of the Securities in the future. An investment in the Company should be considered speculative. Investors may lose some or all of their investment.</p> <p>A non-exhaustive list of the key risk factors affecting the Company is provided below. Investors should refer to Section 5 for a more detailed summary of risks. The occurrence of any one of the risks below could adversely impact the Company's operating and financial performance and prospects.</p>		
Re-quotation of Shares on ASX	<p>The Transaction constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List.</p> <p>There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the Listing Rules.</p>	Section 5.1(a)



Topic	Summary	More information
Completion, counterparty and contractual risk	<p>The Company has agreed to acquire 100% of the issued capital of GEL subject to the fulfilment of certain conditions precedent. There is a risk that the conditions precedent for completion of the Transaction will not be fulfilled and, in turn, that completion of the Transaction will not occur.</p> <p>The ability of the Company to achieve its stated objectives will depend on the performance by K-TIG and the Vendors of GEL of their obligations under the Acquisition Agreement. If K-TIG or any other counterparty defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly and without any certainty of a favourable outcome.</p>	Section 5.1(c)
Debt Financing	<p>The Company is currently in discussions with potential financiers with regards to a potential debt financing agreement. To date, there are no agreed terms nor is there any certainty that a binding agreement will be reached.</p> <p>There is a risk that interest rate increases will increase the cost of Debt Financing. Future interest rate increases may adversely affect the Company's margins or impede the Company's ability to service interest payments on the Debt Financing.</p> <p>It is likely that a Debt Financing will be subject to satisfaction of certain conditions precedent, including Completion occurring and the Company agreeing to grant a mortgage over the property of the Merged Company, a fixed and floating charge over its assets and an equity lien over the Company's equity in GEL.</p> <p>If certain events occur (such as the Company failing to satisfy the conditions precedent to first drawdown; failing to comply with the terms of the Debt Financing; breaching a representation or warranty under the full form documentation (including debt covenants); or the occurrence of an event of default under the facility agreements or security deeds), the financiers may terminate the Debt Financing, which will adversely affect the cash flow and financial position of the Company and may impact its ability to continue as a going concern.</p>	Section 5.2(d)
Reliance on key customers	<p>A significant proportion of the GEL's revenue is currently derived from its largest customer, Sellafield. Sales from Sellafield represented approximately 58.7% of GEL's revenue in 2022. The Company's second-largest customer in 2022 was Siemens which contributed approximately 18.3% of GEL's revenue. Sellafield and Siemens comprise approximately 77.0% of the Company's revenue on an aggregated basis and therefore the loss of such a key customer or the diminution of the relationship between the Company and either or both of Sellafield and Jacobs will adversely affect the Company's financial performance.</p>	Section 5.2(a)

Topic	Summary	More information
Failure to attract new customers	The success of the Company'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.	Section 5.2(b)
Manufacturing risks	The Company'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.	Section 5.2(e)
Product quality risks	<p>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 the Company may not be functional, may be faulty, or not meet customers' expectations. This may lead to requirements for the Company to improve or refine its products, which may diminish operating margins or lead to losses.</p> <p>The products and technology supplied by the Company, while extensively tested prior to collection, can be damaged in transit. While this risk is insurable, it may diminish operating margins.</p>	Section 5.2(d)
Regulatory risk	<p>K-TIG is subject to continuing regulation, including quality regulations applicable to the manufacture of its products and various reporting regulations. K-TIG's customers (eg fabricators) are also subject to continuing regulation. There can be no guarantee that the regulatory environment in which the Company or its customers currently operates may not change in the future which may impact on the Company's existing products.</p> <p>Depending upon the severity of any failure of K-TIG or its customers to comply with any applicable regulations, K-TIG 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. If any such sanctions are imposed against K-TIG or its customers, such sanctions could harm K-TIG's reputation, and depending upon the severity, could have</p>	Section 5.2(k)

Topic	Summary	More information
	significant adverse impact upon K-TIG's ability to provide services and on its financial condition.	
Supplier risk	The Company sources 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 K-TIG to shift to another supplier.	Section 5.2(g)
Key personnel risk	K-TIG's operational success will substantially depend on the continued employment of senior executives, technical staff and other key personnel who have substantial strategic, technical, functional, marketing and customer expertise with K-TIG's technology and are familiar with the Company's business and structure. Although these individuals have entered into contracts with the Company, there is no assurance that such contracts will not be terminated. If such contracts are terminated or breached, or if these individuals no longer continue in their current roles, new personnel will need to be employed, which may adversely affect the business. The Company is substantially dependent on the continued service of its existing personnel because of the complexity of its services and technologies. The departure of any key personnel may also lead to disruptions of customer relationships or delays in the manufacturing and product development efforts. There is no assurance that the Company will be able to retain the services of these persons.	Section 5.2(h)
Development risks	The Company is currently investing into new research and development initiatives and new technologies that are still at an early stage of development and validation. While the Company is not presently aware of any potential problems, the commerciality of these new products is still uncertain.	Section 5.2(i)
Workplace health and safety	The Company's staff work in an environment subject to heightened workplace health and safety risks. The Company and its staff must comply with various workplace health and safety laws. In the event that the Company does not maintain its strict health and safety standards, it may give rise to claims against the Company. GEL has previously incurred health and safety incidents which may give rise to future claims that could be brought against GEL.	Section 5.2(j)
Product liability and warranty risk	<p>The Company's products are subject to stringent safety and manufacturing standards. There is a risk that the Company's products may have actual or perceived safety or quality failures or defects which could result in:</p> <p>(a) litigation or claims alleging negligence, product liability or breach of warranty against the Company;</p>	Section 5.2(l)

Topic	Summary	More information																														
	<p>(b) regulatory authorities revoking or altering any approvals granted, or forcing the Company to conduct a product recall;</p> <p>(c) regulatory action;</p> <p>(d) damage to the Company's brand and reputation; or</p> <p>(e) the Company being forced to terminate or delay sales or operations.</p> <p>Despite best practice by the Company with respect to the manufacture and supply of its products and any insurance that the Company may hold, the risk of defective products remains and may negatively impact the Company's reputation, operations and financial prospects.</p>																															
Directors, key managers, interests, benefits and related party transactions																																
Who are the Directors and key management personnel?	<p>As at the date of this Prospectus, the Board comprises of:</p> <p>(a) Stuart Carmichael – Non-Executive Chairman</p> <p>(b) Adrian Smith – Managing Director</p> <p>(c) Trish White – Non-Executive Director</p> <p>(d) Darryl Abotomey – Non-Executive Director</p> <p>(e) Syed Basar Shueb – Non-Executive Director</p> <p>(f) Anthony McIntosh – Non-Executive Director</p> <p>The Company intends to appoint Mr Tony Eckford as a Director at Completion, subject to prior Shareholder approval.</p> <p>Stephen Unerkov is the Company’s Chief Financial Officer.</p>	Sections 7.1, 7.2 and 7.3																														
What interests do the Directors and key management personnel have in the Securities of the Company?	<p>The Directors (and their respective related entities) and key management personnel have the following interests in Securities on a pre-Consolidation basis:</p> <table><tr><th>Directors and KMP</th><th>Shares</th><th>%</th><th>Options</th><th>Performance Rights</th></tr><tr><td>Stuart Carmichael</td><td>175,438</td><td>0.10</td><td>370,000</td><td>1,500,000</td></tr><tr><td>Adrian Smith</td><td>2,600,000</td><td>1.42</td><td>180,000</td><td>-</td></tr><tr><td>Syed Basar Shueb</td><td>2,528,155</td><td>1.38</td><td>180,000</td><td>1,500,000</td></tr><tr><td>Anthony McIntosh</td><td>1,260,714</td><td>0.69</td><td>180,000</td><td>1,500,000</td></tr><tr><td>Trish White</td><td>142,857</td><td>0.08</td><td>-</td><td>-</td></tr></table>	Directors and KMP	Shares	%	Options	Performance Rights	Stuart Carmichael	175,438	0.10	370,000	1,500,000	Adrian Smith	2,600,000	1.42	180,000	-	Syed Basar Shueb	2,528,155	1.38	180,000	1,500,000	Anthony McIntosh	1,260,714	0.69	180,000	1,500,000	Trish White	142,857	0.08	-	-	Section 7.5
Directors and KMP	Shares	%	Options	Performance Rights																												
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Anthony McIntosh	1,260,714	0.69	180,000	1,500,000																												
Trish White	142,857	0.08	-	-																												





Topic	Summary	More information
Who will be the substantial holders of the Merged Company?	Based on the information known as at the Prospectus Date, on Reinstatement no persons will have an interest in 5% or more of the Shares on issue (on a post-Consolidation basis).	Section 9.6
What are the Lead Manager's interests in the Securities of the Company?	As at the Prospectus Date, neither the Lead Manager nor its associates have a relevant interest in any Securities.  Based on the information available to the Company as at the date of the Prospectus regarding Morgans Corporate Limited (and its associates') intentions in relation to the Public Offer, they will not have a relevant interest in Securities on Reinstatement.	Section 2.8(a)
<b>Financial information</b>		
What is the Company's financial position?	Investors should be aware that K-TIG is currently making a loss. A summary of the financial history of the Company and GEL is set out in the financial information section and Independent Limited Assurance Report in Sections 6 and Annexure A respectively.	Section 6 and Annexure A
Are there any forecasts of future earnings?	Given the current status of the Company's operations and the speculative nature of its business, the Directors do not consider it appropriate to forecast future earnings. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.	Section 6
Will the Merged Company have sufficient funds for its stated objectives?	The Directors are satisfied that on completion of the Offers, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.	Section 2.6
What is the Company's dividend policy?	Payment of dividends by the Company is at the discretion of the Board. The Directors have no current intention to declare and pay a dividend and no dividends are expected to be paid during the foreseeable future following the Company's Reinstatement. In determining whether to declare future dividends, the Directors will consider the level of earnings of the Company, the operating results and overall financial condition of the Company, future capital requirements, capital management initiatives, general business outlook and other factors the Directors may consider relevant at the time of their decision. The Directors cannot and do not provide any assurances in relation to the future payment of dividends or the level of franking credits attaching to dividends.	Section 3.8
<b>Summary of the Offers</b>		
What are the Offers?	The Offers in this Prospectus comprise: (i) a public offering of up to 125,000,000 Shares at an issue price of \$0.20 each to raise up to \$25,000,000 (before costs) ( <b>Public Offer</b> ); and (ii) a separate offer to the Noteholders (or their	Section 2.1

Topic	Summary	More information
	nominees) of up to 20,000,000 Conversion Securities, consisting of 10,000,000 Conversion Shares and 10,000,000 Conversion Options ( <b>Conversion Offer</b> ).	
What is the Offer Price?	\$0.20 per Share.	Section 2.1(a)
Is there a Minimum Subscription?	The Minimum Subscription for the Public Offer is 100,000,000 Shares at \$0.20 per Share to raise \$20,000,000 before costs.	Section 2.4
What are the conditions of the Offers?	<p>The Offers under this Prospectus are conditional upon the following events occurring:</p> <ul style="list-style-type: none"> <li>(a) the Acquisition Agreement becoming unconditional;</li> <li>(b) Shareholders approving the Transaction Resolutions;</li> <li>(c) the Company raising the Minimum Subscription, being \$20,000,000, under the Public Offer;</li> <li>(d) the Company entering into a binding term sheet for debt financing of approximately \$10,000,000, but no less than \$8,000,000;</li> <li>(e) to the extent required by ASX or the Listing Rules, each person entering into a Restriction Agreement or being issued a restriction notice imposing restrictions on Securities as mandated by the Listing Rules; and</li> <li>(f) ASX providing the Company with a list of conditions which, when satisfied, will result in ASX reinstating the Shares to quotation on ASX upon the satisfaction of Chapters 1 and 2 of the Listing Rules.</li> </ul>	Section 2.3
Why are the Offers being conducted and what are the proposed use of funds?	<p>The purposes of the Public Offer are to:</p> <ul style="list-style-type: none"> <li>(a) assist with the Company's re-compliance with the admission requirements under Chapters 1 and 2 of the Listing Rules following a significant change to the nature and scale of the Company's activities; and</li> <li>(b) provide funding for the purposes outlined in Section 2.6.</li> </ul>	Section 2.6

What is the proposed capital structure of the Merged Company?	The proposed capital structure of the Company on Reinstatement is set out below:					Section 2.5
	Shares	Number of Shares (Minimum Subscription)	%	Number of Shares (Maximum Subscription)	%	
	Existing Shares (pre-Consolidation)					
		183,319,832	-	183,319,832	-	
	Existing Shares (post-Consolidation)					
		73,327,933	39.75	73,327,933	35.01	
	Public Offer Shares <sup>1</sup>					
		100,000,000	54.21	125,000,000	59.68	
	Corporate Advisor Shares <sup>2</sup>					
		1,125,000	0.61	1,125,000	0.54	
	Conversion Shares <sup>3</sup>					
		10,000,000	5.42	10,000,000	4.77	
	Total (post-Consolidation)					
		184,452,933	100	209,452,933	100.0	
	Options		Number of Options		%	
	Existing Options (pre-Consolidation)		6,612,152		-	
	Existing Options (post-Consolidation) <sup>1</sup>		2,644,861		18.06	
	Corporate Advisor Options <sup>2</sup>		2,000,000		13.66	
Conversion Options <sup>3</sup>		10,000,000		68.28		
Total (post-Consolidation)		14,644,861		100.0		
Performance Rights		Number of Performance Rights		%		
Existing Performance Rights (pre-Consolidation)		6,000,000		-		
Existing Performance Rights (post-Consolidation) <sup>1</sup>		2,400,000		100		
Total (post-Consolidation)		2,400,000		100.0		

Topic	Summary	More information
How do I apply for Securities under the relevant Offers?	<p>Applications for Shares under the Public Offer must be made using the Application Form (in respect to the Public Offer).</p> <p>Applications for Shares must be for a minimum of 10,000 Shares (i.e. \$2,000) and thereafter in multiples of 2,500 Shares and payment for the Shares must be paid in full at the issue price of \$0.20 per Share.</p> <p>All Application Forms must be completed in accordance with the instructions accompanying the Application Form.</p>	Section 2.9
When will I know if my Application was successful?	Holding statements confirming allocations under the Public Offer will be sent to successful applicants as required by ASX. Holding statements are expected to be issued to Shareholders on or about 27 June 2023.	Indicative Timetable on page 11
What are the terms of the Securities offered under the Offers?	<p>The rights and liabilities attaching to the Shares are further described in Section 9.1.</p> <p>Refer to Section 9.3 for a summary of the terms and conditions of the Conversion options.</p>	Sections 9.1 and 9.3
Is there a cooling off period?	Cooling-off rights do not apply to an investment in the Securities issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.	N/A
Can the Offers be withdrawn?	Yes. The Company reserves the right not to proceed with the Offers at any time before the issue of Shares to successful applicants. If the Offers do not proceed, application monies will be refunded (without interest).	Section 2.12
Who is the Lead Manager?	The Company has appointed Morgans Corporate Limited as Lead Manager to the Offers. Refer to Section 2.8(a)(i) for a summary of the fees payable to the Lead Manager as Section 8.2(b) for a summary of the Lead Manager Mandate.	Section 2.8(a)
Is the Public Offer underwritten?	The Public Offer is not underwritten.	Section 2.7
Will the Shares be quoted?	Application for quotation of all Shares to be issued under the Offers will be made to ASX no later than 7 days after the date of this Prospectus. The Options issued under the Corporate Advisor Options Offer will be unquoted.	Section 2.11
Are there any escrow arrangements?	As a condition of admitting the Company to the Official List, the ASX may classify certain Securities in the Company as restricted securities in accordance with the ASX Listing Rules, which will be subject to some form of restriction arrangement for up to 24 months. None of the Shares issued under the Public Offer will be subject to escrow. The Company will announce to ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX. During the period in which restricted Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose	Section 2.17

Topic	Summary	More information
	of his or her Shares in a timely manner. The Company confirms its 'free float' (the percentage of the Shares that are not restricted and are held by shareholders who are not related parties (or their associates) of the Company at the time of Reinstatement) will be not less than 20% in compliance with ASX Listing Rule 1.1 Condition 7.	
Is there any brokerage, commission or stamp duty payable by Applicants?	<p>No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offers. However, the Company has paid a fee equal to 5% of the gross proceeds of the Convertible Note Raise and will pay the following fees to the Lead Manager (or its nominees) pursuant to the Lead Manager Mandate subject to the completion of the Public Offer:</p> <ul style="list-style-type: none"> <li>(a) a management fee of 2% of the proceeds from the Public Offer; and</li> <li>(b) a selling fee of 3% of the proceeds of the Public Offer.</li> </ul>	Section 2.9(c)
How can I find out more about the Prospectus or the Offers?	By speaking to your sharebroker, solicitor, accountant or other independent professional adviser or by contacting the Company Secretary on +61 8 9482 0500.	Section 2.21



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# 1. Transaction Overview

## 1.1 The Transaction

On 21 March 2023, the Company entered into a formal share purchase agreement (**Acquisition Agreement**) with the securityholders of Graham Engineering Limited (**GEL**) whereby the Company will, on the satisfaction of various conditions precedent, acquire 100% of the issued capital in GEL (**Transaction**).

GEL will become a wholly owned subsidiary of the Company on completion of the Acquisition Agreement (**Completion**).

The Company's Securities were suspended from official quotation at the at the request of the Company on 27 January 2023 and have remained suspended since that date.

## 1.2 About Graham Engineering Limited

GEL delivers high integrity manufacturing solutions to a wide variety of market sectors, with a particular specialisation in highly technical markets of hazardous waste containers in the nuclear sector.

Refer to Section 3 for further information about GEL.

## 1.3 Acquisition Agreement

Completion of the Transaction under the Acquisition Agreement remains subject to satisfaction (or waiver) of certain key conditions precedent, including:

- (a) the Company receiving conditional approval from ASX confirming that ASX will grant re-quotation of its Shares, on terms satisfactory to the Company (acting reasonably);
- (b) the Shareholders of the Company approving the Transaction Resolutions, as set out in Section 1.5; and
- (c) the Company raising the Minimum Subscription of \$20,000,000 under the Public Offer and entering into a debt financing agreement.

## 1.4 Suspension and Reinstatement on ASX

The Transaction, if successfully completed, will represent a significant change in the nature and scale of the Company's activities and therefore requires the approval of Shareholders and the Company to re-comply with the admission and quotation requirements set out in Chapters 1 and 2 of the Listing Rules. The Company will seek to obtain Shareholder approval for the change in nature and scale (amongst other resolutions required to give effect to the Transaction) at the Company's extraordinary general meeting scheduled for 26 May 2023 (**General Meeting**).

The Company's Securities are currently suspended from trading on ASX and will not be reinstated unless ASX is satisfied the Company has met the requirements of Chapters 1 and 2 of the Listing Rules and the Company obtains approval of Shareholders at the General Meeting for all resolutions required to implement the Transaction and the Offers (refer to Section 1.5 for further details).

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- (b) the Company must satisfy the "assets test" as set out in Listing Rule 1.3.

It is expected that the conduct of the Public Offer pursuant to this Prospectus will allow the Company to satisfy the above requirements.

Applicants should be aware that ASX will not re-admit or admit any Shares to official quotation until the Company re-complies with Chapters 1 and 2 of the Listing Rules and is re-admitted by ASX to the Official List.

In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Public Offer and will repay all Application Monies received by it in connection with this Prospectus (without interest).

Neither ASX nor ASIC take responsibility for the contents of this Prospectus. The fact that ASX may grant official quotation to the Shares issued pursuant to this Prospectus is not to be taken in any way as an indication by ASX as to the merits of the Company or the Shares.

## 1.5 General Meeting

The Company will hold the General Meeting primarily for the purpose of seeking the approval of Shareholders for a number of resolutions required to implement the Transaction and the Offers, including approval for:

- (a) **Consolidation:** the Company undertaking a consolidation of its Securities on a 2.5 to 1 basis (for the avoidance of doubt, all references to Securities in this Prospectus are made on a post-Consolidation basis, unless specified otherwise);
- (b) **Change in nature and scale of activities:** the Company changing the nature and scale of its activities as a result of the Transaction;
- (c) **Public Offer:** the issue of up to 125,000,000 Shares under the Public Offer (refer to Section 2.1(a));
- (d) **Corporate Advisor Securities:** the issue of 1,125,000 Corporate Advisor Shares and 2,000,000 Corporate Advisor Options to the Corporate Advisor, SRG Partners Pty Ltd (or its nominees) (refer to Section 8.2(c));
- (e) **Conversion Offer:** the issue of 10,000,000 Conversion Shares and 10,000,000 Conversion Options (together, the **Conversion Securities**) (refer to Section 2.1(b)); and
- (f) **Appointment of Proposed Director:** the appointment of Tony Eckford as a Director (refer to Sections 7.1 and 7.2),

(each a **Transaction Resolution**).

If any of the Transaction Resolutions are not approved by Shareholders at the General Meeting, the Transaction (including the Offers under this Prospectus) will not complete and this Prospectus will be withdrawn.

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## 2. Details of the Offers

### 2.1 Offers

The Company is seeking to raise a minimum of \$20,000,000 (before costs) (**Minimum Subscription**) and a maximum of \$25,000,000 (before costs) (**Maximum Subscription**) through an offer of a minimum of 100,000,000 Shares and a maximum of 125,000,000 Shares at an issue price of \$0.20 per Share (on a post-Consolidation basis) (**Public Offer**).

The Offers are made with disclosure under this Prospectus and are made on the terms, and are subject to the conditions, set out in this Prospectus.

#### (a) **Public Offer**

Subject to the restrictions set out in Sections 2.15 and 2.16, the Public Offer is open to the general public in Australia and certain investors in New Zealand, Hong Kong, Singapore, Malaysia and the United Kingdom.

The Public Offer invites investors to apply for up to 125,000,000 Shares (**Public Offer Shares**) to be issued at \$0.20 per Share (**Offer Price**) to raise up to \$25,000,000 (before costs). Minimum Subscription under the Public Offer is \$20,000,000 (before costs).

The Company has appointed Morgans Corporate Limited (**Lead Manager** or **Morgans**) as lead manager to the Public Offer on the terms set out in Section 8.2(b).

The Shares to be issued by the Company pursuant to the Public Offer, are of the same class and will rank equally with the Company's existing Shares on issue. The rights and liabilities attaching to the Shares are further described in Section 9.1.

#### (b) **Conversion Offer**

The Conversion Offer is a separate offer made under this Prospectus.

On 16 March 2023, the Company announced that it had raised \$2,000,000 (before costs) through the issue of up to 2,000 convertible debt notes (**Convertible Notes**) with a face value of \$1,000 each (**Convertible Note Raise**).

The Conversion Offer is comprised of an offer of up to 10,000,000 Shares (**Conversion Shares**) and 10,000,000 Options (**Conversion Options**) to the holders of the Convertible Notes (**Noteholders**), who are professional and sophisticated investors.

The Convertible Notes will automatically convert on completion of the Transaction and Public Offer.

The Conversion Shares will be fully paid ordinary shares in the Company.

The terms and conditions of the Conversion Options are described in Section 9.2. If the Conversion Options are exercised, the resultant Shares will be of the same class and will rank equally in all respects with the Company's existing Shares in the Company.

The terms and conditions of the Convertible Notes are summarised in Section 8.2(d).

## 2.2 Allocation policy

The Public Offer Shares are proposed to be issued to participants in the Public Offer who will be determined by the Lead Manager, in consultation with the Board and in accordance with the allocation policy set out in the Prospectus. No applicant under the Public Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by Directors (in conjunction with the Lead Manager) will be influenced by the following factors:

- (a) the number of Shares applied for;
- (b) the overall level of demand for the Public Offer;
- (c) the timeliness of the bid particular applicants;
- (d) the desire for a spread of investors, including institutional investors;
- (e) recognising the ongoing support of existing Shareholders;
- (f) the likelihood that particular Applicants will be long-term Shareholders;
- (g) the desire for an informed and active market for trading Shares following completion of the Public Offer;
- (h) ensuring an appropriate Shareholder base for the Company going forward; and
- (i) any other factors that the Company and the Lead Manager consider appropriate. The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

## 2.3 Conditions to the Offers

The Offers under this Prospectus are conditional upon the following events occurring:

- (a) the Acquisition Agreement becoming unconditional (refer to Sections 1.3 and 8.2(a));
- (b) the Company obtaining approval of Shareholders of the Transaction Resolutions at the General Meeting (refer to Section 1.5);
- (c) the Company raising the Minimum Subscription, being \$20,000,000, under the Public Offer (refer to Section 2.4);
- (d) the Company entering into a binding term sheet for debt financing of approximately \$10,000,000, but no less than \$8,000,000 (**Debt Financing Condition**) (refer to Section 5.1(d));
- (e) to the extent required by ASX or the Listing Rules, each person entering into a Restriction Agreement or being issued a restriction notice imposing restrictions on Securities as mandated by the Listing Rules; and
- (f) ASX providing the Company with a list of conditions on terms acceptable to the Company (acting reasonably) which, when satisfied, will result in Reinstatement.

If any of these conditions are not satisfied the Company will not proceed with the Offers and the Company will repay all Application Monies received under the Public Offer to the Applicants (without interest) in accordance with the Corporations Act.

## 2.4 Minimum Subscription

The minimum subscription under the Public Offer is \$20,000,000 (before costs) (being the issue of a minimum of 100,000,000 new Shares) (**Minimum Subscription**).

None of the Securities offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. If the Minimum Subscription is not raised within four months of the Prospectus Date (or such period as varied by ASIC), the Company will not proceed with the Offers and will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

## 2.5 Capital structure on Reinstatement

The proposed capital structure of the Company on Reinstatement is set out below:

Shares	Number of Shares (Minimum Subscription)	%	Number of Shares (Maximum Subscription)	%
Existing Shares (pre-Consolidation)	183,319,832	-	183,319,832	-
Existing Shares (post-Consolidation)	73,327,933	39.75	73,327,933	35.01
Public Offer Shares <sup>1</sup>	100,000,000	54.21	125,000,000	59.68
Corporate Advisor Shares <sup>2</sup>	1,125,000	0.61	1,125,000	0.54
Conversion Shares <sup>3</sup>	10,000,000	5.42	10,000,000	4.77
<b>Total (post-Consolidation)</b>	<b>184,452,933</b>	<b>100</b>	<b>209,452,933</b>	<b>100.0</b>

**Notes:**

1. The Company is seeking to raise up to \$25 million (before costs) under the Public Offer through an offer of 125,000,000 Shares at an issue price of \$0.20 per Share.
2. Securities to be issued in accordance with the Corporate Advisor Mandate summarised in Section 8.2(c).
3. Securities to be issued on conversion of the Convertible Notes summarised in Section 8.2(d).
4. All figures are subject to the effect of rounding post-Consolidation.

Options	Number of Options	%
Existing Options (pre-Consolidation)	6,612,152	-
Existing Options (post-Consolidation) <sup>1</sup>	2,644,861	18.06
Corporate Advisor Options <sup>2</sup>	2,000,000	13.66
Conversion Options <sup>3</sup>	10,000,000	68.28
<b>Total (post-Consolidation)</b>	<b>14,644,861</b>	<b>100.0</b>

**Notes:**

1. Unquoted Options exercisable at \$0.75 each on or before 30 September 2023.
2. The terms and conditions of the Corporate Advisor Options are in Section 9.2.
3. The terms and conditions of the Conversion Options are in Section 9.3.

Performance Rights	Number of Performance Rights	%
Existing Performance Rights (pre-Consolidation)	6,000,000	-
Existing Performance Rights (post-Consolidation) <sup>1</sup>	2,400,000	100.0
<b>Total (post-Consolidation)</b>	<b>2,400,000</b>	<b>100.0</b>

**Notes:**

1. The Performance Rights consist of the following:
  - (a) 800,000 vested but unexercised Performance Rights. The holder may exercise the right to convert the performance rights into Shares at any time prior to their expiry date of 22 December 2025;
  - (b) 800,000 vested but unexercised Performance Rights. The holder may exercise the right to convert the performance rights into Shares at any time prior to their expiry date of 22 December 2025; and
  - (c) 800,000 Performance Rights vest when the price of the Company's Shares traded on ASX achieves a VWAP of at least \$0.75 (on a pre-Consolidation basis) over any 20 consecutive trading day period before 1 October 2022. The milestone was not achieved by the relevant date; accordingly, these Performance Rights have not vested.

The Company's free float at the time of Reinstatement will be not less than 20%.

## 2.6 Purpose of the Offers and proposed use of funds

The purposes of the Offers are to:

- (a) assist with the Company's re-compliance with the admission requirements under Chapters 1 and 2 of the Listing Rules following a significant change to the nature and scale of the Company's activities; and
- (b) provide funding for the purposes outlined in this Section 2.6.



Following the Offers, it is anticipated that the following funds will be available to the Company:

Source of funds	\$ (Minimum Subscription)	%	\$ (Maximum Subscription)	%
Existing cash	1,914,639	6.00	1,914,639	5.19
Acquisition debt funding	10,000,000	31.33	10,000,000	27.09
Funds raised from the Capital Raising	20,000,000	62.67	25,000,000	67.72
<b>Total funds</b>	<b>31,914,639</b>	<b>100.0%</b>	<b>36,914,639</b>	<b>100.0</b>

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 (\$)	%
Completion Payment <sup>1</sup>	17,600,000	-	17,600,000	55.15
Acquisition of GEL Property <sup>1</sup>	7,920,000	-	7,920,000	24.82
Lead Manager/Advisor Fees <sup>2</sup>	1,400,000	-	1,400,000	4.39
Market development <sup>3</sup>	1,000,000	1,000,000	2,000,000	6.27
Estimated expenses of Transaction and Public Offer <sup>4</sup>	800,000	-	800,000	2.51
General administration fees and working capital <sup>5</sup>	997,320	1,197,319	2,194,639	6.88
<b>Total</b>	<b>29,717,320</b>	<b>2,197,319</b>	<b>31,914,639</b>	<b>100.0</b>

Maximum Subscription	Year 1 (\$)	Year 2 (\$)	Total (\$)	%
Completion Payment <sup>1</sup>	17,600,000	-	17,600,000	47.68
Acquisition of GEL Property <sup>1</sup>	7,920,000	-	7,920,000	21.45
Lead Manager/Advisor Fees <sup>2</sup>	1,690,000	-	1,690,000	4.58
Market development <sup>3</sup>	2,000,000	4,000,000	6,000,000	16.25

Estimated expenses of Transaction and Public Offer <sup>4</sup>	800,000	-	800,000	2.17
General administration fees and working capital <sup>5</sup>	1,352,320	1,552,319	2,904,639	7.87
<b>Total</b>	<b>31,362,320</b>	<b>5,552,319</b>	<b>36,914,639</b>	<b>100.0</b>

**Notes:**

1. See Section 8.2(a) for a summary of amounts payable under the Acquisition Agreement. The Company intends to pay the Deferred Payment Amount out of existing capital or working capital facility.
2. See Section 8.2(b) and 8.2(c) for a summary of fees payable to the Lead Manager and Corporate Advisor.
3. The Company intends to use approximately \$2,000,000 of the capital raised under the Public Offer (assuming Minimum Subscription), or approximately \$6,000,000 (assuming Maximum Subscription), for market development and pursuing opportunities in the nuclear sector.
4. Expenses paid or payable by the Company in relation to the Offers are set out in Section 9.10.
5. Working capital includes the general costs associated with the management and operation of the business including administration expenses, servicing and repaying the Debt Financing, rent and other associated costs.

The above table is a statement of current intentions as at the Prospectus Date. Prospective investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including market conditions, the development of new opportunities and/or any number of other factors (including the risk factors outlined in Section 5), and actual expenditure levels, may differ significantly from the above estimates.

The funds raised from the Offers, assuming the Minimum Subscription is raised, will provide the Company with sufficient working capital to carry out its stated objectives in this Prospectus.

The use of further equity funding may be considered by the Company where it is appropriate to accelerate a specific project or strategy.

Based on the intended use of funds detailed above, the amounts raised pursuant to the Offers will provide the Company with sufficient funding for approximately the 24-month period following Reinstatement. The future capital requirements of the Company will depend on many factors including the timing and success of the Company's activities and whether any of the risks in Section 5 materialise. The Company believes its available cash and the net proceeds of the Public Offer should be adequate to fund its business objectives in the short term as stated in this Prospectus, however, the Company may require further financing in the future. See Section 5 for discussion of the risks associated with the Company's future capital requirements.

## 2.7 Underwriting

The Offers are not underwritten.

## 2.8 Key advisors' interests in Securities

### (a) Lead Manager

Morgans Corporate Limited (**Morgans Corporate** or **Lead Manager**) has been appointed as lead manager to the Public Offer. A summary of the key terms of Morgans appointment as lead manager is set out in Section 8.2(b).

#### (i) Fees payable to Morgans Corporate

The Company has or will pay to the Lead Manager certain fees in connection with the Public Offer as summarised in Section 8.2(a).

#### (ii) Morgans Corporate interests in Securities

As at the Prospectus Date, the Lead Manager nor its associates have any relevant interest in any Securities.

#### (iii) Participation in previous placements

The Lead Manager has not participated in a placement of Securities by the Company in the two years preceding lodgement of this Prospectus.

### (b) Corporate Advisor

The Company engaged SRG Partners Pty Ltd (**SRG Partners** or **Corporate Advisor**) to provide corporate advisory services in connection with the Transaction and Public Offer. A summary of the key terms of the appointment is set out in Section 8.2(c).

#### (i) Fees payable to the Corporate Advisor

The Company has or will pay to the Corporate Advisor certain fees as summarised in Section 8.2(c).

#### (ii) Corporate Advisor's interests in Securities

As at the Prospectus Date, the Corporate Advisor holds the following relevant interest in Securities.

Holder	Shares	Options
SRG Partners Pty Ltd	2,370,000	399,770

#### (iii) Participation in previous placements

The Corporate Advisor has not participated in a placement of Securities by the Company in the two years preceding lodgement of this Prospectus.

## 2.9 Applications

### (a) Public Offer

The Public Offer is open to the general public in Australia and, subject to the restrictions set out in Sections 2.15 and 2.16, certain investors in New Zealand, Hong Kong, Singapore, Malaysia and the United Kingdom.

Applications for Securities under the Public Offer must be made by using the relevant Application Form at <https://apply.automic.com.au/KTIG> and pay the application monies electronically.

By completing an Application Form, each applicant under the Public Offer will be taken to have declared that all details and statements made by them are complete and accurate.

Applications under the Public Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 2,500 Shares (\$500).

If paying by BPAY® or EFT, please follow the instructions on the Application Form. A unique reference number will be quoted upon completion of the online application. Your BPAY reference number will process your payment to your application electronically and you will be deemed to have applied for such Shares for which you have paid. Applicants using BPAY should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the Closing Date of the Public Offer. You do not need to return any documents if you have made payment via BPAY or EFT.

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

The Company reserves the right to close the Public Offer early.

(b) **Conversion Offer**

The Conversion Offer is open to the Noteholders and only the Noteholders (or their nominees) may apply for the Conversion Securities under the Conversion Offer.

An Application Form will be issued the Noteholders (or their nominees) together with a copy of this Prospectus.

(c) **Acknowledgements**

If you do not provide the exact amount, the Company reserves the right to issue you a lesser number of Shares and (if necessary) return a portion of your funds. No interest will be paid on money returned. No brokerage or stamp duty costs are payable by Applicants. The Application Form and related payment must be completed and received by no later than the Closing Date. The Offers may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offers or accept late Applications.

The return of a completed Application Form with the requisite Application Monies (if applicable) will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that the Applicant:

- (i) agreed to be bound by the terms of the Offers;
- (ii) agreed to be bound by the terms of the Constitution;

- (iii) irrevocably and unconditionally agree to the terms and conditions of the Offers and the terms and conditions set out in this Prospectus (having read the Prospectus in its entirety) and the Application Form;
- (iv) declares that all details and statements in the Application Form are complete and accurate;
- (v) declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;
- (vi) acknowledged that, once the Company receives an Application Form, it may not be withdrawn;
- (vii) applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- (viii) agreed to being allocated and issued or transferred the number of Securities applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- (ix) acknowledged that the Company may not pay dividends, or that any dividends paid may not be franked;
- (x) declared that the Applicant(s) is/are a resident of Australia or is otherwise eligible to participate in the Offers having regard to the restrictions in Sections 2.15 and 2.16;
- (xi) authorises the Company and its respective officers or agents, to do anything on their behalf necessary for the Shares to be issued to them, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (xii) acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Shares are suitable for them given their investment objectives, financial situation or particular needs;
- (xiii) acknowledges that the Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia, and accordingly, the Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws;
- (xiv) acknowledged and agreed that the Offers may be withdrawn by the Company, or may otherwise not proceed in the circumstances described in this Prospectus; and
- (xv) acknowledged and agreed that if the listing does not occur for any reason, the Offers will not proceed.

## 2.10 Application Monies to be held in trust

To the extent required by the Corporations Act, until the Securities are issued under the Prospectus, the Application Monies for Securities will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus. However, the Company will be entitled to retain all interest that accrues on the bank account and each Applicant

waives the right to claim interest. If the Shares to be issued under the Prospectus are not admitted to Official Quotation within three months after the Prospectus Date, no Securities will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

## 2.11 Reinstatement and Official Quotation

Within seven days after the Prospectus Date, the Company will apply to ASX for re-admission to the Official List and for the Shares, including those offered by this Prospectus, to be reinstated to official quotation (apart from any Shares that may be designated by ASX as restricted securities).

Completion is conditional on ASX approving this application on conditions acceptable to the Company. If ASX does not grant permission within three months after the Prospectus Date (or any longer period permitted by law), the Offers will be withdrawn and all Application Monies will be refunded to Applicants (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may admit the Company to the Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

## 2.12 Discretion regarding the Offers

The Company may withdraw the Offers at any time before the issue of Securities to successful Applicants under the Offers. If the Offers, or any part of them, do not proceed, all relevant Application Monies will be refunded (without interest).

The Company also reserves the right to, subject to the Corporations Act, extend the Offers or any part of them, accept late Applications either generally or in particular cases, reject any Application or allocate to any Applicant fewer Securities than the amount applied for.

## 2.13 Commencement of trading

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by any of them, by a broker or otherwise.

## 2.14 CHESS and issuer sponsorship

The Company will apply to participate in CHESS. All trading on the ASX will be settled through CHESS. ASX Settlement, a wholly owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their Securities on the issuer sponsored sub-register). The



statements will set out the number of existing Securities (where applicable) and the number of new Securities allotted under this Prospectus and provide details of a Shareholder's holder identification number (for Shareholders who elect to hold Shares on the CHESS sub-register) or Shareholder reference number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

## 2.15 Overseas applicants

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia, may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit an offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are residents in countries other than Australia, should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia, it is your responsibility to obtain all necessary approvals for the issue of the Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

## 2.16 Notice to foreign investors

### (a) **Notice to investors in New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

### (b) **Hong Kong**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures

Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). Accordingly, this document may not be distributed, and the Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

(c) **Singapore**

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the **SFA**) or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

(d) **Malaysia**

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Shares. The Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

(e) **United Kingdom**

Neither this document nor any other document relating to the offer of Shares has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares.

The Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together “relevant persons”). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

## 2.17 Escrow arrangements

Subject to the Company's Shares being reinstated to trading on the ASX, certain Shares and Options in the Company will be classified by ASX (in its absolute discretion) as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Securities likely to be subject to escrow are the Corporate Advisor Securities. Shares offered under the Public Offer will not be subject to any escrow restrictions.

Prior to the Company's Shares being reinstated to trading on the ASX, the Company will enter into escrow agreements with the recipients of the restricted securities or issue escrow notices in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

## 2.18 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. To the maximum extent permitted by law, neither the Company nor any of its Directors, officers nor any of their respective advisers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

## 2.19 Privacy disclosure

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess Applications for Shares, to provide facilities and services to security holders, and to carry out various

administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

## 2.20 Electronic Prospectus

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Securities in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

## 2.21 Paper copies of Prospectus

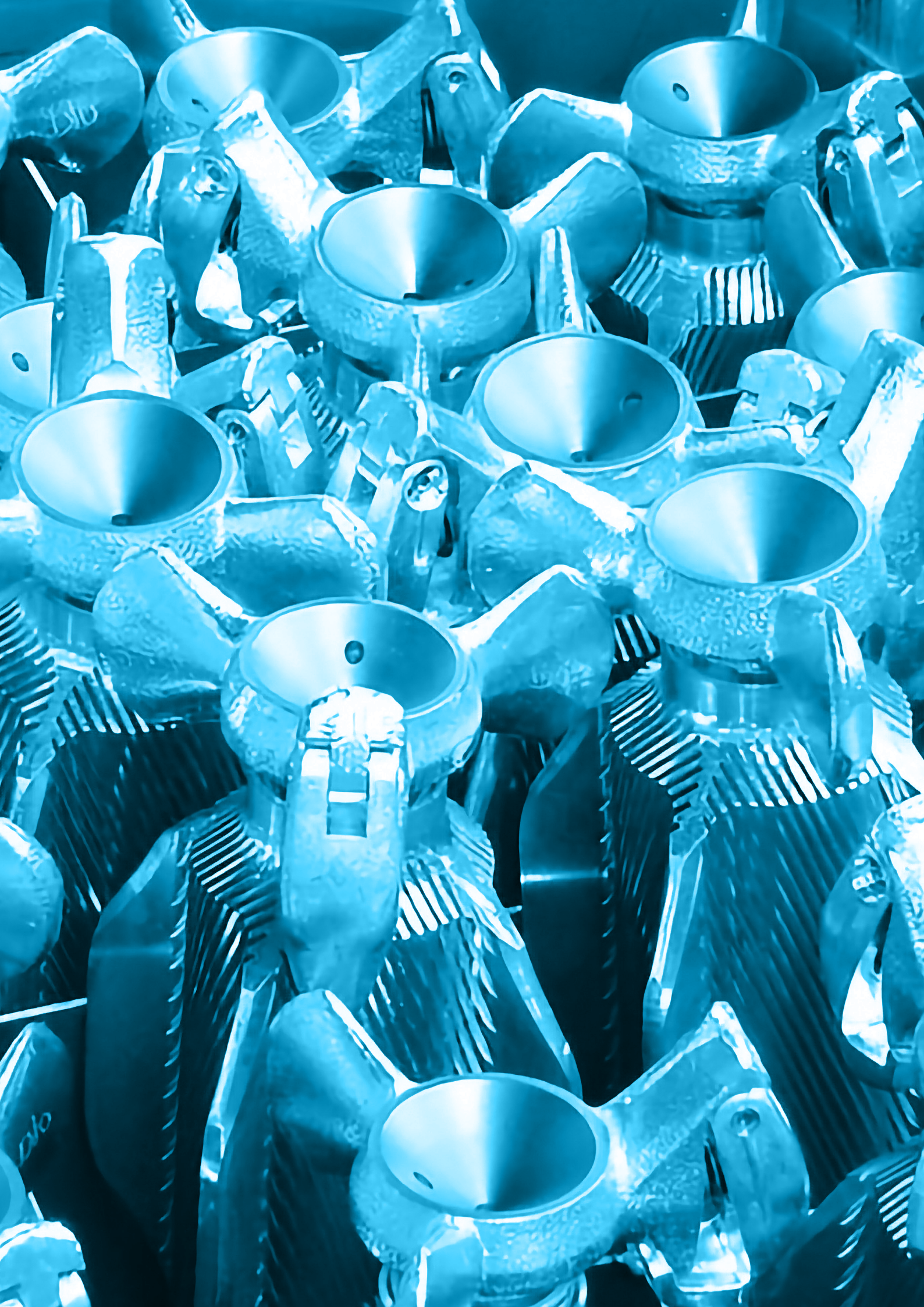
The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the Application Form to investors upon request and free of charge. Requests for a paper copy Prospectus and Application Form should be directed to the Company Secretary on +61 8 9482 0500.

## 2.22 Enquiries

This Prospectus provides information for potential investors in the Company and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

Questions relating to the Offers and the completion of an Application Form can be directed to Automic on 1300 288 664 (within Australia) or +61 2 9698 5414 (Outside Australia) 8:30am to 5:00pm (AWST) Monday to Friday during the offer period.





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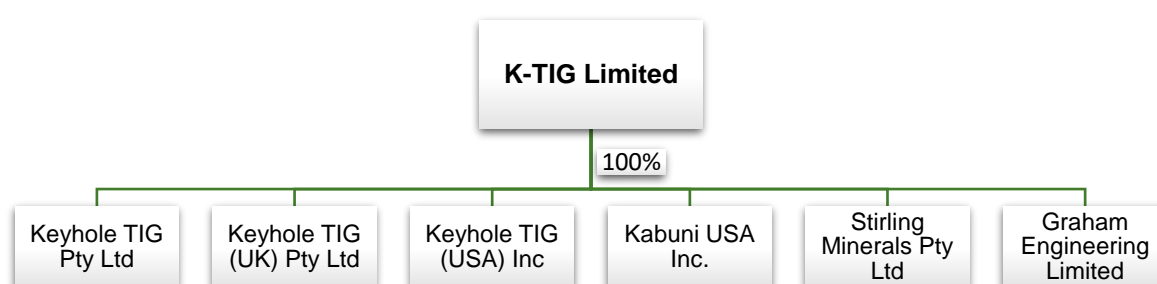
## 3. Company overview

### 3.1 Existing activities of the Company

K-TIG is a welding business that seeks to change the economics of fabrication. KTIG's high-speed precision welding 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, carbon steels, and most exotic materials. It easily handles longitudinal and circumferential welds on pipes, spooling, vessels, tanks and other materials in a single pass.

### 3.2 Corporate Structure of Merged Company

On Completion, GEL will become a wholly owned subsidiary of the Company, and the Company's main undertaking will be specialist welding and manufacturing, primarily in the nuclear decommissioning industry, in accordance with the strategy described in Section 3.3(k). The corporate structure of the Merged Company on Completion will be as follows:



Details of the Company's material subsidiaries are as follows:

- (a) **Keyhole TIG Pty Ltd** was incorporated in Australia on 10 December 2010. Its business is the Australian operating entity delivering advanced TIG welding technology.
- (b) **Keyhole TIG (UK) Pty Ltd** was incorporated in the United Kingdom on 12 July 2021. Its business is the Company's UK operating entity.
- (c) **Keyhole TIG (USA) Inc.** was incorporated in the United States on 11 August 2020. Its business is the Company's United States operating entity.

### 3.3 About Graham Engineering

#### (a) General overview

GEL delivers high integrity manufacturing solutions to a wide variety of market sectors, including nuclear, aerospace, medical and security.



The engineering, manufacturing and assembly relating to these products and solutions takes place at GEL's premises in Lancashire, United Kingdom (UK), conveniently located for GEL's core customers.

GEL has continuously invested heavily in the latest manufacturing technology which has resulted in high-tech manufacturing capabilities backed by decades of engineering experience, efficient manufacturing techniques and comprehensive knowledge of materials.

GEL has a particular specialisation in highly technical markets of hazardous waste containers and leverages this skillset across a wider market sectors.

GEL has achieved long standing relationships with customers through the company's focus on quality, manufacturing products to the highest standards of performance.

(b) **Nuclear capabilities**

GEL have been supplying the nuclear sector since 1985 and have extensive experience in the manufacture of containments of all varieties, plant and equipment.

This extensive knowledge of producing 'nuclear product' and 'hazardous waste' containers for the nuclear industry includes high level waste flasks, intermediate level 4m<sup>3</sup> and 3m<sup>3</sup> boxes, 3m<sup>3</sup> drums 500L drums, low level boxes and store furniture (i.e stillage's and MBGW stools). Product containers from 30ml to 80L for a wide range of product types. Most of the UK's 3m<sup>3</sup> ILW Boxes have been developed at GEL along with all the 500L ILW drums. The HLW WVP flasks have been a single source supply from GEL for over 30 years.



Image: Product containers and drums produced by GEL for the UK nuclear decommissioning sector

GEL's existing customers in the nuclear sector include: Sellafield Limited (**Sellafield**), and Magnox Limited.

(c) **Manufacturing capabilities**

GEL has developed a range of innovative manufacturing processes which are utilised throughout the entire production cycle.

GEL has extensive experience in aluminium, stainless steel and steel fabrications and has the capability to produce fabrications of up to seven tonnes. The Company can

produce complete fabricated assemblies for nuclear waste containment and structural components.

All sheet and plate metals are processed through GEL's advanced plant and equipment, be it profiled via CNC, a laser cutting machine involving multi axis welding robotics or a variety of welding processes (including Robotics 3D Fibre Laser), 5 axis machining, large deep drawn pressing, forming, surface treatments (Vapour Blasting), polishing, CMM inspection and final assembly.

To accurately meet the specific shapes and sizes of customer requirements, GEL has invested in a 10-kilowatt Bystronic ByStar laser cutting machine with a 4 x 2 metre bed.

This in-house laser cutting machine, along with three 4-kilowatt Prima laser cutting machines, support the in-house sheet metal production.

GEL operates the following major engineering capabilities:

- (i) laser cutting & welding;
- (ii) pressing;
- (iii) CNC machining;
- (iv) welding;
- (v) robotics;
- (vi) CMM inspection; and
- (vii) true position inspection robot.

GEL operates on site non-destructive testing services utilising x-ray, dye-penetrants and ultrasonic, along with the ability to permanently identify the product using fibre laser engraving technology.

#### High-quality manufacturing capabilities

Graham Engineering has advanced laser welding, plasma welding and deep drawing capabilities backed by decades of engineering experience and techniques



#### Industry-leading output

GEL has strict process controls and leading material traceability systems in place, which are crucial in the nuclear industry and in high-precision engineering





**10kw Fibre Optic Laser**  
IPG Laser  
Fanuc Robot  
Cell One



**10kw Fibre Optic Laser**  
IPG Laser  
Fanuc Robot  
Cell Two



**TIG Robot Welding**



**Automated TIG**  
Fanuc Robot  
Fronius Power Source

GEL's production staff are highly competent and committed to quality.

GEL is certified to the Occupational Health & Safety Management System standard ISO 45001: 2018 by Lloyds Register. This provides a structured approach to hazard identification and risk management and helps to reduce accidents and occupational health issues through a safer working environment.

GEL holds the ISO 3834-2 Welding Certification and complies with the requirements set out by the EWF (European Welding Federation) and the IIW (International Institute of Welding).

GEL is certified to the Environmental Management System Standard ISO 14001: 2015 and is committed to protecting the environment and preventing pollution by ensuring that adequate controls are in place to protect its neighbours, the community and the environment.

(d) **Aerospace capabilities**

GEL has been actively involved in the aerospace industry since the early 1970's. GEL's ongoing Laser Suite investment for the profiling and welding of stainless steels and exotic metals has revolutionised the company's manufacturing processes, increasing consistency and accuracy whilst eliminating waste and cost.



**(e) Security capabilities**

GEL has over 45+ years' experience supplying precision components and complex fabricated assemblies manufactured to exacting specifications into the security market.

GEL is a trusted provider of products and solutions to meet the most demanding threat detection criteria at airports, border crossings, government, military installations and high-risk facilities around the world.

By utilising the vast experience of production techniques GEL has assisted in the development of the high specification parts required to maintain the clarity of imaging needed in this fast-moving environment. Taking the initial design and creating major cost savings through removal of excess materials and automatic manufacturing techniques has drastically reduced the end cost to the customer.

**(f) Medical capabilities**

GEL has over 45+ years' experience supplying demanding precision components and fabricated assemblies requiring stringent specifications at all times into the medical market.

GEL is a trusted provider of high-end fabrication services into the medical market. For many years GEL has worked with world leading companies within the Healthcare, Medical and Pharmaceutical industries.

GEL has entered into long term agreements for the supply of strategic pressure vessel components for the main chambers. GEL is also assisting in developing the next generation of high specification ground breaking equipment.

**(g) Current corporate structure**

The corporate group structure of GEL comprises a single entity, Graham Engineering Limited.

**(h) Financials**

GEL generated £20,011,417 of revenue in 2021 and £13,458,702 of revenue in 2022.

Refer to Section 6 for further financial information in respect of GEL and the Merged Company.

**(i) Key management personnel of GEL**

As at the date of this Prospectus, GEL currently employs approximately 170 employees. Key management personnel are noted below:

(i) **Tony Eckford**

Mr Eckford is an experienced Senior Executive originally trained as a Mechanical Engineer having held Executive positions in FTSE 100/250 companies encompassing a significant number of Chairmanship roles related to various industries.

Mr Eckford is currently Chairman of Graham Engineering. He was formerly Chairman NES Group (Nuclear Engineering Services Group/Ansaldo Nuclear Ltd); Chairman Nukem Technologies GmbH Specialist design, a consultancy and project delivery organisation in the Nuclear sector based in Germany operating primarily in Eastern Europe/South Africa; Chairman of Power Industrial Group, a total service /design and consulting company in the Power/Industrial market place; Group MD of Anglian Water, responsible for some £900 million turnover including Government and Utility Services Divisions.

Subject to Shareholders approving the election of Mr Eckford at the General Meeting and the Transaction proceeding to Completion, the Company will enter into a non-executive director letter of appointment with Mr Eckford.

(ii) **Stuart Fraser**

Mr Fraser has over 40 years of experience in manufacture at GEL with extensive and historic knowledge of product development. Mr Fraser is jointly responsible for the governance and strategic growth of the business, along with the effective growth of the business in all manufacturing and development activities. Mr Fraser will continue in this role following Completion.

(iii) **Frank Kelly**

Mr Kelly joined Graham Engineering in 2005 as a CIMA-qualified accountant, bringing with him more than 20 years of experience in delivering financial information and analysis to key stakeholders. Mr Kelly currently has overall responsibility for the direction and delivery of GEL's finance function. Mr Kelly will continue in this role following Completion.

(j) **Revenue model**

GEL focuses on several large customers from which it derives sustainable, long-term revenues and works with multiple other companies.

In 2022, revenue generated through Sellafield represented approximately 58.7% of GEL's revenue, while Jacobs and Siemens Healthcare generated 8.3% and 18.3% respectively.

As a solutions-focused provider of advanced engineering products, GEL enjoys long-term and collaborative contracts with its customer base.

GEL customers typically engage with GEL at an early state of product development, either with an initial design to effectively produce deliverables or seeking GEL's input to solve a particular problem. As such, GEL becomes a core collaborative partner, engaging in, for example, early-stage prototyping and testing.

Once awarded, the material customer contracts often have terms between one and five years, which provides for a high degree of revenue visibility.



GEL has historically generated new sales through their development of customers' understanding of GEL's total capability for advanced welding techniques, largely through production and manufacturing demonstrations.

(k) **Strategy**

GEL possesses high level qualifications, reputation and experience that are required to operate in highly regulated markets.

GEL will continue to invest in automation and digitisation, along with state-of-the-art equipment, such as advanced laser welding, large CNC machining and inspection scanning robots, and deep drawing capabilities backed by decades of engineering experience and techniques.

Specifically, GEL intends to pursue the following opportunities within the nuclear sector, however, notes that there are no guarantees that the below opportunities may give rise to increased sales or new contracts:

(i) **Nuclear decommissioning sector:**

The Nuclear Decommissioning Authority (**NDA**) have defined a programme to cease operations and clean up 17 of the UK's earliest nuclear sites over a programme lasting around 120 years. With these increasing decommissioning activities in the UK, there is a continued and growing demand for waste containers.

(ii) **Advanced Modular Reactors and Small Modular Reactors:**

The Department for Business, Energy & Industrial Strategy (**BEIS**) announced its award in July 2020 of phase 2 Nuclear Innovation Programme Funding for Advanced Modular Reactors and Advanced manufacturing and Materials.

(iii) **Nuclear Fuel Cycle Activities:**

GEL continues to supply a variety of containers for waste products of reprocessing activities and continues to be engaged closely with the primary customer in product development, prior to full scale production.

Within the healthcare sector, GEL will investigate manufacturing of other medical diagnostic equipment including ultrasounds, computed tomography, mammography, molecular imaging, radio pharmacy, nuclear medicine and radiography.

Within the aerospace sector, GEL intends to work closely with leading aerospace companies on various product developments.

### 3.4 Sources of revenue and expenses of the Merged Company

(a) **Revenue**

K-TIG's revenue model to date has been based on sales of the K-TIG system, a disruptive welding technology (**K-TIG System**). The K-TIG System is provided as a fully integrated welding cell comprised of the K-TIG 1000 controller, torch, power supply, water cooler, wire feeder, torch mount with compensating slide and travel speed feedback encoder.

K-TIG generated \$1,561,556 of sales revenue in 2021 and \$3,702,512 of sales revenue in 2022.

GEL delivers high integrity manufacturing solutions to a wide variety of market sectors, including nuclear, aerospace, medical and security. GEL focuses on several large customers from which it derives sustainable, long-term revenues and works with multiple other companies.

GEL generated revenue of £16,000,981, £20,011,417 and £13,458,702 in 2020, 2021 and 2022, respectively, and made a profit of £1,388,019, £2,368,688 and £542,457 in 2020, 2021 and 2022, respectively.

In 2022, revenue generated through Sellafield represented approximately 58.7% of GEL's revenue, while Jacobs and Siemens Healthcare generated 8.3% and 18.3% respectively.

As a solutions-focused provider of advanced engineering products, GEL enjoys long-term and collaborative contracts with its customer base.

GEL customers typically engage with GEL at an early state of product development, either with an initial design to effectively produce deliverables or seeking GEL's input to solve a particular problem. As such, GEL becomes a core collaborative partner, engaging in, for example, early-stage prototyping and testing.

Once awarded, the material customer contracts often have terms between one and five years, which provides for a high degree of revenue visibility.

GEL has historically generated new sales through their development of customers' understanding of GEL's total capability for advanced welding techniques, largely through production and manufacturing demonstrations.

Investors should note that past performance is not a reliable indicator of future performance and there are various risks that may affect future performance (refer to the risk factors described in Section 5). Further historical financial information of K-TIG and GEL are provided in Section 6.

From Reinstatement, the Company's key sources of financing will consist of the \$25,000,000 to be raised under the Public Offer (assuming the Public Offer is fully subscribed) and debt funding of approximately \$10,000,000 in addition to its existing cash balance. The Company may be required to raise additional capital in the future to fund its operations (see Sections 2.6 and 5.2(o) for further details).

From Reinstatement, the Company intends to continue to generate revenue through the operation of both its existing operations and GEL.

(b) **Expenses**

The main expenses for K-TIG and GEL are salaries and wages, raw materials, equipment purchases, corporate expenses and marketing and business development.

### 3.5 Business model of the Merged Company

The business model of the Merged Company is based on delivering advanced engineering products to its customers. As a solutions-focused provider the Merged Company will target long-term and collaborative contracts with its customer base.

The Merged Company's main customer, Sellafield, represents a strong connection to the UK decommissioning sector. Sellafield is responsible for safely delivering decommissioning, reprocessing and nuclear waste management activities, on behalf of the Nuclear Decommissioning Authority.

The Company through GEL has unique expertise in the nuclear industry, having delivered a wide range of nuclear waste-related products as part of the Sellafield High Integrity Stainless Steel Container contract (HISSC).

The Merged Company has extensive experience in aluminium, stainless steel and steel fabrications and has the capability to produce fabrications up to 7 tonnes. The Company can produce complete fabricated assemblies for nuclear waste containment and structural components.

The Merged Company's business model is based on the following key fundamentals:

- (a) development of a range of innovative manufacturing processes which are utilised throughout the entire production cycle;
- (b) high level qualifications, reputation and experience that are required to operate in highly regulated markets; and
- (c) ongoing investment in automation and digitisation, along with state-of-the-art equipment, such as advanced laser welding, large CNC machining and inspection scanning robots, and deep drawing capabilities backed by decades of engineering experience and techniques.

The operations of the Merged Company will be conducted from its office in Adelaide, South Australia, Pennsylvania, USA and its engineering centre in Nelson, UK.

The Merged Company will have 170 employees across its primary business locations.

### 3.6 Advantages of an investment in the Merged Company

Directors are of the view that an investment in the Merged Company provides the following non-exhaustive list of advantages:

- (a) **Exposure to the UK nuclear decommissioning sector:** the Transaction will support the execution of the nuclear strategy and the Company's pursuits in the UK nuclear decommissioning industry by providing access to existing manufacturing capabilities, experienced technical staff and management and an existing client base of large industrial clients.
- (b) **Advanced manufacturing capability:** the Merged Company delivers high integrity manufacturing solutions to a wide variety of market sectors including nuclear, aerospace, medical, security and defence.
- (c) **Nuclear fabrication capability to support pursuit of UK decommissioning opportunities:** GEL has been supplying the nuclear sector since 1985 and has extensive experience in the manufacture of containments of all varieties, plant and equipment. producing 'nuclear product' and 'hazardous waste' containers for the nuclear industry includes high level waste flasks, intermediate level 4m<sup>3</sup> and 3m<sup>3</sup> boxes, 3m<sup>3</sup> drums 500L drums, low level boxes and store furniture (i.e stillage's and MBGW stools) and product containers from 30mL to 80L for a wide range of product types. The HLW WVP flasks have been a single source supply from GEL for over 30 years.

- (d) **Revenue generating with an operating subsidiary with a history of profitable operations:** The Merged Company is revenue generating, with K-TIG generating \$1,561,556 in revenue for the twelve-month period to 30 June 2021 and \$3,702,512 in revenue for the 12-month period to 30 June 2022, and GEL generating £20,011,417 of revenue in 2021 and £13,458,702 in 2022. Investors should refer to Sections 6 and 7 for further historical financial information of GEL.

### 3.7 Key business model dependencies

The key factors that the Merged Company will depend on to meet its objectives are:

- (a) the successful completion of the Transaction;
- (b) the successful completion of the Public Offer
- (c) continuing to extend the capabilities of its advanced manufacturing and welding technology;
- (d) execute the Company's nuclear strategy and the Company's pursuits in the UK nuclear decommissioning industry;
- (e) retaining and recruiting key personnel skilled in the metal fabrication sector;
- (f) access to capital to further research and develop the Company's technology and execute its business model and growth strategy; and
- (g) sufficient worldwide demand for the Company's products.

Refer to Section 5 for a summary of key risks facing the Company and Merged Company.

### 3.8 Dividend policy

The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings, operating results, the financial condition of the Company, future capital requirements and other factors considered relevant by the Directors. The Company cannot give any assurances in relation to the payment of dividends or franking credits.





## 4. Industry overview

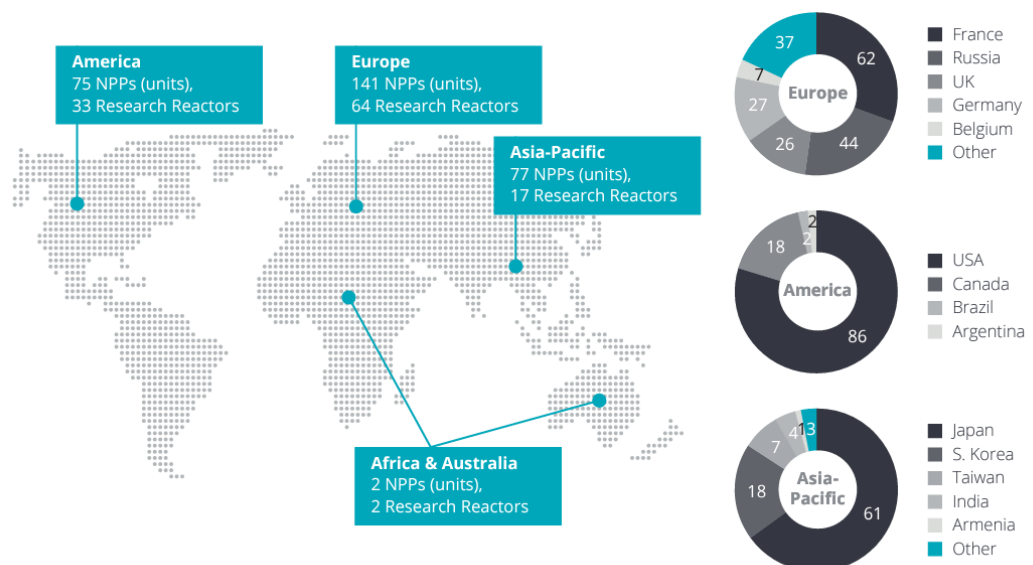
### 4.1 Nuclear market

#### (a) Background

According to the Orbis Research report, the Global Nuclear Decommissioning Services Market was valued at \$6.1 billion in 2021, and is estimated to reach \$9 billion by 2030, with a compound annual growth rate of 5.1%.

According to the International Atomic Energy Agency, at the end of 2020, globally, there were a total of 686 nuclear power reactors at various stages of their lifecycles, including 52 under construction, 442 that were operational, 172 that had been permanently shut down and 20 that had been fully decommissioned. With a lifecycle of 30-40 years, approximately 200 operating reactors are expected to retire by 2040 with the majority of shutdowns expected to come from the EU, the US, Japan and Russia.

According to the World Nuclear Association, the decommissioning of these nuclear power reactors will result in US\$111 billion worth of decommissioning projects to 2035. Major factors driving the growth of the market include the increasing number of nuclear reactors reaching operational retirement, declining prices of renewable power generation sources rendering nuclear power less economical, and growing sensitivity toward environmental issues.



*Decommissioning of Nuclear Facilities Worldwide by 2040 (Source: Deloitte – Decommissioning of Nuclear Facilities, 2018)*

EMEA led the market in 2021 with a market share of 47.0%. This region is expected to dominate the market through to 2030 with an increase in its market share by nearly 5.3%.

#### (b) Types of radioactive waste

Radioactive waste includes any material that is either intrinsically radioactive, or has been contaminated by radioactivity, and that is deemed to have no further use.

Government policy dictates whether certain materials – such as used nuclear fuel and plutonium – are categorised as waste.

Every radionuclide has a half-life – the time taken for half of its atoms to decay, and thus for it to lose half of its radioactivity. Radionuclides with long half-lives tend to be alpha and beta emitters – making their handling easier – while those with short half-lives tend to emit the more penetrating gamma rays. Eventually all radioactive waste decays into non-radioactive elements. The more radioactive an isotope is, the faster it decays.

Radioactive waste is typically classified as either low-level, intermediate-level waste, or high-level waste, dependent, primarily, on its level of radioactivity.

(i) **Very low-level waste**

Exempt waste and very low-level waste (**VLLW**) contains radioactive materials at a level which is not considered harmful to people or the surrounding environment. It consists mainly of demolished material (such as concrete, plaster, bricks, metal, valves, piping, etc.) produced during rehabilitation or dismantling operations on nuclear industrial sites. Other industries (such as food processing, chemical, steel, etc.), also produce VLLW as a result of the concentration of natural radioactivity present in certain minerals used in their manufacturing processes. The waste is therefore disposed of with domestic refuse, although countries such as France are currently developing specifically designed VLLW disposal facilities.

The vast majority of the waste (90% of total volume) is composed of only lightly-contaminated items, such as tools and work clothing, and contains only 1% of the total radioactivity. By contrast, high-level waste – mostly comprising used nuclear (sometimes referred to as spent) fuel that has been designated as waste from the nuclear reactions – accounts for just 3% of the total volume of waste, but contains 95% of the total radioactivity.

(ii) **Low-level waste**

Low-level waste (**LLW**) has a radioactive content not exceeding four giga-becquerels per tonne (GBq/t) of alpha activity or 12 GBq/t beta-gamma activity. LLW does not require shielding during handling and transport, and is suitable for disposal in near surface facilities.

LLW is generated from hospitals and industry, as well as the nuclear fuel cycle. It includes things such as paper, rags, tools, clothing and filters which contain small amounts of mostly short-lived radioactivity. To reduce its volume, LLW is often compacted or incinerated before disposal. LLW comprises some 90% of the volume but only 1% of the radioactivity of all radioactive waste.

(iii) **Intermediate-level waste**

Intermediate-level waste (**ILW**) is more radioactive than LLW, but the heat it generates ( $<2 \text{ kW/m}^3$ ) is not sufficient to be taken into account in the design or selection of storage and disposal facilities. Due to its higher levels of radioactivity, ILW requires some shielding.

ILW typically comprises resins, chemical sludges and metal fuel cladding, as well as contaminated materials from reactor decommissioning. Smaller items and any non-solids may be solidified in concrete or bitumen for disposal. ILW makes up some 7% of the volume and has 4% of the radioactivity of all radioactive waste.



(iv) **High-level waste**

High-level waste (**HLW**) is sufficiently radioactive for its decay heat ( $>2\text{kW/m}^3$ ) to increase its temperature, and the temperature of its surroundings, significantly. As a result, HLW requires cooling and shielding.

HLW arises from the 'burning' of uranium fuel in a nuclear reactor. HLW contains the fission products and transuranic elements generated in the reactor core. HLW accounts for just 3% of the volume, but 95% of the total radioactivity of produced waste.

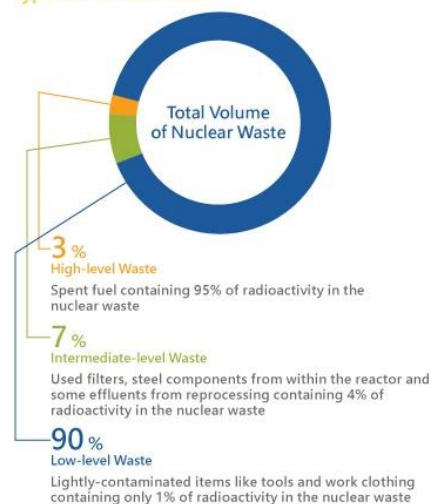
There are two distinct kinds of HLW:

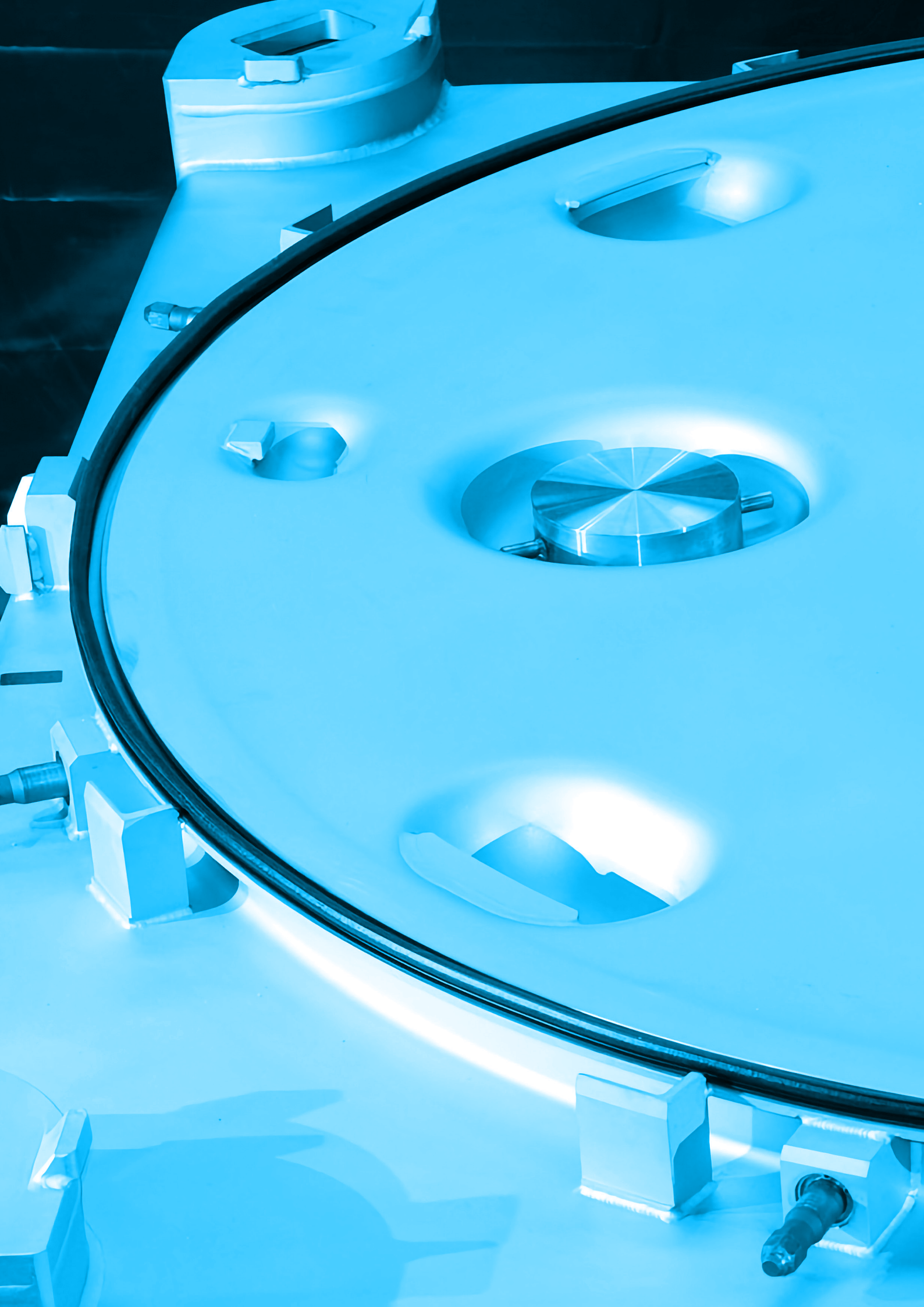
- (A) used fuel that has been designated as waste; and
- (B) separated waste from reprocessing of used fuel.

HLW has both long-lived and short-lived components, depending on the length of time it will take for the radioactivity of particular radionuclides to decrease to levels that are considered non-hazardous for people and the surrounding environment. If generally short-lived fission products can be separated from long-lived actinides, this distinction becomes important in management and disposal of HLW.

HLW is the focus of significant attention regarding nuclear power and is managed accordingly.

Types of Nuclear Waste





(c) **Disposal**

Unlike any other energy generating industries, the nuclear sector takes full responsibility for all of its waste. Many permanent disposal facilities are in operation for low and intermediate-level waste, and facilities for high-level waste and used nuclear fuel are under implementation with facilities under construction.



*Used nuclear fuel in dry storage (source: Holtec)*

These are, however, not permanent storage solutions. Two main waste management strategies exist across the world: some countries have been recycling used nuclear fuel for decades; others have opted for direct disposal. This is fundamentally a strategic decision, taken at a national level and mainly driven by political and economic, as well as technological, considerations.

Direct disposal is, as the name suggests, a management strategy where used nuclear fuel is designated as waste and disposed of in an underground repository, without any recycling. The used fuel is placed in canisters which, in turn, are placed in tunnels and subsequently sealed with rocks and clay. The waste from recycling – the so-called fission products – will also be placed in the repository.

## 4.2 UK decommissioning

The UK's previous generations of nuclear power have left a legacy which requires managing over decades to come. The decommissioning programme presents significant opportunities for growth and sustained employment along the supply chain.

After providing safe low-carbon energy for decades, many of the UK's reactors have been or are being taken off the grid in readiness for decommissioning and eventual dismantling. Several nuclear research facilities and fuel plants have also reached the end of their working lives, and there is decades worth of spent fuel and waste material to be safely stored or disposed of.

In 2018, the Nuclear Decommissioning Authority estimated the total costs of decommissioning at £121 billion with a completion date of 2120. Manufacturers and the wider supply chain have a key role to play in this decommissioning programme, providing the innovation, technology and equipment to safely dismantle plant, handle contaminated material, and support secure long-term storage.

Much of the decommissioning programme will require innovative approaches and create new challenges for the supply chain.

In many cases, systems and products for decommissioning are of a size and complexity similar to those for new nuclear power plant, and the manufacturing quality requirements are similarly stringent. Companies which can secure a place in the decommissioning supply chain will be well placed to enter the new build programme, and vice versa. Key areas for shared expertise include mechanical components and fabrications.

**(a) UK Nuclear Decommissioning Authority**

The UK decommissioning programme is the responsibility of the NDA, a non-departmental government body created in 2004. The NDA owns 17 sites across the UK previously controlled by the United Kingdom Atomic Energy Authority (UKAEA, now an executive non-departmental public body focusing on fusion power) and British Nuclear Fuels Ltd (BNFL, recently revived as the shell company for Great British Nuclear). These sites include both operational and non-operational civil nuclear reactors, fuel processing plants, storage sites and former research facilities.

The NDA has four key component organisations:

- (i) Sellafield Ltd – responsible for Europe’s largest decommissioning site at Sellafield (formerly known as Calder Hall and Windscale) in West Cumbria.
- (ii) Magnox Limited – responsible for the former Magnox plant at Berkeley, Gloucestershire; Bradwell, Essex; Chapelcross, Dumfries; Dungeness A, Kent; Hinkley Point A, Somerset; Hunterston A, Ayrshire; Oldbury, Gloucestershire; Sizewell A, Suffolk; Trawsfynydd, Snowdonia; Wylfa, Anglesey; plus Dounreay and the former research sites at Harwell, Oxfordshire, and Winfrith, Dorset. Magnox is also taking responsibility for the advanced gas cooled reactor fleet as it retires over 2020–30.
- (iii) Nuclear Waste Services – responsible for the low-level waste repository in Cumbria, and the development of the proposed underground geological disposal facility.
- (iv) Nuclear Transport Solutions – including the former International Nuclear Services, Direct Rail Services, and Pacific Nuclear Transport.

The NDA is also responsible for scrutinising the decommissioning plans for the operational nuclear power stations owned by EDF Energy, and advises the government on decommissioning plans and cost estimates for nuclear new build.

**(b) Supply chain structure**

The UK’s decommissioning programme is worth around £1.8 billion a year to the supply chain. The NDA works with around 3,000 direct suppliers and, in line with government targets, is committed to spending a third of its budget with SMEs.

The NDA aims to clean up its sites in a safe and cost-effective manner by encouraging innovation and contractor expertise among its suppliers. It is actively seeking to develop the decommissioning supply chain through its four component organisations, to deliver further value for money, identify risks, and eliminate duplication of costs across its estate.

The NDA sets the policy framework across its sites, but the individual organisations are responsible for implementation and manage their own procurement and supply



chain initiatives such as information sharing, supplier days and meet-the-buyer events.

The NDA and each component organisation publishes a procurement plan detailing forthcoming tenders and recent awards, usually quarterly. These are subject to change, so companies are advised to build a relationship with identified primary contacts.

Procurement opportunities are managed through the OneNDA eCommercial System portal. Procurement opportunities are also advertised through the UK government's Contracts Finder and the Official Journal of the European Union.

Each of the four component organisations is generally considered as a Tier One contractor to the NDA. Typically, a Tier Two company will hold a direct contract with the relevant organisation (such as Sellafield or Magnox) and manage relationships with Tier Three and Four suppliers.

The NDA operates a Supply Chain Charter across its nuclear decommissioning sites, with the aim of fostering working relations across the estate's supply chain. Suppliers are encouraged to sign up to a set of principles encouraging mutually beneficial and rewarding relationships. The Nuclear AMRC is a signatory.

### 4.3 Aerospace market

The UK aerospace sector is the second largest globally, generating £32 billion in GDP.

The UK government has committed to spend £3.9 billion in aerospace research & development through to 2026.

### 4.4 Security market

The global X-ray security scanner market was estimated by Global Market Insights to be worth USD\$3 billion in 2022 and is forecast to grow by 5% CAGR to 2028 with a value of USD\$6 billion.

The global market for X-ray security scanners is growing in line with infrastructure development and legislative requirements. Airports in particular, being the biggest end-user of these systems, are noticing high investments in their infrastructure.

### 4.5 Healthcare market

The global MRI equipment market was estimated by Fortune Business Insights to be worth USD\$6.71 billion in 2021 and is forecast to grow by 6.5% CAGR over the eight years to 2029, increasing to an estimated market value of USD\$11.03 billion.

### 4.6 Metal fabrication market

Welding is a vital part of metal fabrication globally. Metal welding is the most commonly used of all industrial processes.

Fabricated metals are used in a wide range of industrial sectors such as automotive, oil and gas, construction, aerospace, agriculture, consumer products, medical devices, and defence. As these end-use industries are highly diversified, the sometimes cyclical nature of individual market segments is largely mitigated for both fabricators and welding equipment manufacturers who operate globally.

Conventional welding is considered to be slow, expensive, labour-intensive and energy-intensive. Conventional welding consumes large quantities of gas, metal wire consumables and power. It requires edge preparation of the materials, multiple weld passes and post-weld grinding and finishing.

The high costs of welding contribute significantly to the costs of industrial products and infrastructure.

The K-TIG System seeks to redefine the production capacity, output, lead times, quality and cost base of a fabricator - making automated, high quality, full penetration welding accessible to fabricators of any size.

There are a wide range of sectors, markets and applications in which the K-TIG System offers a welding solution.

The vessel, tank, oil and gas, power generation, water treatment, renewable energy, nuclear and defence industries, in addition to tube mills, pipe spooling and a wide variety of general fabrication applications have the potential to achieve high cost reductions and productivity gains in their fabrication.

K-TIG has leveraged its experience to secure customers in the pressure vessels, tanks, piping and nuclear decommissioning markets.

Each of these are large and growing markets. Welding of corrosion resistant materials within these markets is done predominately with conventional GTAW and plasma arc welding (PAW) processes. These applications are highly suited to the K-TIG System, and K-TIG has extensive production experience in each of these segments.

## 4.7 Competitors and barriers to entry

The Merged Company's primary competition comes from established engineering and advanced manufacturing companies such as Darchem Engineering, Carr's Engineering, Babcock, LTI Metal Tech, Metalcraft and Oxford Engineering.

K-TIG believes the Merged Company's competitive advantages are:

- (a) strong reputation for delivering proven quality engineering to clients across a broad-spectrum of industries including nuclear, aerospace, security, defence and medical industries;
- (b) long-standing customer relationships in the UK nuclear sector;
- (c) innovative technology resulting in improved speed and productivity;
- (d) investment in cutting-edge laser welding capabilities, which drive efficiency; and
- (e) identified areas of innovation within its current nuclear product range.

The Company has identified a number of barriers to entry in the advanced manufacturing and fabrication and welding markets including the following:

- (a) **Established track record:** The Merged Company has a track record of providing innovative manufacturing processes to customers across multiple sectors.
- (b) **Access to specialist technology and expertise:** The Merged Company has both proprietary technologies and manufacturing processes in the advanced manufacturing and fabrication sectors.

- (c) **Access to specialist expertise:** The Merged Company has access to specialist qualified personnel who have specialist background and understanding of welding techniques, weld pool stabilisation, heat removal and process efficiency.



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## 5. Risk factors

The Securities offered under this Prospectus are considered speculative. Before applying for Securities, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position.

There can be no guarantee that the Company will deliver on its business strategy, or that any forward looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

The Directors strongly recommend investors examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for the Securities pursuant to this Prospectus.

In addition, investors should be aware there are risks associated with investment in the Company. There are certain general risks and certain specific risks which relate directly to the Company's business and are largely beyond the control of the Company and the Directors because of the nature of the business of the Company. Those risks, along with other specific and general risks involved in investing in the Company, are set out in more detail in this Section 5.

This Section identifies the key dependencies and areas of risk associated with the Transaction, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed. Where relevant, the risks below assume completion of the Offers have occurred. The specific risks considered below and other risks and uncertainties not currently known to the Company, or that are currently considered immaterial, may materially and adversely affect the Company's business operations, the financial performance of the Company and the value and market price of the Shares.

### 5.1 Risks relating to the change in nature and/or scale of activities

#### (a) **Re-Quotation of Shares on ASX**

The Transaction constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will likely remain in suspension and not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the Listing Rules.

#### (b) **Dilution risk**

As set out in Section 2.5, the Company currently has 183,319,832 Shares on issue (on a pre-Consolidation basis). On Completion (assuming that the Maximum Subscription is raised):

- (i) the existing Shareholders will retain approximately 35.01% of the Company's issued Share capital on an undiluted basis and 32.37% of the Company's issued Share capital on a fully diluted basis;
- (ii) the investors under the Public Offer will hold approximately 59.68% of the Company's issued Share capital on an undiluted basis and 55.19% of the Company's issued Share capital on a fully diluted basis.

There is a risk that the interests of Shareholders may be further diluted as a result of future capital raisings that may be required in order to fund the future development of the Company.

(c) **Completion, counterparty and contractual risk**

As set out in Section 1.1 and 8.2(a), the Company has agreed to acquire 100% of the issued capital of GEL subject to the fulfilment of certain conditions precedent. There is a risk that the conditions precedent for Completion will not be fulfilled and, in turn, that Completion will not occur. A number of GEL's material contracts contain change of control notification requirements. Although GEL has obtained confirmation from Siemens that it will not exercise its rights under the change of control provisions to terminate the Siemens Master Purchase Agreement, Sellafield and Jacobs have not provided such confirmations. In any event, there remains a risk that these agreements may be terminated, which would, were this to occur, adversely affect the Company's financial performance.

The ability of the Company to achieve its stated objectives will depend on the performance by the Sellers under the Acquisition Agreement. If any counterparty defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly and without any certainty of a favourable outcome.

The Company is not currently engaged in any litigation and is not aware of any threatened litigation.

(d) **Debt Financing**

The Company is currently in discussions with potential financiers with regards to a potential debt financing agreement, under which, the financier(s) will provide debt financing of up to approximately \$10,000,000 to the Company on terms and conditions satisfactory to the Company (**Debt Financing**), subject to the entry into full form debt financing documents and security deeds. To date, there are no agreed terms nor is there any certainty that a binding agreement will be reached. It is a condition to the Offers that the Company enters the Debt Financing for an amount of no less than \$8,000,000. In the event the Company is unable to satisfy the Debt Financing Condition the Company will not proceed with the Offers or be able to complete the Transaction and the Company will repay all Application Monies received under the Public Offer to the Applicants.

There is a risk that interest rate increases will increase the cost of securing the Debt Financing. Future interest rate increases may adversely affect the Company's margins or impede the Company's ability to service interest payments on the Debt Financing.

It is likely that a Debt Financing will be subject to satisfaction of certain conditions precedent, including Completion occurring and the Company agreeing to grant a mortgage over the property of the Merged Company, a fixed and floating charge over its assets and an equity lien over the Company's equity in GEL.

If certain events occur (such as the Company failing to satisfy the conditions precedent to first drawdown; failing to comply with the terms of the Debt Financing; breaching a representation or warranty under the full form documentation (including debt covenants); or the occurrence of an event of default under the facility agreements or security deeds), the financiers may terminate the Debt Financing, which will adversely affect the cash flow and financial position of the Company and may impact its ability to continue as a going concern.

There is a risk that the Company may not be able to refinance its existing or future debt facilities as and when they fall due, or that the terms available to the Company on refinancing will not be as favourable as the terms of its current debt facilities.

Factors such as a decline in the Company's operational and financial performance could lead to a breach of its banking covenants and the Company's financier may seek to exercise enforcements rights under the debt facilities, including exercising its rights under existing security arrangements. In such circumstances the Company's future financial performance and position may be adversely affected.

## 5.2 Specific risks applicable to the Merged Company

On Completion, GEL will become a wholly owned subsidiary of the Company, and the Company's main undertaking will be specialist manufacturing in the nuclear decommissioning industry. Set out below is a non-exhaustive list of key risks of operating the Company's business as owner of GEL.

### (a) **Reliance on key customers**

A significant proportion of the GEL's revenue is currently derived from its largest customer, Sellafield. Sales from Sellafield represented approximately 58.7% of GEL's revenue in 2022. The Company's second-largest customer in 2022 was Siemens which contributed approximately 18.3% of GEL's revenue. Sellafield and Siemens comprise approximately 77.0% of the Company's revenue on an aggregated basis and therefore the loss of such a key customer or the diminution of the relationship between the Company and either or both of Sellafield and Jacobs will adversely affect the Company's financial performance.

### (b) **Failure to attract new customers**

The success of the Company'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.

### (c) **Sensitivity of Earnings to Revenue**

The Company's earnings are sensitive to several factors, including the quantum and timing of revenue received from customers. In the event that revenue is not received from customers on a timely basis, the Directors may be required to either seek short term debt financing, which may increase its cost of capital, or raise further funds through equity raises, which will be dilutive to Shareholders. There is no assurances that further funds could be raised on terms acceptable to the Company, or at all.

(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 the Company may not be functional, may be faulty, or not meet customers' expectations. This may lead to requirements for the Company to improve or refine its products, which may diminish operating margins or lead to losses.

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

(e) **Manufacturing risks**

The Company'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 the Company 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 the Company which would render the Company's products uncompetitive. The Company 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 the Company.

(g) **Supplier risk**

The Company sources 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 K-TIG to shift to another supplier.

(h) **Key personnel risk**

The Company depends 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) **Development risks**

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

(j) **Workplace health and safety**

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

has previously incurred health and safety incidents which may give rise to future claims that could be brought against GEL.

**(k) Regulatory risk**

Regulation in the specialist manufacturing in the nuclear decommissioning industry is complex and subject to change. The Company may be impacted by changes in regulations, laws or policies.

The Company is subject to continuing regulation, including quality regulations applicable to the manufacture of its products and various reporting regulations. The Company's customers are also subject to continuing regulation. There can be no guarantee that the regulatory environment in which the Company or its customers currently operates may not change in the future which may impact on the Company's existing products. The Company's products currently comply with welding certifications. Welding certifications in the future may change and the Company may not be able to meet such standards, which may have an adverse impact on the Company's product offering.

Depending upon the severity of any failure of the Company or its customers to comply with any applicable regulations, the Company 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. If any such sanctions are imposed against the Company or its customers, such sanctions could harm the Company's reputation, and depending upon the severity, could have significant adverse impact upon the Company's ability to provide services and on its financial condition.

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

The Company's products are subject to stringent safety and manufacturing standards. There is a risk that the Company'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 the Company;
- (ii) regulatory authorities revoking or altering any approvals granted, or forcing the Company to conduct a product recall;
- (iii) regulatory action;
- (iv) damage to the Company's brand and reputation; or
- (v) the Company being forced to terminate or delay sales or operations.

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

**(m) Intellectual Property Risk**

The Company 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 the Company's know how or commercially sensitive information.

(n) **Technology risk**

The Company's market involves rapidly evolving products and technological change. To succeed, the Company will need to research, develop, design, manufacture, assemble, test, market and support substantial enhancements to its existing products, new products and technology, on a timely and cost-effective basis. The Company cannot guarantee that it will be able to engage in research and development at the requisite levels. The Company cannot assure investors that it will successfully identify new technological opportunities and continue to have the needed financial resources to develop new products in a timely or cost-effective manner. At the same time, products and technologies developed by others may render the Company's products and systems obsolete or non-competitive.

(o) **Future Capital Needs**

Although the Directors consider that the Company will, on Completion of the Public Offer and Debt Financing, have sufficient working capital to carry out its stated objectives and to satisfy the anticipated current working capital and other capital requirements set out in this Prospectus, 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. Any inability to obtain additional financing, if required, would have a material adverse effect on the Company's business, financial condition and results of operations.

(p) **Foreign Exchange Risk**

Foreign exchange risks arise from the Company entering into commercial transactions that are denominated in currencies other than Australian dollars. The Merged Company will be exposed to foreign currency risk through its international operations where it receives a significant portion of its revenue from customers in foreign currency, primarily being in pounds sterling. Foreign exchange movements may decrease the Australian dollar returns of such operations.

## 5.3 General risks

(a) **Discretion in use of capital**

The Board and the Company's management have discretion concerning the use of the Company's capital resources as well as the timing of expenditures. Capital resources may be used in ways not previously anticipated or disclosed. The results and the effectiveness of the application of capital resources are uncertain. If they are not applied effectively, the Company's financial and/or operational performance may suffer.

(b) **Investment in capital markets**

As with all stock market investments, there are risks associated with an investment in the Company. Securities listed on the stock market have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of Shares regardless of the Company's performance.



(c) **General economic conditions**

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, commodity prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Company's operating and financial performance and financial position. The Company's future possible revenues and Share prices may be affected by these factors, which are beyond the control of the Company.

(d) **Changes in government policies and legislation**

Any material adverse changes in government policies or legislation of Australia or any other country that the Company may acquire economic interests in may affect the viability and profitability of the Company.

(e) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(f) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Shares.

(g) **Litigation risk**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any active litigation and is not aware of any threatened litigation.

## 5.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

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## 6. Financial information

### 6.1 Speculative investment

The Independent Limited Assurance Report contained in Annexure A sets out:

- (a) K-TIG's audited Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for the years ended 30 June 2022 and 30 June 2021;
- (b) K-TIG's reviewed Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for the half-year ended 31 December 2022;
- (c) K-TIG's reviewed Statement of Financial Position as at 31 December 2022;
- (d) GEL's audited Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for the years ended 31 August 2022, 31 August 2021 and 31 August 2020; and
- (e) GEL's audited Statement of Financial Position as at 31 August 2022,

(collectively referred to as the **Financial Information**).

The Directors are responsible for the preparation and inclusion of the Financial Information in the Prospectus.

BDO Corporate Finance (WA) Pty Ltd (**BDO Corporate Finance**) has prepared an Independent Limited Assurance Report and a copy of this report, which includes an explanation of the scope and limitations of the Investigating Accountant's work, is set out in Annexure A. Investors are urged to read the Independent Limited Assurance Report in full.

### 6.2 Forecast financial information

There are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies and the general nature of the industry in which the Company will operate, as well as uncertain macro market and economic conditions in the Company's markets, the Company's performance in any future period cannot be reliably estimated. On these bases and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to reliably forecast future earnings and accordingly forecast financials are not included in this Prospectus.

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## 7. Board, management and corporate governance

### 7.1 Board of Directors

As at the date of this Prospectus, the Board consists of:

- (a) Stuart Carmichael – Non-Executive Chair;
- (b) Adrian Smith – Managing Director;
- (c) Syed Basar Shueb – Non-Executive Director;
- (d) Anthony McIntosh – Non-Executive Director;
- (e) Trish White – Non-Executive Director; and
- (f) Darryl Abotomey – Non-Executive Director.

Subject to Shareholder approval, it is proposed that Tony Eckford will be appointed to the Board with effect from completion of the Transaction.

### 7.2 Directors' profiles

As at the date of this Prospectus, the Board comprises:

- (a) **Stuart Carmichael – Non-Executive Chair**

*B Com, C.A (Aust)*

Mr Carmichael has extensive international corporate advisory, mergers and acquisitions, and operational experience. Mr Carmichael held various senior executive leadership positions with UGL, DTZ, AJG and KPMG Corporate Finance. Mr Carmichael has extensive corporate and operational experience across multiple geographies, having lived and worked in the US, UK, Europe, the Middle East and Australia.

Mr Carmichael's sector experience includes the construction, transportation and logistics, facilities management, corporate real estate and professional services sectors. Mr Carmichael graduated from the University of Western Australia with a Bachelor of Commerce degree, majoring in Accounting and Finance and is a qualified Chartered Accountant.

Mr Carmichael is also a current Non-Executive Director of De.mem Limited (ASX:DEM), ClearVue Technologies Limited (ASX:CPV), and Orexplore Technologies Limited (ASX:OXT).

Mr Carmichael is considered by the Board (with Mr Carmichael abstaining) to be an independent Director. Mr Carmichael is not considered by the Board to hold any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.

(b) **Adrian Smith – Managing Director**

*B.E. (Hons), B.SC. MBA, FAICD*

Mr Smith has both large public company and private SME board experience and has demonstrated history of growing innovative, business-to-business companies in both Managing Director and Chief Executive Officer roles.

Skilled at working with technology and business entrepreneurs to transition companies from small start-ups into sustainable enterprises, Mr Smith brings a strong focus on managing people and relationships to deliver exceptional performance.

Mr Smith has previously had the role of Managing Director of Rheinmetall Defence Australia Pty Ltd. Previously, Mr Smith was the founder and Chief Executive Officer of Sydac, a simulation and training business. Sydac was founded in 1988 and culminated in becoming the world's #2 supplier of railway training systems with a staff of 135 and offices in Australia, Europe and India before negotiating an exit with German multi-national Knorr-Bremse GmbH.

Mr Smith is a Non-Executive Director UniSA Ventures.

Mr Smith is not considered to be an independent director by virtue of his executive position within the Company.

(c) **Syed Basar Shueb – Non-Executive Director**

*Bachelor of Science in Computer Engineering*

Mr Shueb is the Managing Director of International Holding Company (Abu Dhabi Securities Exchange: IHC) and General Manager of the Pal Group of Companies, a subsidiary of the Abu Dhabi-based Royal Group, chaired by His Highness Sheikh Tahnoon Bin Zayed Al Nahyan, and is the Chairman of Royal Falcon Mining LLC. Mr Shueb has extensive experience in the process, manufacturing, fabrication, construction and service industries.

Mr Shueb does not hold any other material directorships.

Mr Shueb is considered by the Board (with Mr Shueb abstaining) to be an independent Director. Mr Shueb is not considered by the Board to hold any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.

(d) **Anthony McIntosh – Non-Executive Director**

*B Com, GAICD*

Mr McIntosh has extensive experience in investment marketing, investor relations and strategic planning, with a focus on small caps, as well as a strong and well established network of stockbroking and investment fund manager. Mr McIntosh is a graduate of the Australian Institute Company Director course and Bond University with a Bachelor of Commerce degree majoring in marketing, and is a current Non-Executive Director of Koonenberry Gold Ltd (ASX: KNB).

Mr McIntosh is considered by the Board (with Mr McIntosh abstaining) to be an independent Director. Mr McIntosh is not considered by the Board to hold any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to

bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.

(e) **Trish White AM – Non-Executive Director**

*BE, BA, FAICD*

Ms White is a professional director and chartered engineer who brings substantial board-level experience in strategy, business development, major project and risk management, acquisition and integration, and corporate governance. Ms White has a unique set of skills and capabilities formed over a career which spanned roles in broadcasting and defence, national infrastructure projects, senior cabinet minister, and senior executive and non-executive directorships.

Ms White is currently Non-Executive Chair of Building Communities Vic Ltd, Non-Executive Director of Flinders Port Holdings Pty Ltd, Non-Executive Director of National Rail Safety Regulator and Non-Executive Director of Hypersonix Launch Systems Ltd.

Ms White does not currently hold any other material directorships, other than as disclosed in this Prospectus.

Ms White is considered by the Board (with Ms White abstaining) to be an independent Director. Ms White is not considered by the Board to hold any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.

(f) **Darryl Abotomey – Non-Executive Director**

*B Com, GAICD, FCPA*

Mr Abotomey brings over 30 years of executive leadership and financial expertise having held Board and executive leadership roles across manufacturing, global paper and packaging distribution and automotive aftermarket industries.

Mr Abotomey was most recently Chief Executive Officer and Managing Director of Bapcor Limited, Asia Pacific's leading provider of vehicle parts, accessories, equipment, service and solutions, where during his 10 years in that role he was instrumental to the successful growth and expansion of the business in line with its strategic growth plan.

Prior to joining Bapcor Limited, Mr Abotomey was CFO of Sunclipse Inc, a subsidiary of Amcor based in the USA and held roles of regional and group general manager at Amcor Fibre Packaging and Amcor Printing Papers Group in Australia, where he was responsible for international trade, including logistics and supply chain. Mr Abotomey also gained extensive experience in strategy, business restructuring, information technology and product launching.

From 2000, Mr Abotomey served as a Board Director and CFO of Paperlinx Limited, where he led the due diligence, funding and settlement negotiations for international acquisitions. He successfully transitioned the business involving multi-country legal, financial, statutory, business culture, cultural, tax and insurance issues.

Between 2006 and 2010, Mr Abotomey served as CFO/COO and Director of the Board of Exego Group Pty Limited (Repcor) and as an independent director of CPI Group Ltd.



Mr Abotomey is also a current Non-Executive Director of Adrad Holdings Limited (ASX: AHL).

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

Mr Abotomey is considered by the Board (with Mr Abotomey abstaining) to be an independent Director. Mr Abotomey is not considered by the Board to hold any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.

**(g) Tony Eckford – Proposed Non-Executive Director**

*Diploma of Mechanical Eng. (Product Design) (UK)*

Mr Eckford is an experienced Senior Executive originally trained as a Mechanical Engineer having held Executive positions in FTSE 100/250 companies encompassing a significant number of Chairmanship roles related to various industries.

Mr Eckford is currently Chairman of Graham Engineering. He was formerly Chairman NES Group (Nuclear Engineering Services Group/Ansaldo Nuclear Ltd); Chairman Nukem Technologies GmbH Specialist design, a consultancy and project delivery organisation in the Nuclear sector based in Germany operating primarily in Eastern Europe/South Africa; Chairman of Power Industrial Group, a total service /design and consulting company in the Power/Industrial market place; Group MD of Anglian Water, responsible for some £900m turnover including Government and Utility Services Divisions. Mr Eckford does not currently hold any other material directorships, other than as disclosed in this Prospectus.

The Company confirms that it took appropriate checks into Mr Eckford's background and experience and that these checks did not identify any information of concern.

If elected, Mr Eckford is considered by the Board (with Mr Eckford abstaining) to be an independent Director. Mr Eckford is not considered by the Board to hold any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.

Each Director has confirmed to the Company that they anticipate being available to perform their respective duties as a Director without constraint having regard to their other commitments.

## 7.3 Key management personnel

### **Stephen Unerkov – Chief Financial Officer**

CPA, AICD

Mr Unerkov is an accomplished senior financial and operations professional with over 20 years experience in transforming and growing multinational businesses. Skilled at leading change and improving the use of working capital, Mr Unerkov brings a strong focus on commercialising and capturing new growth markets through leadership and customer value adding strategies. Mr Unerkov has previously held CFO and senior finance roles with a number of Australian and international firms including NASDAQ listed Itron Inc. and Schlumberger and most recently was CFO of Greening Australia, a not-for-profit organisation.

Mr Unerkov has extensive experience reporting to Boards and has also held a number of non-executive director roles, including finance, risk and audit committee membership.

## 7.4 Interests of Directors

Except as disclosed in this Prospectus, no Director or Proposed Director of the Company (or entity in which they are a partner or director) has, or has had in the two years before the Prospectus Date, any interests in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; and
- (c) the Offers; and

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director or Proposed Director to induce to become, or to qualify as, a Director; and
- (e) any Director or Proposed Director of the Company for services which he (or an entity in which his is a partner or director) has provided in connection with the formation or promotion of the Company or the Offers,

except as disclosed in this Prospectus.

## 7.5 Security holdings of Directors and key management personnel

The existing Directors and key management personnel have the following relevant interests in Securities as at the date of this Prospectus (on a pre-Consolidation basis):

Directors	Shares	Voting power (%)	Options	Performance Rights
Stuart Carmichael <sup>1</sup>	175,438	0.10	370,000	1,500,000
Adrian Smith <sup>2</sup>	2,600,000	1.42	180,000	-
Syed Basar Shueb <sup>3</sup>	2,528,155	1.38	180,000	1,500,000
Anthony McIntosh <sup>4</sup>	1,260,714	0.69	180,000	1,500,000
Trish White <sup>5</sup>	142,857	0.08	-	-
Darryl Abotomey	-	-	-	-
Stephen Unerkov	-	-	-	150,000

### Notes:

1. Mr Carmichael's Securities are held as follows:
  - (a) 78,947 Shares, 370,000 Options 1,500,000 Performance Rights held indirectly through SBV Capital Pty Ltd; and
  - (b) 96,491 Shares held indirectly through SJ & T Carmichael Superannuation Pty Ltd.
2. Mr Smith's Securities are held as follows:

- (a) 100,000 Shares and 180,000 Options held directly; and
- (b) 2,500,000 Shares held indirectly through Sydac Nominees Pty Ltd <the Adrian Smith Family A/C>.
- 3. Mr Shueb's Securities are held directly.
- 4. Mr McIntosh's Securities are held as follows:
  - (a) 180,000 Options held directly;
  - (b) 1,500,00 Performance Rights held indirectly through Mutual Trust Pty Ltd holds securities on behalf of Anthony McIntosh; and
  - (c) 1,260,714 Shares held indirectly through Interdale Pty Ltd <Maple Super Fund>.
- 5. Ms White's Shares are held indirectly through Third & First Pty Ltd <White Thorp Family Trust>.

Based on the intentions of the Directors, Proposed Director and key management personnel as at the Prospectus Date in relation to the Offers, the Directors, Proposed Director and key management personnel and their related entities will have the following interests in Securities on Reinstatement:

Directors, Proposed Director and KMP	Shares	Voting power (%) <sup>1</sup>	Options	Performance Rights
Stuart Carmichael	98,561	0.05	207,866	842,697
Adrian Smith	1,460,675	0.68	101,124	-
Syed Basar Shueb	1,420,312	0.66	101,124	842,697
Anthony McIntosh	708,267	0.33	101,124	842,697
Trish White	80,257	0.04	-	-
Darryl Abotomey	-	-	-	-
Tony Eckford	-	-	-	-
Stephen Unerkov	-	-	-	60,000

**Notes:**

- 1. Assumes the Minimum Subscription is raised and that no further Shares are issued or Options exercised and converted into Shares.

## 7.6 Disclosure of Directors and key management personnel

No Director or key management personnel has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for Shares. No Director or key management personnel has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer, or within a 12 month period after they ceased to be an officer.

## 7.7 Remuneration of Directors and key management personnel

The Constitution provides that the Company may remunerate the Directors. The remuneration shall, subject to any resolution of a general meeting, be fixed by the Directors. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is

currently set at \$500,000 per annum. The remuneration of the Executive Directors will be determined by the Board.

The Directors and key management personnel have not received any remuneration from the Company since incorporation of the Company.

## 7.8 Related party transactions

- (a) The Company has entered into the following related party transactions on arms' length terms:
- (i) executive services agreement with Adrian Smith (see Section 8.3(a));
  - (ii) letters of appointment with each of its Directors on standard terms (see Section 8.3);
  - (iii) deeds of indemnity, insurance and access with each of its Directors on standard terms (see Section 8.4); and
  - (iv) a company secretarial mandate with Ventnor Capital, a business formerly controlled by Director Stuart Carmichael (see Section 8.2(g)).
- (b) GEL has entered into a related party transaction on arms' length terms with Eckford Power Consulting Limited (an entity controlled by incoming Director, Mr Tony Eckford). On Completion, GEL will make a cash payment to Eckford Power Consulting Limited of:
- (i) £202,513;
  - (ii) 1.25% of the Profit Ticker Amount; and
  - (iii) 1.25% of the Deferred Payment Amount,
- being the amounts owing to Eckford Power Consulting Limited by GEL under the successful sale provisions of the Eckford Consultancy (**TE Sale Bonus**).
- At the Prospectus Date, no other material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

## 7.9 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current Board (and the proposed Board upon Reinstatement) is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the Prospectus Date are detailed below. The Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website at [www.k-tig.com](http://www.k-tig.com).

(a) **Board of Directors**

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) providing leadership and setting the strategic objectives of the Company;
- (ii) appointing and when necessary replacing the chief executive officer;
- (iii) approving the appointment and when necessary replacement, of other senior executives;
- (iv) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director;
- (v) overseeing management's implementation of the Company's strategic objectives and its performance generally;
- (vi) approving operating budgets and major capital expenditure;
- (vii) overseeing the integrity of the Company's accounting and corporate reporting systems including the external audit;
- (viii) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (ix) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; and
- (x) monitoring the effectiveness of the Company's governance practices.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

(b) **Composition of the Board**

Election of Board members is substantially the province of the Shareholders in a general meeting. The Board currently consists of one Executive Director and five Non-Executive Directors. The Company considers that the Non-Executive Directors are independent. As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

(c) **Identification and management of risk**

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(d) **Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(e) **Independent professional advice**

Subject to the Chair's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(f) **Remuneration arrangements**

The remuneration of any Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g. non-cash performance incentives such as options).

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Board reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(g) **Securities trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

(h) **Diversity policy**

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a diversity policy. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.



(i) **Audit and risk**

The Company will not have a separate audit or risk committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

(j) **External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

(k) **Social media policy**

The Board has adopted a social media policy to regulate the use of social media by people associated with the Company or its subsidiaries to preserve the Company's reputation and integrity. The policy outlines requirements for compliance with confidentiality, governance, legal, privacy and regulatory parameters when using social media to conduct Company business.

(l) **Whistleblower policy**

The Board has adopted a whistleblower protection policy to ensure concerns regarding unacceptable conduct including breaches of the Company's code of conduct can be raised on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment. The purpose of this policy is to promote responsible whistleblowing about issues where the interests of others, including the public, or of the organisation itself are at risk.

(m) **Anti-bribery and anti-corruption policy**

The Board has a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings. The Board has adopted an anti-bribery and anti-corruption policy for the purpose of setting out the responsibilities in observing and upholding the Company's position on bribery and corruption provide information and guidance to those working for the Company on how to recognise and deal with bribery and corruption issues.

## 7.10 Departures from Recommendations

Following Reinstatement, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the Prospectus Date are detailed in the table below.

Principles and Recommendations	Compliance (Yes / No / Partially)	Explanation for Departures
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
<b>Recommendation 1.5</b> A listed entity should: <ul style="list-style-type: none"> <li>(a) have a diversity policy;</li> <li>(b) through its board or a committee of the board, set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>(c) disclose in relation to each reporting period: <ul style="list-style-type: none"> <li>(i) the measurable objectives set for that period to achieve gender diversity;</li> <li>(ii) the entity's progress towards achieving those objectives; and</li> <li>(iii) either: <ul style="list-style-type: none"> <li>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</li> <li>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul> </li> </ul>	<b>Partially</b>	<p>The Company has adopted a Diversity Policy which can be viewed on the Company Website. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity.</p> <p>The Diversity Policy outlines the requirements for the Board to develop objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives.</p> <p>To assist in fostering diversity, the policy includes the requirement for the Company to take diversity of background into account (in addition to candidates' skills and experience in a variety of the specified fields) when selecting new directors, senior management and employees.</p> <p>The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements and achieving these objectives in the future as director and senior executive positions become vacant and appropriately qualified candidates become available.</p> <p>The Company has not set and disclosed measurable objectives for achieving gender diversity and therefore has not complied with the recommendation to this extent. The Board will review this position on an annual basis and will implement measurable objectives for increasing diversity as and when the Directors find them to be in the Company's best interests.</p>
<b>Recommendation 2.2</b> A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<b>Partially</b>	<p>The Board considers that the composition of the existing Board is appropriate given the scope and size of the Company's operations and the skills matrix of the existing Board members. The skills matrix reflects the Board's objective to have an appropriate mix of industry and professional experience including skills such as leadership,</p>

Principles and Recommendations	Compliance (Yes / No / Partially)	Explanation for Departures
		<p>governance, strategy, finance, capital markets, risk, IT, policy and business development and international business and commercialisation.</p> <p>A profile of each Director setting out their skills, experience and period of office will be set out in the Directors' Report section of each annual report.</p> <p>The Company has not disclosed a Board skill matrix.</p>
<p><b>Recommendation 3.1</b></p> <p>A listed entity should articulate and disclose its values.</p>	<b>Partially</b>	<p>The Company states its values at its place of work but has not published these on the website.</p>

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## 8. Material contracts

The Directors consider that certain contracts entered into by the Company are material to the Company or are of such a nature that an investor may wish to have particulars of them when assessing whether to apply for Securities under the Offer. The provisions of such material contracts are summarised in this Section 8.

### 8.1 Graham Engineering material contracts

(a) **Sellafield**

GEL has been delivering equipment and structures that are used in the management of radioactive waste stored in waste ponds as well as nuclear waste containers to Sellafield for over a decade. GEL is currently contracted with Sellafield under the Container Supply Agreement (defined below) and other framework contracts to perform and deliver work for Sellafield under existing purchase orders. GEL is tendering for long term follow on contracts with Sellafield, however, there are no assurances that such tenders will be successful. Sellafield is GEL's largest customer and comprises approximately 58.7% of GEL's revenue in 2022.

(i) **Sellafield – HISSC Agreement 2020**

GEL is party to an agreement with Sellafield dated 4 November 2020 (**Container Supply Agreement**) for the supply and delivery of stainless steel containers, stillages, drums, waste boxes, stools, cans and packages (**Containers**) to the Sellafield Site. Containers are supplied pursuant to individual purchase orders (**Order**) under the Container Supply Agreement.

GEL receives payment on a per unit basis at prices agreed under the Container Supply Agreement. The Container Supply Agreement is for Containers with specified volumes which can be amended by Sellafield giving GEL 3 months' notice.

The Container Supply Agreement expired on 4 November 2022, however, there are still outstanding Orders that GEL is yet to complete under the Container Supply Agreement.

In November 2022, GEL received further purchase Orders under the Container Supply Agreement, with delivery expected to occur through to financial year 2024 / 2025.

Sellafield may terminate the Container Supply Agreement:

- (A) immediately by notice where GEL undergoes a change of control which adversely changes the identity of GEL and/or may in Sellafield's opinion contravenes procurement law;
- (B) immediately by notice where GEL experiences an insolvency event, breaches certain laws or commits prohibited acts;

- (C) immediately by written notice if GEL commits a material or persistent breach of its obligations and the breach is not remedied within the specified time; and
- (D) for convenience at any time on reasonable notice to GEL, which must be at least 30 days.

GEL can terminate the Container Supply Agreement if Sellafield is in a material breach of its obligations to pay undisputed charges by giving Sellafield 60 working days' notice and Sellafield fails to appropriately remedy the breach.

Upon termination, GEL must either cancel all relevant Orders or complete performance of any outstanding Orders determined by Sellafield not to be cancelled.

(b) **Jacobs – Subcontract**

GEL is party to a subcontract agreement with Jacobs Field Services Limited (**Jacobs**) dated 3 December 2019 (**Jacobs Subcontract**) pursuant to which it provides works and services to Jacobs relating to the provision of 3m<sup>3</sup> box internal furniture and mechanical handling equipment (**Works**).

The Works were due to be completed on 24 March 2022 but remain ongoing and are expected to be completed in financial year 2023 / 2024 as a result of customer driven design changes.

GEL is required to inform Jacobs of any change in ownership or control where any single investor acquires more than 10% of GEL's issued capital or appoints more than one third of the board of directors. Jacobs has been advised of the change of control resulting from the Transaction.

Jacobs is a key customer of GEL.

(c) **Siemens – Master Purchase Agreement**

GEL is party to a master purchase agreement with Siemens Healthcare dated 7 August 2018 (**Master Purchase Agreement**) pursuant to which it provides stainless steel dished ends for using in the pressure vessel sub-assemblies of superconducting magnets.

GEL receives payment on a per unit basis. GEL is required to use reasonable endeavours to improve productivity and reduce overall costs, including manufacture and supply.

The Master Purchase Agreement is automatically extended for 1 year on a rolling basis unless either party provides 6 months' notice to the other party of their intention to discontinue.

Siemens must provide 4 weeks' notice in order to discontinue purchasing a product under the Master Purchase Agreement.

Siemens may terminate the Master Purchase Agreement:

- (i) for convenience on 6 months' notice; or
- (ii) immediately by notice if:

- (A) there is a change of control in GEL, however, Siemens has been advised of the proposed change of control resulting from the Transaction and confirmed that it will not be exercising its right to terminate its agreements with GEL in respect of the Transaction;
- (B) GEL does not comply with the code of conduct; or
- (C) GEL unreasonably impedes Siemens' right to audit.

Either party can terminate immediately by notice if:

- (i) the other party commits a material breach of its obligations and fails to remedy the breach; or
- (ii) the other party appoints an administrator or is being wound up.

On termination, GEL shall provide reasonable access and assistance to enable Siemens to retrieve the assets provided under the Master Purchase Agreement.

Siemens is GEL's second largest customer and contributed to approximately 18.3% of GEL's revenue in 2022.

## 8.2 Company material contracts

### (a) Acquisition Agreement

The Company entered the Acquisition Agreement with the securityholders of GEL on 21 March 2023, whereby the Company will, on the satisfaction of various conditions precedent, acquire 100% of the issued capital in GEL.

The key terms of the Acquisition Agreement are as follows:

- (i) the Sellers are:
  - (A) Pauline Graham, Sharon Ann Davall, Corrina Marie Graham-Hodson and Kelly Louise Sparkes as the trustees of the late Corry Thomas Graham (deceased);
  - (B) Peter Manley; and
  - (C) Pauline Graham.
- (ii) Two GEL Optionholders will enter into a separate share purchase agreements with the Company. The GEL Optionholders will deliver notices of exercise in respect of the GEL Options to GEL and agree to transfer the underlying GEL Shares to the Company;
- (iii) the Company has agreed to acquire 100% of the issued capital in GEL from the Sellers and the GEL Optionholders on completion of the Transaction (**Completion**);
- (iv) consideration payable by the Company to the Sellers and GEL Optionholders is as follows (subject to adjustment):
  - (A) £14,550,000 (**Completion Payment**);
  - (B) a deferred payment amount (**Deferred Payment Amount**) (if applicable) determined based on GEL's earnings before interest, tax, depreciation and amortisation for the 12 month period ending on 31



August 2023 as derived from the audited accounts for GEL for the financial year ended on 31 August 2023 (**2023 EBITDA**) as follows:

2023 EBITDA	Deferred Payment Amount
less than £1,700,000	£0
between £1,700,000 and £2,289,999 (inclusive)	£500,000 plus £2.933333 for each £1 of EBITDA above £1,700,000
between £2,290,000 and £2,449,999 (inclusive)	£650,000 plus £2.933333 for each £1 of EBITDA above £1,700,000
£2,450,000 or greater	£3,000,000

- (C) an amount capped at a maximum of £1,130,864, representing the net profit after tax of GEL (based on GEL's audited accounts for the financial year ending 31 August 2023 and pro-rated by the relevant number of days between 31 August 2022 and Completion) for the period from and excluding 31 August 2022 to and including the date that is 15 business days after the satisfaction or waiver of the Conditions Precedent (**Completion Date**) less capital expenditure incurred by GEL from and excluding 31 August 2022 to and including the Completion Date (based on GEL's audited accounts for the financial year ending 31 August 2023 and pro-rated by the relevant number of days between 31 August 2022 and Completion);
- (v) (**Conditions Precedent**) the Transaction is subject to the following conditions precedent:
- (A) (**ASX Approval**) the Company receiving conditional approval from ASX confirming that ASX will grant re-quotation of its Shares, on terms satisfactory to the Company (acting reasonably);
- (B) (**Company Shareholder Approval**) the shareholders of the Company approving the Transaction Resolutions; and
- (C) (**Funding**) the Company raising the Minimum Subscription of \$20,000,000 under the Public Offer and entering into a debt financing agreement on terms and conditions acceptable to the Company in its absolute discretion; and
- (vi) (**Seller Warranties**) the Sellers have provided the Company, representations and warranties considered standard for agreements of this nature.

To assist in satisfying warranty and indemnity claims under the Acquisition Agreement, K-TIG has obtained a warranty and indemnity insurance policy. The policy is capped at £9,000,000 and is otherwise subject to standard terms and conditions.

(b) **Lead Manager Mandate**

The Company entered into a lead manager mandate dated 22 February 2023 appointing Morgans to act as exclusive lead manager and broker in respect of the Public Offer (**Lead Manager Mandate**).

Under the Lead Manager Mandate, the Lead Manager will provide services and assistance customarily provided in connection with marketing and execution of a public offer.

The Company has paid a fee equal to 5% of the gross proceeds of the Convertible Note Raise (see Section 2.1(b) for further information about the Convertible Note Raise) and will pay the following fees to the Lead Manager (or its nominees) pursuant to the Lead Manager Mandate subject to the completion of the Public Offer:

- (i) a management fee of 2% of the proceeds from the Public Offer; and
- (ii) a selling fee of 3% of the proceeds of the Public Offer.

The Lead Manager Mandate contains a \$100,000 break fee and additional provisions considered standard for agreements of this nature.

(c) **Corporate Advisor Mandate**

The Company entered into a mandate dated 6 February 2023 (**Corporate Advisor Mandate**) engaging SRG Partners to provide corporate advisory services in connection with the Transaction.

The Company has agreed to pay the Corporate Advisor the following fees upon Completion:

- (i) a cash amount equal to 2% of the gross amount raised as part of the Transaction (including the Public Offer and the Convertible Note Raise) capped at \$440,000;
- (ii) 1,125,000 Shares (on a post-Consolidation basis) (**Corporate Advisor Shares**); and
- (iii) 2,000,000 Options (on a post-Consolidation basis) (**Corporate Advisor Options**).

The Company must reimburse the Corporate Advisor for all costs and expenses incurred by the Corporate Advisor in connection with the Transaction. The Corporate Advisor must obtain the Company's consent before incurring any cost which exceeds \$1,000 (excluding GST).

The Corporate Advisor Mandate can be terminated by either party:

- (i) giving one month's written notice to the other party;
- (ii) upon the other party committing any material or persistent breach of its obligations under the Corporate Advisor Mandate (where such breach has not been rectified within 14 days of the party in breach receiving a notice identifying the breach and requiring its remedy); or
- (iii) giving notice of termination upon the other party becoming insolvent.

The Corporate Advisor Mandate contains additional provisions considered standard for agreements of this nature.

See Section 2.8 for further information regarding the Corporate Advisor's interests in the Offers.

The Corporate Advisor Mandate contains additional provisions considered standard for agreements of this nature.

(d) **Convertible Note Agreements**

On 27 January 2023, the Company announced its intention 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. Refer to Section 2.1 for further background to the Convertible Notes and Conversion Offer made under this Prospectus.

Key terms of the Convertible Notes are summarised as follows:

- (i) **Debt instruments:** Prior to the satisfaction of the Conversion Conditions (defined below), the Convertible Notes will be debt instruments.
- (ii) **Conversion Conditions:** Subject to satisfaction of the following conversion conditions, the Convertible Notes will automatically convert into ordinary shares in the Company upon:
  - (A) the Company obtaining shareholder approval for the conversion of the Convertible Notes into Shares and Options in the capital of the Company (**Shareholder Approval**); and
  - (B) the Company successfully completing a capital raise of no less than \$4,000,000 (**Capital Raising**),

(**Conversion Conditions**). The Conversion Conditions will be satisfied by the completion of the Public Offer and receipt of Shareholder Approval at the General Meeting.
- (iii) **Conversion Price:** The Convertible Notes will convert into Shares at a conversion price equal to the issue price of the Shares under the Capital Raising.
- (iv) **Interest:** Simple, non-compounding interest will accrue on the Convertible 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:
  - (A) in cash, or
  - (B) at the election of the Company and subject to shareholder approval, through the issue of Shares issued at the Conversion Price at maturity.

K-TIG currently intends to repay the interest by way of a cash payment at, or immediately prior to, Reinstatement.
- (v) **Shareholder Approval:** No Securities will be issued under the Convertible Notes until Shareholder approval is obtained under Listing Rule 7.1.
- (vi) **Security:** The Convertible Notes are unsecured, unsubordinated and rank behind any secured indebtedness of the Company whilst ranking pari-passu as between themselves.
- (vii) **Unquoted:** The Convertible Notes are unquoted. The Company will apply for quotation of the Shares issued on conversion.
- (viii) **Maturity:** 24 months from the issue date.
- (ix) **Conversion Options:** On conversion of the Convertible Notes, and subject to satisfaction of the Conversion Conditions, the Noteholders will receive 1

Conversion Option for every Conversion Share issued on conversion (refer to Section 9.3 for the terms and conditions of the Conversion Options).

In the event the Conversion Conditions are not satisfied, the Company must, prior to maturity:

- (A) seek Shareholder approval for the issue of 20,000,000 Options, such that each Noteholder is issued 10,000 Options per Convertible Note, with an exercise price equal to the Company's 20 day VWAP as at the date of the shareholder meeting and an expiry date of 36 months after the date of issue; or
- (B) (in the event the shareholder approval is not obtained), reimburse the Noteholder a further \$350 for each Note in addition to accrued interest.

(e) **Brewery Chemical & Dairy Engineering Limited**

On 9 January 2023, the Company announced that it had received a EURO €385,000 (~A\$600,000) purchase order from Ireland based Brewery Chemical & Dairy Engineering Limited (BCD Engineering) for the supply and onsite commissioning of a Linear Precision Grow Line Circumferential Welding System.

(f) **Robotic Welding Cell Project Agreement**

The Company entered into a project agreement with The University of Sheffield – Nuclear Advanced Manufacturing Research Centre (**Nuclear AMRC**) on 8 February 2022 (**RWC Agreement**) pursuant to which the Company and Nuclear AMRC agreed to collaborate to develop a robotic welding cell (**RWC**) within a nuclear industry technology demonstration facility (**Project**). The announcement followed the Company's earlier announcement on 11 December 2019 disclosing that it had become a member of the UK Nuclear AMRC, following the signing of a membership agreement.

The Project will ensure the Company is well placed to become a supplier of intermediate level waste containers to Sellafield. The Project will also create further competitive advantage for the Company's core product through integrating advanced welding quality control and quality assurance mechanisms for the Company's market leading K-TIG Evolve 3 controller.

The Company notes that no revenue is directly expected from this agreement and that the costs associated with developing the RWC are an investment by the Company.

The key terms of the RWC Agreement are as follows:

- (i) (**Intellectual Property**): the Company has the sole and exclusive rights to all intellectual property created specifically for the purpose of the RWC Agreement or arising as a result of the performance of Nuclear AMRC's obligations under the RWC Agreement (**New IP**) except for intellectual property agreed and recorded as being owned by Nuclear AMRC before the date of the RWC Agreement or created independently of the RWC Agreement (**Background IP**) created by the Project. Nuclear AMRC grants the Company an irrevocable, non-exclusive, transferable licence to use, adapt, copy and distribute the Background IP relevant to the Project and any New IP that subsists in the work or output of the Project;

- (ii) **(Funding and resources)** the Company is the primary funder of the Project and will furnish the Project with all necessary capital equipment and services;
- (iii) **(Termination without cause)**: either party may terminate the RWC Agreement at any time by giving three months' notice;
- (iv) **(Termination for breach)**: either party may terminate by written notice for a material breach of the other party which:
  - (A) has not been remedied within 30 days of notification; or
  - (B) cannot be remedied; or
  - (C) although is not of itself material, is part of a number of breaches where the cumulative impact does constitute a material breach;
- (v) **(Termination for insolvency)**: either party may terminate by written notice where the other party is subject to an insolvency event; and
- (vi) **(Liability)**: the total liability of each party in connection with the RWC Agreement is limited to £750,000.

(g) **Company Secretarial Mandate**

The Company entered into an agreement with Ventnor Capital on or about 14 November 2022 to provide company secretarial, financial accounting and bookkeeping services (**Company Secretarial Mandate**). The Company agreed to pay Ventnor Capital a monthly fee of \$6,000 (exclusive of GST) in consideration for the provision of these services. For services provided by Ventnor Capital to the Company that are outside of this scope, Ventnor Capital is entitled to be paid additional fees, calculated on an hourly basis at fixed rates.

The Company Secretarial Mandate is for a term of 12 months, and will automatically renew for a further 12 months after the expiry of each 12 month period.

Either party may terminate the Company Secretarial Mandate by giving 3 months' notice.

The Company Secretarial Mandate contains additional provisions considered standard for agreements of this nature.

Stuart Carmichael, a Director of the Company, was a director and shareholder of Ventnor Capital until 1 February 2023.

(h) **Ongoing negotiations**

As is customary, the Company regularly tenders for new projects and at the date of the Prospectus has an active tender list at various stages of discussions. The Company cautions investors that tendering is a competitive process and there are no guarantees that project tenders will be successful.

## 8.3 Executive Services Agreements and Letters of Appointment

(a) **Executive Services Agreement – Adrian Smith**

The Company has an existing executive services agreement with Adrian Smith effective 1 November 2020, pursuant to which Mr Smith is appointed as the Company's Managing Director.

Pursuant to the agreement, Mr Smith is entitled to receive \$350,000 per annum (excluding statutory superannuation), plus short term and long term incentives summarised below.

In accordance with the short term incentive, Mr Smith may be paid up to an additional 75% of the base salary subject to the satisfaction of mutually agreed key performance indicators. In accordance with the long term incentive, Shareholder approval was obtained at the Company's annual general meeting on 27 November 2020 to issue a total of 4,500,000 Shares, comprising 1,000,000 Shares issued on 1 November 2021, 1,500,000 Shares issued on 30 December 2022, and 2,000,000 Shares to be issued on or about 1 November 2023. Half of these incentive Shares are subject to a voluntary escrow period of 12 months from the date of issue.

The Board may, in its absolute discretion invite Mr Smith to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time, subject to compliance with the Corporations Act and Listing Rules.

The agreement is for a term of three years, unless terminated by either party in accordance with the agreement. The Company may terminate the agreement by giving not less than one month written notice of termination to Mr Smith (or a shorter period in limited circumstances). Mr Smith may terminate the agreement by giving not less than three months written notice of termination to the Company (or a shorter period in limited circumstances).

In addition, the agreement contains additional provisions considered standard for agreements of this nature.

**(b) Non-Executive Chair Letter of Appointment – Stuart Carmichael**

The Company has entered into a non-executive director letter of appointment with Stuart Carmichael pursuant to which the Company has agreed to pay Stuart Carmichael \$85,000 per annum (excluding statutory superannuation) for services provided to the Company as Non-Executive Director.

The agreement contains additional provisions considered standard for agreements of this nature.

**(c) Non-Executive Director Letter of Appointment – Syed Basar Shueb**

The Company has entered into a non-executive director letter of appointment with Syed Basar Shueb pursuant to which the Company has agreed to pay Syed Basar Shueb \$60,000 per annum (excluding statutory superannuation) for services provided to the Company as Non-Executive Director.

The agreement contains additional provisions considered standard for agreements of this nature.

**(d) Non-Executive Director Letter of Appointment – Anthony McIntosh**

The Company has entered into a non-executive director letter of appointment with Anthony McIntosh pursuant to which the Company has agreed to pay Anthony McIntosh \$60,000 per annum (excluding statutory superannuation) for services provided to the Company as Non-Executive Director.

The agreement contains additional provisions considered standard for agreements of this nature.



(e) **Non-Executive Director Letter of Appointment – Trish White**

The Company has entered into a non-executive director letter of appointment with Trish White pursuant to which the Company has agreed to pay Trish White \$60,000 per annum (excluding statutory superannuation) for services provided to the Company as Non-Executive Director.

The agreement contains additional provisions considered standard for agreements of this nature.

(f) **Non-Executive Director Letter of Appointment – Darryl Abotomey**

The Company has entered into a non-executive director letter of appointment with Darryl Abotomey pursuant to which the Company has agreed to pay Darryl Abotomey \$60,000 per annum (excluding statutory superannuation) for services provided to the Company as Non-Executive Director.

The agreement contains additional provisions considered standard for agreements of this nature.

(g) **Proposed Non-Executive Director Letter of Appointment – Tony Eckford**

Subject to Shareholders approving the election of Mr Eckford at the General Meeting and the Transaction proceeding to Completion, the Company will enter into a non-executive director letter of appointment with Mr Eckford pursuant to which the Company expects to pay Mr Eckford \$60,000 per annum (excluding statutory superannuation) for services provided to the Company as Non-Executive Director.

The agreement contains additional provisions considered standard for agreements of this nature.

On 30 June 2020, Eckford Power Consulting Limited entered into a consultancy agreement with GEL, which was amended by way of a variation letter dated 21 March 2023 (together, the **Eckford Consultancy**). Under the Eckford Consultancy, Mr Eckford provides consultancy services to GEL, including acting as chairman of GEL. The amendment to the Eckford Consultancy sets out that GEL must on completion of the SPA pay:

- (i) £202,513;
- (ii) 1.25% of the Profit Ticker Amount; and
- (iii) 1.25% of the Deferred Payment Amount,

GEL will continue to pay Mr Eckford a consultancy fee of £4,330 per month exclusive of value added tax if applicable.

## 8.4 Deeds of indemnity, insurance and access

The Company is party to a deed of indemnity, insurance and access with each of the Directors. Under these deeds, the Company indemnifies each Director to the extent permitted by law against any liability arising as a result of the Director acting as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must allow the Directors to inspect board papers in certain circumstances. The deeds are considered standard for documents of this nature.

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## 9. Additional information

### 9.1 Rights attaching to Shares

A summary of the rights attaching to the Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

- (a) **(Ranking of Shares):** At the Prospectus Date, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.
- (b) **(Voting rights):** Subject to any rights or restrictions, at general meetings:
  - (i) every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;
  - (ii) has one vote on a show of hands; and
  - (iii) has one vote for every Share held, upon a poll.
- (c) **(Dividend rights):** Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.

Shareholders may be paid interim dividends or bonuses at the discretion of the Directors. The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.

- (d) **(Variation of rights):** The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.
- (e) **(Transfer of Shares):** Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

In some circumstances, the Directors may refuse to register a transfer if upon registration the transferee will hold less than a marketable parcel. The Board may refuse to register a transfer of Shares upon which the Company has a lien.

- (f) **(General meetings):** Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

The Directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

- (g) **(Unmarketable parcels)**: The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable laws and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.
- (h) **(Rights on winding up)**: If the Company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the Company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid up capital of members, they will be distributed in such a way that the losses borne by members are in proportion to the capital paid up.
- (i) **(Restricted Securities)**: A holder of Restricted Securities (as defined in the Listing Rules) must comply with the requirements imposed by the Listing Rules in respect of Restricted Securities.

## 9.2 Terms and conditions of Corporate Advisor Options

The terms and conditions of the Corporate Advisor Options, in this Schedule referred to as 'Options', are as follows:

- (a) **(Entitlement)**: Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Expiry Date)**: Each Option will expire at 5:00pm (AWST) on the date that is four years from the date that the Company completes the acquisition of Graham Engineering Limited (**Expiry Date**).
- (c) **(Exercise Period)**: The Options are exercisable at any time on or prior to the Expiry Date.
- (d) **(Exercise Price)**: The Options are exercisable at \$0.25 each (**Exercise Price**) on a post-Consolidation basis.
- (e) **(Quotation of the Options)**: The Company will not apply for quotation of the Options on any securities exchange.
- (f) **(Transferability)**: The Options are not transferable.
- (g) **(Notice of Exercise)**: The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and, if applicable, payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and, if applicable, the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

- (h) **(Timing of issue of Shares on exercise)**: Within 5 Business Days after the Exercise Date the Company will:
  - (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of

Exercise and for which, if applicable, cleared funds have been received by the Company; and

- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act.
- (i) **(Restrictions on transfer of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (j) **(Timing of application for quotation)** If admitted to the official list of ASX at the time, the Company must apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options within 10 Business Days of the end of the quarter in which the exercise occurred, or within such other time period required by the Listing Rules.
- (k) **(Shares issued on exercise):** Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
- (l) **(Takeovers prohibition):**
  - (i) the issue of Shares on exercise of the Options is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act; and
  - (ii) the Company will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Shares on exercise of the Options.
- (m) **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (n) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (o) **(Entitlement to dividends):** The Options do not confer any entitlement to a dividend, whether fixed or at the discretion of the directors, during the currency of the Options without exercising the Options.
- (p) **(Entitlement to capital return):** The Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise, and similarly do not confer any right to participate in the surplus profit or assets of the Company upon a winding up, in each case, during the currency of the Options without exercising the Options.
- (q) **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder will be varied in accordance with the Listing Rules.
- (r) **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.
- (s) **(Voting rights):** The Options do not confer any right to vote at meetings of members of the Company, except as required by law, during the currency of the Options without first exercising the Options.
- (t) **(Constitution):** Upon the issue of Shares on exercise of the Options, the holder agrees to be bound by the Company's constitution.

### 9.3 Terms and conditions of Conversion Options

The terms and conditions of the Conversion Options, in this Schedule referred to as 'Options', are as follows:

- (a) **(Entitlement):** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Expiry Date):** Each Option will expire at 5:00pm (AWST) on the date that is three years from the date of conversion of the Convertible Notes **(Expiry Date)**.
- (c) **(Exercise Period):** The Options are exercisable at any time on or prior to the Expiry Date.
- (d) **(Exercise Price):** The Options are exercisable at \$0.20 each **(Exercise Price)** on a post-Consolidation Basis, subject to Shareholders approving the Transaction Resolutions at the General Meeting. In the event that the Transaction Resolutions are not approved, the Exercise Price will be determined at a future Shareholder meeting.
- (e) **(Quotation of the Options):** The Company will not apply for quotation of the Options on any securities exchange.
- (f) **(Transferability):** The Options are not transferable.
- (g) **(Notice of Exercise):** The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate **(Notice of Exercise)** and, if applicable, payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and, if applicable, the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds **(Exercise Date)**.

- (h) **(Timing of issue of Shares on exercise):** Within 5 Business Days after the Exercise Date the Company will:
  - (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which, if applicable, cleared funds have been received by the Company; and

- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act.
- (i) **(Restrictions on transfer of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (j) **(Timing of application for quotation)** If admitted to the official list of ASX at the time, the Company must apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options within 10 Business Days of the end of the quarter in which the exercise occurred, or within such other time period required by the Listing Rules.
- (k) **(Shares issued on exercise):** Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
- (l) **(Takeovers prohibition):**
  - (i) the issue of Shares on exercise of the Options is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act; and
  - (ii) the Company will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Shares on exercise of the Options.
- (m) **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (n) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (o) **(Entitlement to dividends):** The Options do not confer any entitlement to a dividend, whether fixed or at the discretion of the directors, during the currency of the Options without exercising the Options.
- (p) **(Entitlement to capital return):** The Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise, and similarly do not confer any right to participate in the surplus profit or assets of the Company upon a winding up, in each case, during the currency of the Options without exercising the Options.
- (q) **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder will be varied in accordance with the Listing Rules.
- (r) **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
  - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have



received if the Option holder had exercised the Option before the record date for the bonus issue; and

- (ii) no change will be made to the Exercise Price.
- (s) **(Voting rights):** The Options do not confer any right to vote at meetings of members of the Company, except as required by law, during the currency of the Options without first exercising the Options.
- (t) **(Constitution):** Upon the issue of Shares on exercise of the Options, the holder agrees to be bound by the Company's constitution.

## 9.4 Terms and conditions of Performance Rights

- (a) **(Entitlement):** Subject to the terms and conditions set out below, each Performance Right once vested entitles the holder (**Holder**), on conversion, to the issue of one Share.
- (b) **(Vesting conditions):** The Performance Rights have the following milestones attached to them (each referred to as a **Milestone**) and are subject to the milestone dates (**Milestone Dates**) set out below:

Class	Performance Milestone	Milestone Date	Expiry Date
<b>A</b>	The Company achieving a VWAP of at least \$0.35 over any twenty consecutive trading day period before the Milestone Date.	1 April 2021	5pm (WST) on the date that is 5 years from the date of issue.
<b>B</b>	The Company achieving a VWAP of at least \$0.50 over any twenty consecutive trading day period before the Milestone Date.	1 October 2022	5pm (WST) on the date that is 5 years from the date of issue.
<b>C</b>	The Company achieving a VWAP of at least \$0.75 over any twenty consecutive trading day period before the Milestone Date.	1 October 2022	5pm (WST) on the date that is 5 years from the date of issue.

- (c) **(Vesting):** The Company will notify the Holder in writing (**Vesting Notice**) within 3 Business Days of becoming aware that the relevant Milestone has been satisfied. For the avoidance of doubt, each Milestone can only be satisfied once.
- (d) **(Conversion):** Upon receipt of a Vesting Notice, the Holder may apply to convert the Performance Rights into Shares by delivering a signed notice of conversion to the Company Secretary (**Notice of Conversion**) prior to the date that is specified in condition (b). (**Expiry Date**).
- (e) **(Expiry Date):** Any Performance Rights that have not vested and been converted prior to the Expiry Date, will expire and lapse on the Expiry Date.
- (f) **(Transfer):** The Performance Rights are not transferable.

- (g) **(Entitlements and bonus issues):** Subject always to the rights under condition (i) (Reorganisation of Capital), Holders will not be entitled to participate in new issues of capital offered to Shareholders such as bonus issues and entitlement issues.
- (h) **(Reorganisation of capital):** In the event that the issued capital of the Company is reconstructed, all the Holder's rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the Holder's economic and other rights are not diminished or terminated.
- (i) **(Right to receive notices and attend general meetings):** Each Performance Right confers on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. A Holder has the right to attend general meetings of the Company.
- (j) **(Voting rights):** A Performance Right does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.
- (k) **(Dividend rights):** A Performance Right does not entitle the Holder to any dividends.
- (l) **(Return of capital rights):** The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (m) **(Rights on winding up):** The Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.
- (n) **(Change in control):** If prior to the earlier of the conversion of the Performance Rights or the Expiry Date a Change in Control Event occurs, then each Performance Right will automatically and immediately convert into a Share.

A **Change of Control Event** means:

- (i) takeover bid: the occurrence of the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of more than 50.1% of the Shares and that takeover bid has become unconditional (except any condition in relation to the cancellation or conversion of the Performance Rights); or
- (ii) scheme of arrangement: the announcement by the Company that:
  - (A) the Shareholders have at a Court-convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party; and
  - (B) the Court, by order, has approved the proposed scheme of arrangement.
- (o) **(Takeovers limitation):**
  - (i) Notwithstanding any other provision of these terms, if the conversion of any Performance Rights would result in any person being in breach of section 606(1) of the Corporations Act, the conversion of each Performance Right that would cause the contravention will be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1).

- (ii) The Company will not be required to seek the approval of its Shareholders for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Share on the conversion of Performance Rights.
- (iii) If the conversion of any Performance Rights is restricted by condition (o)(i) and the resultant Shares are not issued before the Expiry Date, the Performance Rights are to expire on the Expiry Date and the Holder will have no further rights and the Company will have no further obligations in respect to the expired Performance Rights or the underlying Shares.
- (p) **(Issue of Shares):** Within 5 Business Days after the date on which the Company receives a Notice of Conversion or the Performance Rights convert under conditions (n)(i) or (o)(ii), the Company will:
  - (i) issue the Shares specified in the Notice of Conversion or pursuant to the conversion under conditions (n)(i) or (o)(ii);
  - (ii) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent required); and
  - (iii) apply for official quotation on ASX of Shares issued pursuant to the conversion of the Performance Rights.

If the Company is unable to deliver a notice under condition (p)(ii) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Shares issued on conversion of the Performance Rights may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

All Shares issued upon the conversion of Performance Rights will upon issue rank pari passu in all respects with other Shares.

- (q) **(Quotation):** Performance Rights will not be quoted on ASX. On conversion of Performance Rights into Shares, the Company will apply for quotation in accordance with condition (p)(iii).
- (r) **(No other rights):** A Performance Right does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (s) **(Leaver):** Where the Holder (or the person who is entitled to be registered as the holder) of the Performance Rights is no longer employed, or their engagement is discontinued (for whatever reason), with the Company, any unconverted and unvested Performance Rights will automatically lapse and be forfeited by the Holder, unless the Board otherwise determines in its discretion.

## 9.5 Summary of the Company's Employee Securities Incentive Plan

Shareholders approved the Plan at the Company's annual general meeting held on 30 November 2022. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out below. Executive and Non-Executive Directors participate in the Plan.

- (a) **(Eligible Participant):** Eligible Participant means a person that has been determined by the Board to be eligible to participate in the Plan from time to time and is an "ESS

participant” (as that term is defined in Division 1A) in relation to the Company or an associated entity of the Company. This relevantly includes, amongst others:

- (i) an employee or director of the Company or an individual who provides services to the Company;
- (ii) an employee or director of an associated entity of the Company or an individual who provides services to such an associated entity;
- (iii) a prospective person to whom paragraphs (i) or (ii) apply;
- (iv) a person prescribed by the relevant regulations for such purposes; or
- (v) certain related persons on behalf of the participants described in paragraphs (i) to (iv) (inclusive).

(b) **(Maximum allocation)**

- (i) The Company must not make an offer of Securities under the Plan in respect of which monetary consideration is payable (either upfront, or on exercise of convertible securities) where the total number of Plan Shares (as defined in paragraph (m) below) that may be issued, or acquired upon exercise of Plan Convertible Securities offered, when aggregated with the number of Shares issued or that may be issued as a result of offers made under the Plan at any time during the previous 3 year period would exceed 5% of the total number of Shares on issue at the date of the offer or such other limit as may be specified by the relevant regulations or the Company’s Constitution from time to time.
- (ii) The maximum number of equity securities proposed to be issued under the Plan for the purposes of Listing Rule 7.2, Exception 13 is 18,100,000 (**ASX Limit**). This means that, subject to the following paragraph, the Company may issue up to the ASX Limit under the Plan, without seeking Shareholder approval and without reducing its placement capacity under Listing Rule 7.1.
- (iii) The Company will require prior Shareholder approval for the issue of Securities under the Plan to Directors, their associates, and any other person whose relationship with the Company or a Director or a Director’s associate is such that, in ASX’s opinion, the acquisition should be approved by Shareholders. The issue of Securities with Shareholder approval will not count towards the ASX Limit.

(c) **(Purpose):** The purpose of the Plan is to:

- (i) assist in the reward, retention and motivation of Eligible Participants;
- (ii) link the reward of Eligible Participants to Shareholder value creation; and
- (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

(d) **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion, subject to compliance with applicable laws and the Listing Rules. The Board may delegate its powers and discretion.

- (e) **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides. An invitation issued under the Plan will comply with the disclosure obligations pursuant to Division 1A.

On receipt of an invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

A waiting period of at least 14 days will apply to acquisitions of Securities for monetary consideration as required by the provisions of Division 1A.

- (f) **(Grant of Securities):** The Company will, to the extent that it has accepted a duly completed application, grant the successful applicant (**Participant**) the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
- (g) **(Terms of Convertible Securities):** Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

- (h) **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.
- (i) **(Exercise of Convertible Securities and cashless exercise):** To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

At the time of exercise of the Convertible Securities, and subject to Board approval, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

**Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

- (j) **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
- (k) **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
  - (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
- (l) **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- (m) **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
- (n) **(Disposal restrictions on Securities):** If the invitation provides that any Plan Shares or Convertible Securities are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.
- (o) **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction,



return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

- (p) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
- (q) **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

- (r) **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.
- (s) **(Employee Share Trust):** The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding securities for holders under the Plan and delivering Shares on behalf of holders upon exercise of Options or Performance Rights.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

## 9.6 Effect of the Offers on control and substantial Shareholders

As at the date of this Prospectus, the following Shareholders hold a relevant interest in 5% or more of the Shares on issue (on a pre-Consolidation basis):

Name	Number of Shares	% of Shares
Advanced Science & Innovation Company (ASIC) Llc	19,717,068	10.76
HSBC Custody Nominees (Australia) Limited	18,077,357	9.86
Mr Neil Garry Le Quesne <Stirling Group A/C>	11,962,407	6.53

Based on the information known as at the Prospectus Date, on Reinstatement no persons will have an interest in 5% or more of the Shares on issue (on a post-Consolidation basis).

## 9.7 Voting power of K-TIG Shareholders

As detailed in Section 2.5, on Completion, assuming that the existing K-TIG Shareholders do not participate in the Public Offer and that Maximum Subscription is raised, it is expected that the existing K-TIG Shareholders will hold approximately 35.01% of the Company's issued Share capital on an undiluted basis and 32.37% of the Company's issued Share capital on a fully diluted basis.

No Shareholder (together with any associates) will hold more than 20% of the issued capital of the Company on Completion.

## 9.8 Interests of Promoters, Experts and Advisers

### (a) No interest except as disclosed

Other than as set out below or elsewhere in this Prospectus, no:

(i) persons or entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or

(ii) promoter of the Company;

holds at the Prospectus Date, or has held at any time during the last 2 years, any interest in:

(i) the formation or promotion of the Company;

(ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or

(iii) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offer.

(b) **Share Registry**

Automic has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus and will be paid for these services on standard industry terms and conditions.

(c) **Auditor**

BDO Audit Pty Ltd (**BDO Audit**) has been appointed to act as Auditor to the Company. The Company estimates it will pay BDO Audit a total of \$50,000 (excluding GST) for these services.

During the 24 months preceding lodgement of this Prospectus with ASIC, BDO Audit has provided services as auditor to the Company and been paid an aggregate of approximately \$102,500 (excluding GST) for these services.

(d) **Solicitors**

Hamilton Locke Pty Ltd (**Hamilton Locke**) has acted as the Solicitors to the Company in relation to the Offers. The Company estimates it will pay Hamilton Locke \$130,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

During the 24 months preceding lodgement of this Prospectus with ASIC, Hamilton Locke has provided legal services to the Company, the total value of these services was approximately \$124,301 (excluding GST). These services were in respect of the Company's general corporate matters.

(e) **Investigating Accountant**

BDO Corporate Finance has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Annexure A of this Prospectus. The Company estimates it will pay BDO Corporate Finance a total of \$16,000 (excluding GST) for these services.

During the 24 months preceding lodgement of this Prospectus with ASIC, BDO Corporate Finance has not provided services to the Company.

(f) **Lead Manager**

Morgans Corporate Limited has acted as the Lead Manager to the Public Offer. Details of the payments to be made to the Lead Manager are set out in Section 8.2(b).

During the 24 months preceding lodgement of this Prospectus with ASIC, Morgans has provided lead manager services to the Company, the total value of these services was approximately \$100,000 (excluding GST).

(g) **Corporate Advisor**

SRG Partners Pty Ltd has provided corporate advisory services to the Company in connection with the Transaction. Details of the payments to be made to the Corporate Advisor are set out in Section 8.2(c).

During the 24 months preceding lodgement of this Prospectus with ASIC, SRG Partners has provided corporate advisory services to the Company, the total value of these services was approximately \$272,473 (excluding GST).

## 9.9 Consents

(a) **Each of the parties referred to below:**

- (i) do not make the Offer and has not authorised or caused the issue of this Prospectus or the making of the Offer;
- (ii) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
- (iii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- (iv) has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.

(b) **Share Registry**

Automatic has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Share Registry of the Company in the form and context in which it is named.

(c) **Auditor**

BDO Audit Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Auditor of the Company in the form and context in which it is named.

(d) **Investigating Accountant**

BDO Corporate Finance has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Independent Limited Assurance Report in the form and context in which it is included.

(e) **Solicitors**

Hamilton Locke has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Solicitors to the Company in the form and context in which it is named.

(f) **Lead Manager**

Morgans has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Lead Manager to the Public Offer in the form and context in which it is named.

(g) **Corporate Advisor**

SRG Partners has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Corporate Advisor to the Company in the form and context in which it is named.

## 9.10 Expenses of Offer

The total approximate expenses of the Offers payable by the Company are:

	\$ (Minimum Subscription)	\$ (Maximum Subscription)
ASIC lodgement fee	3,206	3,206
ASX quotation fee	116,033	121,772
Investigating Accountant fees	16,000	16,000
Lead Managers' fees – cash <sup>1</sup>	1,000,000	1,250,000
Corporate Advisor fees – cash <sup>2</sup>	400,000	440,000
Legal fees	130,000	130,000
Printing, postage and administration fees	5,000	5,000
<b>Total</b>	<b>1,670,239</b>	<b>1,965,978</b>

**Notes:**

1. See Section 8.2(b) for a summary of the Lead Manager Mandate.
2. See Section 8.2(c) for a summary of the Corporate Advisor Mandate.

## 9.11 Continuous Disclosure Obligations

As the Company is admitted to the Official List, the Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares (unless a relevant exception to disclosure applies). Price sensitive information is publicly released through ASX before it is otherwise disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after ASX confirms that an announcement has been made, with the aim of making the information readily accessible to the widest audience.

## 9.12 Litigation

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

## 9.13 Documents available for inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 9.9 of this Prospectus.

## 9.14 Statement of Directors

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the Independent Limited Assurance Report in Annexure A, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.



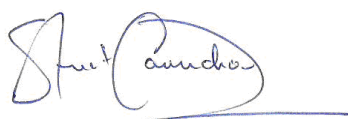
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## 10. Authorisation

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:



**Stuart Carmichael**  
Chairman  
Dated: 12 May 2023

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## 11. Glossary of terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**\$** means Australian dollars.

**£** means Great British Pound.

**2023 EBITDA** has the meaning given in Section 8.2(a).

**AASB** means the Australian Accounting Standards Board.

**Acquisition Agreement** means a share purchase agreement between the Company and the Sellers dated 21 March 2023 whereby the Company will, on the satisfaction of various conditions precedent, acquire 100% of the issued capital in GEL.

**AGR** means advanced gas cooled reactor.

**Applicant** means a person who submits an Application Form.

**Application Form** means any or all of the application form attached to or accompanying this Prospectus in respect of the Public Offer and Conversion Offer (including any electronic form application form provided by an online application facility).

**Application** means a valid application for Shares pursuant to this Prospectus.

**Application Monies** means the amount of money submitted or made available by an Applicant in connection with an Application.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or, where the context requires, the financial market operated by it.

**ASX Settlement** means ASX Settlement Pty Limited (ACN 008 504 532).

**ASX Settlement Rules** means ASX Settlement Operating Rules of ASX Settlement.

**Background IP** has the meaning given in Section 8.2(f).

**BDO Audit** means BDO Audit Pty Ltd (ACN 134 022 870).

**BDO Corporate Finance** means BDO Corporate Finance (WA) Pty Ltd (ABN 27 124 031 045).

**BEIS** means the Department for Business, Energy & Industrial Strategy (UK).

**Board** means the board of Directors of the Company from time to time.

**CAGR** means compound annual growth rate.

**Capital Raising** has the meaning given in Section 8.2(d).

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement.

**Closing Date** means the date specified as the closing date of the Offer, or such other time and date as the Board determines.

**Company** or **K-TIG** means K-TIG Limited (ACN 158 307 549).

**Company Secretarial Mandate** has the meaning given in Section 8.2(g).

**Completion** means completion of the Transaction.

**Completion Payment** has the meaning given in Section 8.2(a).

**Consolidation** means the proposed 2.5 to 1 consolidation of the Company's issued capital which is subject to Shareholder approval at the General Meeting.

**Constitution** means the constitution of the Company.

**Container Supply Agreement** has the meaning given in Section 8.1(a).

**Containers** has the meaning given in Section 8.1(a).

**Conversion Conditions** has the meaning given in Section 8.2(d).

**Conversion Offer** means the offer to the Noteholders to apply for the Conversion Shares and Conversion Options to be issued on conversion of the Convertible Notes.

**Conversion Options** means 10,000,000 Options to be issued on conversion of the Convertible Notes on the terms and conditions in Section 9.3 subject to Shareholder approval at the General Meeting.

**Conversion Shares** means 10,000,000 Shares to be issued on conversion of the Convertible Notes subject to Shareholder approval at the General Meeting.

**Convertible Note Raise** has the meaning given in Section 2.1(b).

**Convertible Notes** means the convertible notes summarised in Section 8.2(d).

**Corporate Advisor Options** has the meaning given in Section 8.2(c).

**Corporate Advisor** or **SRG Partners** means SRG Partners Pty Ltd (ABN 31 603 753 671).

**Corporate Advisor Shares** has the meaning given in Section 8.2(c).

**Corporations Act** means the *Corporations Act 2001* (Cth), as amended from time to time.

**Debt Financing** has the meaning given in Section 5.1(d).

**Debt Financing Condition** has the meaning given in Section 2.3(d).

**Deferred Payment Amount** has the meaning given in Section 8.2(a).

**Directors** means the directors of the Company from time to time and includes the existing Directors and the Proposed Directors, as the context requires.

**EBITDA** means earnings before interest, tax, depreciation and amortisation.

**Eckford Consultancy** has the meaning given in Section 8.3(g).

**Electronic Prospectus** means the electronic copy of this Prospectus located at the Company's website [www.k-tig.com](http://www.k-tig.com).

**EMEA** means Europe, the Middle East and Africa.

**Expiry Date** means 13 months after the Prospectus Date.

**Exposure Period** means the period of seven days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than seven days pursuant to section 727(3) of the Corporations Act.

**Financial Information** has the meaning given in Section 6.

**FY2023** means the financial year of GEL ending 31 August 2023.

**GDP** means gross domestic product.

**GEL** or **Graham Engineering** means Graham Engineering Limited.

**General Meeting** means an extraordinary general meeting of Shareholders at which the Company will seek the required approvals to give effect to the Transaction and the Offers.

**Group** means the Company and each of its subsidiaries.

**HLW** means high-level waste.

**ILW** means intermediate-level waste.

**Indicative Timetable** means the indicative timetable for the Offer on page 11 of this Prospectus.

**Jacobs** means Jacobs Field Services Limited (Company number 01172655).

**Jacobs Subcontract** has the meaning given in Section 8.1(b).

**KMP** means key management personnel.

**Lead Manager Mandate** means the mandate entered between the Company and Morgans Corporate dated 22 February 2023, pursuant to which Morgans Corporate has agreed to provide lead manager services and bookrunner services in respect of the Public Offer.

**Lead Manager** or **Morgans Corporate** means Morgans Corporate Limited (ACN 010 539 607) (AFSL 235407).

**Listing Rules** means the listing rules of ASX.

**LLW** means low-level waste.

**Magnox** means Magnox Limited.

**Master Purchase Agreement** has the meaning given in Section 8.1(c).

**Maximum Subscription** means the issue of 125,000,000 Shares under the Public Offer, to raise \$25,000,000 (before costs).

**MBGW** means miscellaneous beta-gamma waste.

**Merged Company** means the Group on and from Completion, including GEL as a 100% subsidiary of the Company.

**Minimum Subscription** means the issue of 100,000,000 Shares under the Public Offer, to raise \$20,000,000 (before costs).

**NDA** means the Nuclear Decommissioning Authority (UK).

**New IP** has the meaning given in Section 8.2(f).

**Noteholders** means the holders of the Convertible Notes.

**Nuclear AMRC** means the UK Nuclear Advanced Manufacturing Research Centre.

**Offer Price** means \$0.20 per Share.

**Offers** means any or all of the Public Offer and the Conversion Offer.

**Official List** means the official list of ASX.

**Official Quotation** means official quotation by ASX in accordance with the Listing Rules.

**Opening Date** means the date specified as the opening date in the Indicative Timetable.

**Option** means an option, giving the holder the right, but not an obligation, to acquire a Share at a predetermined price and at a specified time in the future.

**Order** has the meaning given in Section 8.1(a)(i).

**Plan** means the K-TIG Limited Employee Securities Incentive Plan.

**Profit Ticker Amount** means the pro-rated net profit of GEL over the financial year ending 31 August 2023 less the capital expenditure actually incurred, ordered or approved by GEL during FY2023 pro-rated on a daily basis, which shall not exceed £1,130,864.

**Project** has the meaning given in Section 8.2(f).

**Prospectus Date** means the date on which a copy of this Prospectus was lodged with ASIC, being 12 May 2023.

**Prospectus** means this prospectus dated 12 May 2023.

**Public Offer** means the offer of up to 125,000,000 Shares to be issued at a price of \$0.20 per Share, to raise up to \$25,000,000 (before costs).

**Recommendations** means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

**Reinstatement** means reinstatement of the Shares to quotation on ASX, following Completion and the Company satisfying the requirements set out in Chapters 1 and 2 of the Listing Rules.

**RWC Agreement** has the meaning given in Section 8.2(f).

**RWC** has the meaning given in Section 8.2(f).

**Section** means a section of this Prospectus.

**Securities** means any securities, including Shares, Options or Performance Options, issued or granted by the Company.

**Sellafield** means Sellafield Limited (Company number 01002607).

**Sellers** has the meaning given in Section 8.2(a).

**Share** or **Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder Approval** has the meaning given in Section 8.2(d).

**Shareholder** means a holder of one or more Shares in the Company.

**Siemens Healthcare** means Siemens Healthcare Limited (Company number 09567186).

**TIG** means tungsten inert gas, a welding process.

**TMD** means target market determination.

**Transaction** means the acquisition of 100% of the issued capital in GEL pursuant to the Acquisition Agreement.

**Transaction Resolution** has the meaning given in Section 1.5.

**UK** means United Kingdom.

**VLLW** means very low-level waste.

**Works** has the meaning given in Section 8.1(b).



## Annexure A – Independent Limited Assurance Report



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## K-TIG LIMITED

### Independent Limited Assurance Report

10 May 2023



10 May 2023

The Directors  
K-TIG Limited  
Ground floor, 16 Ord Street  
West Perth, 6005, WA

Dear Directors

## INDEPENDENT LIMITED ASSURANCE REPORT

### 1. INTRODUCTION

BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) has been engaged by K-TIG Limited (**'K-TIG'** or **'the Company'**) to prepare this Independent Limited Assurance Report (**'Report'**) in relation to certain financial information of K-TIG, for the public offering of shares in K-TIG, for inclusion in a prospectus (**'Prospectus'**).

Broadly, the Prospectus will offer up to 125,000,000 Shares at an issue price of \$0.20 each to raise up to \$25,000,000 (before costs) (**'Public Offer'**). The Public Offer is subject to a minimum subscription level of 100,000,000 shares at an issue price of \$0.20 to raise \$20,000,000 before costs.

On 16 March 2023, the Company announced that it had raised \$2,000,000 (before costs) through the issue of 2,000 convertible debt notes with a face value of \$1,000 each (**'Convertible Notes'**) (**'Convertible Note Raise'**). Pursuant to the Prospectus, the Company also intends to offer of up to 10,000,000 shares (**'Conversion Shares'**) and 10,000,000 Options (**'Conversion Options'**) to the holders of the Convertible Notes (**'Noteholders'**) (**'the Conversion Offer'**). The Conversion Shares are of the same class and will rank equally in all respects with existing shares on issue and the shares to be issued under the Public Offer. The terms of the Conversion Options are detailed in section 9.3 of the Prospectus.

The Public Offer and the Conversion Offer are collectively referred to as **'the Offers'**.

In addition, the Company has entered into a binding share sale agreement with Graham Engineering Limited (**'GEL'**), whereby the Company has agreed to acquire 100% of the fully paid issued capital of GEL (**'Acquisition'**). K-TIG will pay up to £17,550,000 as consideration for the Acquisition, consisting of:

- An upfront cash payment of £10,000,000 payable on Completion of the Acquisition;

- A cash payment of £4,550,000 for GEL's freehold property, payable on completion of the Acquisition; and
- A deferred payment amount ('**Deferred Payment Amount**') determined based on GEL's earnings before interest, tax, depreciation and amortisation ('**EBITDA**') for the 12-month period ending 31 August 2023 as derived from the audited accounts for GEL for the financial year ending on 31 August 2023 ('**2023 EBITDA**') as follows.

2023 EBITDA	Deferred Payment Amount
Less than £1,700,000	£0
Between £1,700,000 and £2,289,999*	£500,000 plus £2.93333 for each £1 of EBITDA above £1,700,000
Between £2,290,000 and £2,449,999*	£650,000 plus £2.933333 for each £1 of EBITDA above £1,700,000
£2,450,000 or greater	£3,000,000

\*Note: inclusive

All currencies are quoted in Australian dollars ('\$' or 'AUD') unless otherwise stated.

Expressions defined in the Prospectus have the same meaning in this Report. BDO holds an Australian Financial Services Licence (AFS Licence Number 316158) and our Financial Services Guide ('**FSG**') has been included in this report in the event you are a retail investor. Our FSG provides you with information on how to contact us, our services, remuneration, associations, and relationships.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

## 2. SCOPE

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the '**Historical Financial Information**') of K-TIG and GEL included in the Prospectus:

- K-TIG's audited Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for the years ended 30 June 2022 and 30 June 2021;
- K-TIG's reviewed Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for the half-year ended 31 December 2022;
- K-TIG's reviewed Statement of Financial Position as at 31 December 2022;
- GEL's audited Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for the years ended 31 August 2022, 31 August 2021 and 31 August 2020; and

- GEL's audited Statement of Financial Position as at 31 August 2022.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards (for K-TIG), United Kingdom Accounting Standards and applicable law (for GEL) and the companies' respective adopted accounting policies.

The Historical Financial Information for K-TIG has been extracted from the financial reports of K-TIG for the years ended 30 June 2021 and 30 June 2022 and for the half year ended 31 December 2022. The financial report for the year ended 30 June 2021 was audited by BDO Audit (SA) Pty Ltd ('**BDO Audit SA**') in accordance with the Australian Auditing Standards and the financial report for the year ended 30 June 2022 was audited by BDO Audit Pty Ltd ('**BDO Audit**') in accordance with the Australian Auditing Standards. BDO Audit SA and BDO Audit issued an unmodified audit opinion on the financial reports. The financial report for the half year ended 31 December 2022 was reviewed by BDO Audit in accordance with the Australian Auditing Standards. BDO Audit included an emphasis of matter relating to material uncertainty around going concern. However, the audit opinion was not modified in respect of this matter.

The Historical Financial Information for GEL has been extracted from the financial reports of GEL for the years ended 31 August 2020, 31 August 2021 and 31 August 2022, which were audited by KM Business Solutions Limited ('**KM**') in accordance with the United Kingdom Accounting Standards and applicable law. KM issued an unmodified audit opinion on the financial reports.

#### *Pro Forma Historical Financial Information*

You have requested BDO to review the following pro forma historical financial information (the '**Pro Forma Historical Financial Information**') of K-TIG included in the Prospectus:

- The pro forma historical Statement of Financial Position as at 31 December 2022.

The Pro Forma Historical Financial Information has been derived from the historical financial information of K-TIG and GEL, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on K-TIG's financial position as at 31 December 2022. As part of this process, information about K-TIG's financial position has been extracted by K-TIG from its financial statements for the half-year ended 31 December 2022

### **3. DIRECTORS' RESPONSIBILITY**

The directors of K-TIG are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical

Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

## 4. OUR RESPONSIBILITY

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

## 5. CONCLUSION

### *Historical Financial Information*

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

### *Pro Forma Historical Financial information*

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

## 6. SUBSEQUENT EVENTS

The pro-forma statement of financial position reflects the following events that have occurred subsequent to the period ended 31 December 2022:

- The Company executed a definitive sale and purchase agreement to acquire 100% of the issued capital in GEL. Consideration payable by the Company is as follows:
  - An upfront cash payment of £10,000,000 (\$17,749,379) plus a payment of £4,550,000 (\$8,075,967) for GEL's freehold property (payable on completion); and
  - A Deferred Payment Amount of up to £3,000,000 (\$5,324,814) to be calculated based on GEL's 2023 EBITDA.

The Acquisition of 100% of the issued capital of GEL is deemed to be a business combination as it falls within the scope of *AASB 3 Business Combinations*, with K-TIG considered to be the accounting parent. The net assets of GEL at 31 August 2022 were

£12,599,589 (\$22,363,488), resulting in goodwill of \$8,786,672 being recognised. The Deferred Payment Amount of £3,000,000 (\$5,324,814) has been treated as a liability. The pre-acquisition equity, reserve and accumulated profits of GEL are eliminated on consolidation. All amounts denominated in British Pound Sterling (£) have been translated to AUD at the 31 December 2022 exchange rate of 0.5634 AUD:GBP. The Acquisition has been provisionally accounted for; however these details will require re-determination as at the successful acquisition date which may result in changes to the values set out above.

- The Company issued 2,000 Convertible Notes with a face value of \$1,000 each, to raise \$2,000,000 before costs.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of K-TIG not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

## **7. ASSUMPTIONS ADOPTED IN COMPILING THE PRO-FORMA STATEMENT OF FINANCIAL POSITION**

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 31 December 2022, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The Company will consolidate its shares, options and performance rights on a 2.5 to 1 basis. The total number of shares, options and performance rights on a pre-consolidation basis were 183,319,892, 6,612,152 and 6,000,000, respectively. The total number of shares, options and performance rights on a post-consolidation basis are 73,327,933, 2,644,861 and 2,400,000, respectively;
- The issue of 100,000,000 shares at an offer price of \$0.20 per share to raise \$20,000,000 (before costs) pursuant to the Prospectus, based on the minimum subscription;
- The issue of 125,000,000 shares at an offer price of \$0.20 per share to raise \$25,000,000 (before costs) pursuant to the Prospectus, based on the maximum subscription;
- Total cash costs of the Public Offer are estimated to be \$1,670,239 and \$1,965,978 under the minimum and maximum raises respectively. The costs of the Public Offer that are directly attributable to the capital raising, being \$1,670,239 and \$1,965,978 under the minimum and maximum raises respectively, are offset against issued capital, with the remaining costs of the Public Offer expensed through accumulated losses;
- The issue of 10,000,000 Conversion Shares at a deemed issue price of \$0.20 per share, pursuant to the Conversion Offer;
- The issue of 10,000,000 Conversion Options with an exercise price of \$0.20 and a three-year term, pursuant to the Conversion Offer. The Conversion Options have been valued at \$1,260,000 using the Black Scholes option pricing model and have been expensed through accumulated losses.



- The issue of 1,125,000 shares issued to the SRG Partners (**'Corporate Advisor'**) at a deemed issue price of \$0.20 (**'Corporate Advisor Shares'**). The value of the Corporate Advisor shares, being \$225,000 has been expensed through accumulated losses; and
- The issue of 2,000,000 Options to the Corporate Advisor, with an exercise price of \$0.25 and a five-year term (**'Corporate Advisor Options'**) the Corporate Advisor Options have been valued at \$266,000 using the Black Scholes option pricing model and have been offset against contributed equity.
- The Company is currently in discussions with potential financiers with regards to a potential financing agreement, under which, the financier(s) will provide debt financing of up to approximately \$10,000,000 to the Company on terms and conditions satisfactory to the Company (**Debt Financing**), subject to the entry into full form debt financing documents and security deeds. To date, there are no agreed terms nor is there any certainty that a binding agreement will be reached. It is a condition to the Offers that the Company enters the Debt Financing for an amount of no less than \$8,000,000 (**Debt Financing Condition**). In the event the Company is unable to satisfy the Debt Financing Condition the Company will not proceed with the Offers and the Company will repay all Application Monies received under the Public Offer to the Applicants.

## 8. INDEPENDENCE

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO is the auditor of K-TIG and from time to time, BDO provides K-TIG with certain other professional services for which normal professional fees are received.

## 9. DISCLOSURES

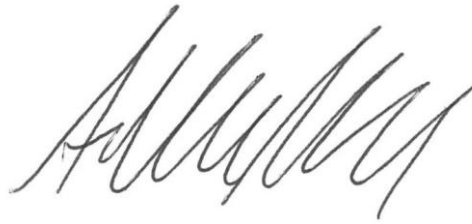
This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

**BDO Corporate Finance (WA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Adam Myers', written in a cursive style.

**Adam Myers**  
Director

# APPENDIX 1

## K-TIG LIMITED

### HISTORICAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half-year ended 31-Dec-22 \$	Reviewed for the half-year ended 31-Dec-21 \$
Sales revenue	1,844,907	1,782,103
Cost of sales	(609,691)	(698,062)
<b>Gross profit/(loss)</b>	<b>1,235,216</b>	<b>1,084,041</b>
Other income	362,315	143
<b>Expenses</b>		
Marketing expense	(242,628)	(213,369)
Corporate expense	(531,106)	(721,351)
Service expense	(136,469)	(219,270)
Employee benefits expense	(2,427,362)	(2,784,087)
Office/workshop expense	(225,315)	(159,449)
Travel expense	(219,721)	(47,931)
R&D expense	(49,433)	(31,256)
Other expenses	(52,545)	(77,909)
<b>Total operating expenses</b>	<b>(3,884,579)</b>	<b>(4,254,622)</b>
<b>(Loss) before income tax expense</b>	<b>(2,287,049)</b>	<b>(3,170,438)</b>
Income tax expense	-	-
<b>(Loss) for the period</b>	<b>(2,287,049)</b>	<b>(3,170,438)</b>
<b>Other comprehensive income</b>		
Other comprehensive income/(expense)	524,253	(4,437)
<b>Total comprehensive loss for the period</b>	<b>(1,762,796)</b>	<b>(3,174,875)</b>

Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-22 \$	Audited for the year ended 30-Jun-21 \$
Sales revenue	3,702,512	1,561,556
Cost of sales	(1,427,035)	(780,887)
<b>Gross profit/(loss)</b>	<b>2,275,477</b>	<b>780,669</b>
Other income	190,583	86,300
<b>Expenses</b>		
Marketing expense	(494,464)	(216,762)
Corporate expense	(1,381,117)	(1,066,798)
Service expense	(453,022)	(301,808)
Employee benefits expense	(5,544,729)	(3,386,383)
Office/workshop expense	(292,907)	(203,436)
Travel expense	(189,891)	(41,845)
R&D expense	(59,067)	(102,028)
Other expenses	(13,526)	(30,576)
<b>Total operating expenses</b>	<b>(8,428,722)</b>	<b>(5,349,636)</b>
<b>(Loss) before income tax expense</b>	<b>(5,962,663)</b>	<b>(4,482,667)</b>
Income tax expense	-	-
<b>(Loss) for the period</b>	<b>(5,962,663)</b>	<b>(4,482,667)</b>
<b>Other comprehensive income</b>		
Other comprehensive income/(expense)	18,474	(13,141)
<b>Total comprehensive loss for the period</b>	<b>(5,944,188)</b>	<b>(4,495,808)</b>

This statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction the notes to and forming part of the historical financial information set out in Appendix 4. Past performance is not a guide to future performance.

**APPENDIX 2**  
**K-TIG LIMITED**  
**PRO FORMA STATEMENT OF FINANCIAL POSITION**

		K-TIG	GEL	GEL		Pro-forma	Pro-forma	Pro-forma	Pro-forma
		Reviewed	Audited	Audited	Subsequent	adjustments	adjustments	after offers	after offers
		as at	as at	as at					
		31-Dec-22	31-Aug-22	31-Aug-22	events	Min	Max	Min	Max
Note		\$	£	\$*	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>									
	4	1,501,406	2,698,454	4,789,588	(23,825,346)	28,329,761	33,034,022	10,795,409	15,499,670
		681,681	4,543,820	8,064,998	-	-	-	8,746,679	8,746,679
		2,418,915	1,319,496	2,342,023	-	-	-	4,760,938	4,760,938
		40,000	-	-	-	-	-	40,000	40,000
<b>TOTAL CURRENT ASSETS</b>		<b>4,642,002</b>	<b>8,561,770</b>	<b>15,196,610</b>	<b>(23,825,346)</b>	<b>28,329,761</b>	<b>33,034,022</b>	<b>24,343,027</b>	<b>29,047,288</b>
<b>NON-CURRENT ASSETS</b>									
		14,150	-	-	-	-	-	14,150	14,150
		573,970	8,934,050	15,857,384	-	-	-	16,431,354	16,431,354
		699,298	-	-	-	-	-	699,298	699,298
		25,302	-	-	-	-	-	25,302	25,302
	5	-	-	-	8,786,672	-	-	8,786,672	8,786,672
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,312,720</b>	<b>8,934,050</b>	<b>15,857,384</b>	<b>8,786,672</b>	<b>-</b>	<b>-</b>	<b>25,956,776</b>	<b>25,956,776</b>
<b>TOTAL ASSETS</b>		<b>5,954,722</b>	<b>17,495,820</b>	<b>31,053,994</b>	<b>(15,038,674)</b>	<b>28,329,761</b>	<b>33,034,022</b>	<b>50,299,802</b>	<b>55,004,063</b>
<b>CURRENT LIABILITIES</b>									
		1,530,910	1,205,623	2,139,906	-	-	-	3,670,816	3,670,816
		208,044	-	-	-	-	-	208,044	208,044
		105,989	535,255	950,044	-	-	-	1,056,033	1,056,033
		207,107	493,891	876,626	-	-	-	1,083,733	1,083,733
	6	-	8,802	15,623	2,000,000	(2,000,000)	(2,000,000)	15,623	15,623
		-	235,527	418,046	-	-	-	418,046	418,046
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,052,050</b>	<b>2,479,098</b>	<b>4,400,245</b>	<b>2,000,000</b>	<b>(2,000,000)</b>	<b>(2,000,000)</b>	<b>6,452,295</b>	<b>6,452,295</b>
<b>NON-CURRENT LIABILITIES</b>									

		K-TIG	GEL	GEL		Pro-forma	Pro-forma	Pro-forma	Pro-forma
		Reviewed	Audited	Audited	Subsequent	adjustments	adjustments	after offers	after offers
		as at	as at	as at					
		31-Dec-22	31-Aug-22	31-Aug-22	events	Min	Max	Min	Max
	Note	\$	£	\$*	\$	\$	\$	\$	\$
Lease liabilities		601,384	678,427	1,204,166	-	-	-	1,805,550	1,805,550
Employee benefits		42,680	-	-	-	-	-	42,680	42,680
Provisions for liabilities		-	1,738,706	3,086,095	-	-	-	3,086,095	3,086,095
Borrowings	7	-	-	-	-	10,000,000	10,000,000	10,000,000	10,000,000
Contingent consideration	8	-	-	-	5,324,814	-	-	5,324,814	5,324,814
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>644,064</b>	<b>2,417,133</b>	<b>4,290,261</b>	<b>5,324,814</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>20,259,139</b>	<b>20,259,139</b>
<b>TOTAL LIABILITIES</b>		<b>2,696,114</b>	<b>4,896,231</b>	<b>8,690,506</b>	<b>7,324,814</b>	<b>8,000,000</b>	<b>8,000,000</b>	<b>26,711,433</b>	<b>26,711,433</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>3,258,608</b>	<b>12,599,589</b>	<b>22,363,488</b>	<b>(22,363,488)</b>	<b>20,329,761</b>	<b>25,034,022</b>	<b>23,588,369</b>	<b>28,292,630</b>
<b>EQUITY</b>									
Issued capital	9	27,854,304	100,000	177,494	(177,494)	20,481,897	25,191,897	48,336,201	53,046,201
Revaluation reserve	10	-	1,743,303	3,094,255	(3,094,255)	-	-	-	-
Share based payment reserve	11	2,379,371	-	-	-	1,526,000	1,526,000	3,905,371	3,905,371
Foreign currency translation reserve		529,588	-	-	-	-	-	529,588	529,588
Accumulated profit/(loss)	12	(27,504,655)	10,756,286	19,091,739	(19,091,739)	(1,678,136)	(1,683,875)	(29,182,791)	(29,188,530)
<b>TOTAL EQUITY</b>		<b>3,258,608</b>	<b>12,599,589</b>	<b>22,363,488</b>	<b>(22,363,488)</b>	<b>20,329,761</b>	<b>25,034,022</b>	<b>23,588,369</b>	<b>28,292,630</b>

\*Note: GEL's Historical financial information has been converted to AUD as at 31 December 2022, utilising the AUD/GBP exchange rate of 0.5634 sourced from Bloomberg.

The cash and cash equivalents balance above does not account for working capital movements over the period from 1 January 2023 until completion. We have been advised that the operating costs of K-TIG for the period subsequent to 31 December 2022 have been between \$200,000 and \$300,000 per month.

The pro-forma statement of financial position after the Offers is as per the statement of financial position before the Offers adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction the notes to and forming part of the historical financial information set out in Appendix 4.

# APPENDIX 3

## K-TIG LIMITED

### HISTORICAL STATEMENTS OF CASH FLOWS

Statement of Cash Flows	Reviewed for the half-year ended 31-Dec-22 \$	Reviewed for the half-year ended 31-Dec-21 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	1,905,563	2,304,530
Payments to suppliers and employees	(4,356,537)	(4,301,477)
Interest received	4,983	143
Other income	357,332	-
Interest and other finance costs paid	(2,470)	(3,280)
<b>Net cash used / (provided) in operating activities</b>	<b>(2,091,129)</b>	<b>(2,000,084)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(228,692)	(74,113)
<b>Net cash flows (used in) investing activities</b>	<b>(228,692)</b>	<b>(74,113)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	150,000	-
Repayment of lease liabilities	(55,519)	(46,118)
<b>Net cash provided / (used) by financing activities</b>	<b>94,481</b>	<b>(46,118)</b>
Net increase / (decrease) in cash and cash equivalents	(2,225,339)	(2,120,315)
Cash and cash equivalents at beginning of period	3,726,745	5,063,392
<b>Cash and cash equivalents at the end of the period</b>	<b>1,501,406</b>	<b>2,943,077</b>

Statement of Cash Flows	Audited for the year ended 30-Jun-22 \$	Audited for the year ended 30-Jun-21 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	4,068,951	946,274
Payments to suppliers and employees	(8,747,202)	(4,789,786)
Interest received	683	1,824
Other income	2,953	84,476
Interest and other finance costs paid	(8,402)	(9,268)
<b>Net cash used / (provided) in operating activities</b>	<b>(4,683,017)</b>	<b>(3,766,480)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(154,526)	(232,173)
Payments for financial assets	-	(40,000)
<b>Net cash flows (used in) investing activities</b>	<b>(154,526)</b>	<b>(272,173)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	3,585,570	5,710,832
Repayment of lease liabilities	(88,920)	(87,888)
Payments for rights issue cost	-	(10,232)
<b>Net cash provided / (used) by financing activities</b>	<b>3,496,650</b>	<b>5,612,712</b>
Net increase / (decrease) in cash and cash equivalents	(1,340,893)	1,574,059
Cash and cash equivalents at beginning of period	5,067,638	3,493,579
<b>Cash and cash equivalents at the end of the period</b>	<b>3,726,745</b>	<b>5,067,638</b>

The Historical Statements of Cash Flows show the historical cash flows of K-TIG and are to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4.

## APPENDIX 4

### K-TIG LIMITED

#### NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

##### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information of K-Tig included in this Report have been set out below.

###### **a) Basis of preparation of historical financial information**

The historical financial information has been with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. The historical financial information also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

###### *Historical cost convention*

The historical financial information has been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

###### *Critical accounting estimates*

The preparation of the historical financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated group's accounting policies.

###### *Equity structure*

The equity structure (the number and type of equity instruments issued) in the historical financial information reflects the equity structure of KTG.

###### *Earnings per share*

The weighted average number of shares outstanding for the period is based on the combined weighted average number of shares of the K-TIG Limited consolidated group outstanding in the period.

###### **b) Principles of consolidation**

The historical financial information incorporates the assets and liabilities of all subsidiaries of K-TIG as at the relevant period end, and the results for the year then ended. K-TIG and its subsidiaries together are referred to in the historical financial information as the 'consolidated group'.

Subsidiaries are all those entities over which the consolidated group has control. The consolidated group controls an entity when the consolidated group 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 group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated group 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 group.



The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Without the loss of control, a change in ownership interest 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 group 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. In addition, the consolidated group 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.

#### **c) Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'). The CODM is responsible for allocating resources to operating segments and assessing their performance.

#### **d) Foreign currency translation**

The historical financial information is presented in Australian dollars, which is K-TIG's functional and presentation currency.

##### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### **e) Revenue recognition**

The consolidated group recognises revenue as follows:

##### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price; allocates the transaction price to the separate performance obligations based on 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.

##### *Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

##### *Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered.

##### *Revenue from government grants*

Grant income is recognised in line with AASB 120, when there is reasonable assurance that the consolidated group has complied with the conditions attached to the grant.

## *WaaS*

Welding as a Service ('WaaS') revenue is recognised at an amount that reflects the greater of the minimum monthly charge or the usage rate stipulated in the contract, which the consolidated group is expected to be entitled to under an operating lease in accordance with AASB 16. The minimum term of the license or lease period is generally three years. The license or lease equipment is capitalised as an asset and depreciated over the expected useful life being five years. Upon signing of the license or lease contract, the customer is generally required to make a prepayment which is recorded on the statement of financial position as "Amounts received in advance". After deliver and commissioning of the WaaS asset, the prepayment is applied against the monthly fee until it is exhausted.

## *Interest*

Interest income 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.

## *Other revenue*

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

### **f) Cash and Cash Equivalents**

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with financial institutions, other short-term highly liquid deposits with an original maturity 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

### **g) 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 temporary taxable difference is associated with interests in subsidiaries, associates or joint ventures, and the reversal timing can be controlled, it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for temporary deductible 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. Conversely, 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.

In addition to its own current and deferred tax amounts, the legal parent also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the consolidated tax group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the consolidated tax group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the legal parent to the subsidiaries nor a distribution by the subsidiaries to the legal parent.

#### **h) 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 group'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 group'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.

#### **i) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and 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. For the statement of cash flows presentation purposes, cash and cash equivalents also include bank overdrafts, shown within borrowings in current liabilities on the statement of financial position.

#### **j) 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 group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. In addition, trade receivables have been grouped based on days overdue to measure the expected credit losses.

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

#### **k) Inventories**

Materials and components, and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and costs, net of rebate s and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated completion costs and the costs necessary to make the sale.

## **l) Financial assets**

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows. The contractual terms of the financial assets give rise to cash flows that are solely principal payments and interest on the principal amount outstanding. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The consolidated group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred, and the consolidated group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

### *Impairment of financial assets*

The consolidated group recognises a loss allowance for expected credit losses on financial assets, which are measured at amortised cost. The measurement of the loss allowance depends upon the consolidated group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that are attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured based on the probability-weighted present value of anticipated cash shortfalls over the instrument's life discounted at the original effective interest rate.

## **m) Property, plant and equipment**

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure 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 over their expected useful lives as follows:

Leasehold improvements	2 years
WaaS assets	5 years
Plant and equipment	2.5 - 20 years
Computer Equipment	3 years

## **n) 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.

Right-of-use assets are depreciated on a straight-line basis over the unexpired lease period or the asset's estimated useful life, whichever is shorter. Where the consolidated group 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 an impairment or adjusted for any remeasurement of lease liabilities.

The consolidated group 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.

#### **o) Intangible assets**

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the intangible asset's carrying amount. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected consumption pattern or useful life are accounted for prospectively by changing the amortisation method or period.

##### *Patents and trademarks*

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis throughout their expected benefit, their finite life of 10 years. Amortisation expense is recognised as R&D expense in the profit or Loss.

#### **p) Impairment of non-financial assets**

Other 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.

The recoverable amount is the higher of an asset's fair value less disposal costs 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.

#### **q) Trade and other payables**

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

#### **r) 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.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the convertible notes issue, the liability component's fair value is determined using a market rate for an equivalent non-convertible bond. This amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds is allocated to the conversion option recognised and included in shareholder's equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

## **s) Leases**

### *As a lessee*

For any new contracts entered into by the group, the consolidated group considers whether a contract is or contains a lease. A lease is defined as a 'contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the consolidated the consolidated group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the consolidated group;
- The consolidated group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The consolidated group has the right to direct the use of the identified asset throughout the period of use. The consolidated group assesses whether it has the right to direct 'how and for what purposes' the asset is used throughout the period.

### *As a lessor*

The consolidated group's accounting policy under AASB 16 has not changed from the comparative period. As a lessor, the consolidated group classified its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

## **t) 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 lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated group'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, and the 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; the 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.

## **u) 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.

## **v) Provisions**

Provisions are recognised when the consolidated group has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is

material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

#### **w) Employee benefits**

##### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date, are measured at the amounts expected to be paid when the liabilities are settled.

##### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, the experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

##### *Share-based payments*

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for rendering services.

The cost of equity-settled transactions are measured at fair value on the grant date. Fair value is independently determined using either the Black-Scholes option pricing model or a Monte Carlo simulation that takes into account the exercise price, the term of the option, the impact of dilution, the share price at the grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date, less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.



If the non-vesting condition is within the control of the consolidated group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### **x) 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 market participants' assumptions 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.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date, and transfers between levels are determined based on a reassessment of the lowest input level that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is unavailable, or the valuation is deemed significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in the fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

#### **y) 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.

#### **z) Dividends**

Dividends are recognised when declared during the financial year and are no longer at the company's discretion.

#### **aa) Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. In addition, all acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual

terms, economic conditions, the consolidated group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed, and the fair value of the consideration transferred. The fair value of any pre-existing investment in the acquiree is recognised as goodwill. However, suppose the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer. In that case, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends either earlier (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

#### **bb) Earnings per share**

##### *Basic earnings per share*

Basic earnings per share are calculated by dividing the profit attributable to the owners of K-TIG Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

##### *Diluted earnings per share*

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration concerning dilutive potential ordinary shares.

#### **cc) Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the tax authority are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

GEL's accounting policies are materially consistent with K-Tig other than as disclosed below;

#### **Basis of Preparation**

Gel's financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

#### **Revenue Recognition**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods to customers. Turnover is recognised when goods are invoiced, which corresponds to their delivery to customers. Payments on account on long term contracts or in advance of work undertaken are included in cost of sales and shown within stocks on the balance sheet.

Refer to Appendix 5 for a reconciliation between the policy applied and IFRS.

#### **Depreciation**

Depreciation is charged so as to write off the costs of assets, other than land over their estimated useful lives as, as follows:

Freehold property - 2% per annum on cost or valuation

Motor vehicles - 25% per annum on cost

Plant and equipment 10% per annum on reducing balance.

#### **Leases**

Lease accounting per IFRS has not been applied, leases are considered to be immaterial.

#### **NOTE 2: RELATED PARTY DISCLOSURES**

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

#### **NOTE 3: COMMITMENTS AND CONTINGENCIES**

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

	Reviewed as at 31-Dec-22 \$	Pro-forma after Offers Min \$	Pro-forma after Offers Max \$
<b>NOTE 4. CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents	1,501,406	10,795,409	15,499,670
Reviewed balance of K-TIG at 31 December 2022		1,501,406	1,501,406
Audited balance of GEL at 31 August 2022		4,789,588	4,789,588
<i>Subsequent events:</i>			
Upfront cash payment for GEL		(17,749,379)	(17,749,379)
Upfront cash payment for GEL freehold property		(8,075,967)	(8,075,967)
Issue of Convertible Notes		2,000,000	2,000,000
		(23,825,346)	(23,825,346)
<i>Pro-forma adjustments:</i>			
Proceeds from shares issued under the Public Offer		20,000,000	25,000,000
Cash costs of the Public Offer		(1,670,239)	(1,965,978)
Debt financing agreement		10,000,000	10,000,000
		28,329,761	33,034,022
Pro-forma Balance		10,795,409	15,499,670

	Reviewed as at 31-Dec-22 \$	Pro-forma after Offers \$
<b>NOTE 5. GOODWILL</b>		
Goodwill	-	8,786,672
Reviewed balance of K-TIG at 31 December 2022		-
Audited balance of GEL at 31 August 2022		-
<i>Subsequent events:</i>		
Goodwill arising from the acquisition of GEL		8,786,672
		8,786,672
Pro-forma Balance		8,786,672

	Reviewed as at 31-Dec-22 \$	Pro-forma after Offers \$
<b>NOTE 6. CURRENT BORROWINGS</b>		
Current Borrowings	-	15,623
Reviewed balance of K-TIG at 31 December 2022		-
Audited balance of GEL at 31 August 2022		15,623
<i>Subsequent events:</i>		
Issue of the Convertible Notes		2,000,000
		2,000,000
<i>Pro-forma adjustments:</i>		
Conversion of Convertible Notes under the Conversion Offer		(2,000,000)
		(2,000,000)
Pro-forma Balance		15,623

	Reviewed as at 31-Dec-22 \$	Pro-forma after Offers \$
<b>NOTE 7. NON-CURRENT BORROWINGS</b>		
Non-Current Borrowings	-	10,000,000
Reviewed balance of K-TIG at 31 December 2022		-
Audited balance of GEL at 31 August 2022		-
<i>Pro-forma adjustments:</i>		
Debt Financing agreement		10,000,000
		10,000,000
Pro-forma Balance		10,000,000

	Reviewed as at 31-Dec-22 \$	Pro-forma after Offers \$
<b>NOTE 8. CONTINGENT CONSIDERATION</b>		
Contingent consideration	-	5,324,814
Reviewed balance of K-TIG at 31 December 2022		-
Audited balance of GEL at 31 August 2022		-
<i>Subsequent events:</i>		
Deferred cash component of the Acquisition		5,324,814
		5,324,814
Pro-forma Balance		5,324,814

		Reviewed as at 31-Dec-22 \$	Pro-forma after Offers Minimum \$	Pro-forma after Offers Maximum \$
NOTE 9. ISSUED CAPITAL				
Issued Capital		27,854,304	48,336,201	53,046,201
	Number of shares (min)	Number of shares (max)	\$	\$
Issued capital in K-TIG as at 31 December 2022	183,319,832	183,319,832	27,854,304	27,854,304
Issued capital in GEL as at 31 August 2022	-	-	177,494	177,494
	183,319,832	183,319,832	28,031,798	28,031,798
<i>Subsequent events:</i>				
Elimination of the issued capital of GEL upon acquisition	-	-	(177,494)	(177,494)
	-	-	(177,494)	(177,494)
<i>Pro-forma adjustments:</i>				
Effect of a 2.5-to-1 consolidation	(109,991,899)	(109,991,899)	-	-
Shares issued under the Public Offer	100,000,000	125,000,000	20,000,000	25,000,000
Shares issued under the Conversion Offer	10,000,000	10,000,000	2,000,000	2,000,000
Issue of Corporate Advisor Shares	1,125,000	1,125,000	225,000	225,000
Issue of Corporate Advisor Options	-	-	(266,000)	(266,000)
Cost of the Public Offer	-	-	(1,477,103)	(1,767,103)
	1,133,101	26,133,101	20,481,897	25,191,897
Pro-forma Balance	184,452,933	209,452,933	48,336,201	53,046,201

	Reviewed as at 31-Dec-22 \$	Pro-forma after Offers \$
<b>NOTE 10. REVALUATION RESERVE</b>		
Revaluation reserve	-	-
Reviewed balance of K-TIG at 31 December 2022		-
Audited balance of GEL at 31 August 2022		3,094,255
<i>Subsequent events</i>		
Elimination of GEL's revaluation reserve upon acquisition		(3,094,255)
		(3,094,255)
Pro-forma Balance		-

	Reviewed as at 31-Dec-22 \$	Pro-forma after Offers \$
<b>NOTE 11. SHARE BASED PAYMENT RESERVE</b>		
Share based payment reserve	2,379,371	3,905,371
Reviewed balance of K-TIG at 31 December 2022		2,379,371
Audited balance of GEL at 31 August 2022		-
<i>Pro-forma adjustments:</i>		
Issue of Corporate Advisor Options		266,000
Issue of Conversion Options		1,260,000
		1,526,000
Pro-forma Balance		3,905,371

The Corporate Advisor Options and Conversion Options have been valued using the Black Scholes option pricing model, with the key inputs and the values set out in the table below:

	Corporate Advisor Options	Conversion Options
Number of options	2,000,000	10,000,000
Underlying share price (\$)	0.20	0.20
Exercise price (\$)	0.25	0.20
Expected volatility	100%	100%
Life of the options (years)	4.00	3.00
Expected dividends	Nil	Nil
Risk free rate	3.015%	2.900%
Value per option (\$)	0.111	0.107
Value per tranche (\$)	266,000	1,260,000

NOTE 12. ACCUMULATED PROFIT/(LOSSES)	Reviewed as at 31-Dec-22 \$	Pro-forma after Offers Minimum \$	Pro-forma after Offers Maximum \$
Accumulated profit/(loss)	(27,504,655)	(29,182,791)	(29,188,530)
Reviewed balance of K-TIG at 31 December 2022		(27,504,655)	(27,504,655)
Audited balance of GEL at 31 August 2022		19,091,739	19,091,739
<i>Subsequent events</i>			
Elimination of GEL's accumulated profit/(loss) upon acquisition		(19,091,739)	(19,091,739)
		(19,091,739)	(19,091,739)
<i>Pro-forma adjustments:</i>			
Issue of Conversion Options		(1,260,000)	(1,260,000)
Issue of shares to Corporate Advisors		(225,000)	(225,000)
Cost of the Public Offer		(193,136)	(198,875)
		(1,678,136)	(1,683,875)
Pro-forma Balance		(29,182,791)	(29,188,530)

### NOTE 13: BUSINESS COMBINATION

A summary of the acquisition details with respect to the Acquisition as included in our report is set out below. These details have been determined for the purposes of the pro-forma adjustments as at 31 December 2022, however will require re-determination as at the successful acquisition date which may result in changes to the values set out below.

<b>Consideration Transferred:</b>		
Upfront cash payment		17,749,379
Upfront cash payment for the freehold land		8,075,967
Deferred payment		5,324,814
<b>Total Consideration</b>		<b>31,150,160</b>
<b>Net assets of GEL</b>		<b>22,363,488</b>
<b>Goodwill</b>		<b>8,786,672</b>

The Company has considered whether the Acquisition falls within the scope of *AASB 3 Business Combinations* and therefore is required to be accounted for as a business combination. A business combination involves an acquirer obtaining control of one or more businesses by transferring cash, incurring liabilities or issuing shares. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors.

The Company does consider that the Acquisition meets the definition of a business combination in accordance with *AASB 3 Business Combinations*. Under *AASB 3 Business Combinations* K-TIG is considered to be the accounting parent. The net assets of GEL at 31 August 2022 were \$22,363,488 resulting in goodwill of \$8,786,672 being recognised. The pre-acquisition equity, reserve and accumulated losses of GEL are eliminated on consolidation.



## APPENDIX 5

### GRAHAM ENGINEERING LIMITED

#### HISTORICAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 31-Aug-22 £	Audited for the year ended 31-Aug-21 £	Audited for the year ended 31-Aug-20 £
Turnover	13,458,702	20,011,417	16,000,981
Cost of sales	(10,907,065)	(15,081,996)	(12,854,677)
<b>Gross profit</b>	<b>2,551,637</b>	<b>4,929,421</b>	<b>3,146,304</b>
Other operating income	28,590	97,266	54,223
<b>Expenses</b>			
Distribution costs	(70,911)	(65,105)	(100,724)
Administrative expenses	(1,950,767)	(2,582,278)	(1,704,084)
<b>Total operating expenses</b>	<b>(2,021,678)</b>	<b>(2,647,383)</b>	<b>(1,804,808)</b>
<b>Operating profit</b>	<b>558,549</b>	<b>2,379,304</b>	<b>1,395,719</b>
Interest receivable and similar income	6,619	8,185	22,780
Interest payable and similar charges	(22,711)	(18,801)	(30,480)
<b>Profit before tax</b>	<b>542,457</b>	<b>2,368,688</b>	<b>1,388,019</b>
Tax on profit	(301,841)	(535,387)	(256,848)
<b>Profit for the financial year</b>	<b>240,616</b>	<b>1,833,301</b>	<b>1,131,171</b>

#### Reconciliation to IFRS

Statement of Profit or Loss and Other Comprehensive Income	Year ended 31-Aug-22 £	Year ended 31-Aug-21 £	Year ended 31-Aug-20 £
Revenue	16,435,000	18,416,000	15,376,000
Cost of sales	(10,883,000)	(13,487,000)	(12,230,000)
Gross profit	2,552,000	4,929,000	3,146,000

**APPENDIX 6**  
**GRAHAM ENGINEERING LIMITED**  
**HISTORICAL STATEMENTS OF CASH FLOWS**

Statement of Cash Flows	Audited for the year ended 31-Aug-22 £	Audited for the year ended 31-Aug-21 £	Audited for the year ended 31-Aug-20 £
<b>Cash flows from operating activities</b>			
Profit for the year	240,616	1,833,301	1,131,171
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation and amortisation	591,446	526,877	494,804
(Profit)/loss on disposal of tangible assets	(4,082)	61,715	(7,491)
Finance income	(6,619)	(8,185)	(22,780)
Finance costs	22,711	18,801	30,480
Corporation tax expense	301,841	535,387	256,848
<b>Total adjustments to cash flows from non-cash items</b>	<b>905,297</b>	<b>1,134,595</b>	<b>751,861</b>
<b>Working capital adjustments</b>			
Decrease/(increase) in stocks	(1,263,744)	1,154,342	(237,236)
Decrease/(increase) in trade debtors	645,646	(287,970)	556,372
(Decrease)/increase in trade creditors	(1,584,561)	1,201,891	282,657
<b>Total working capital adjustments</b>	<b>(2,202,659)</b>	<b>2,068,263</b>	<b>601,793</b>
Income taxes paid	(124,828)	(468,825)	(171,750)
<b>Net cash used / (provided) in operating activities</b>	<b>(1,181,574)</b>	<b>4,567,334</b>	<b>2,313,075</b>
<b>Cash flows from investing activities</b>			
Interest received	6,619	8,185	22,780
Acquisitions of tangible assets	(62,184)	(1,086,590)	(660,861)
Proceeds from sale of tangible assets	6,322	62,411	31,040
<b>Net cash flows (used in) investing activities</b>	<b>(49,243)</b>	<b>(1,015,994)</b>	<b>(607,041)</b>
<b>Cash flows from financing activities</b>			
Interest paid	(22,711)	(18,801)	(30,480)
Repayment of bank borrowing	(43,225)	(42,446)	(39,175)
Repayment of other borrowing	(27,588)	(28,609)	(32,294)
Payments to finance lease creditors	(267,805)	(126,986)	(135,232)
Dividends paid	(500,000)	(500,000)	-
<b>Net cash provided / (used) by financing activities</b>	<b>(861,329)</b>	<b>(716,842)</b>	<b>(237,181)</b>
Net (decrease)/increase in cash and cash equivalents	(2,092,146)	2,834,498	1,468,853
Cash and cash equivalents at 1 September	4,790,600	1,956,102	487,249
<b>Cash and cash equivalents at 31 August</b>	<b>2,698,454</b>	<b>4,790,600</b>	<b>1,956,102</b>

## **APPENDIX 7**

### **FINANCIAL SERVICES GUIDE**

**10 May 2023**

**BDO Corporate Finance (WA) Pty Ltd** ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by K-TIG Limited ('the Company') to provide an Independent Limited Assurance Report ('ILAR' 'our Report') for inclusion in this Prospectus.

#### **Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our internal and external complaints handling procedures and how you may access them.

#### **Information about us**

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our Report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

#### **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide an ILAR in connection with the financial product of another entity. Our Report indicates who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

#### **General Financial Product Advice**

We only provide general financial product advice, not personal financial product advice. Our Report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

#### **Fees, commissions and other benefits that we may receive**

We charge fees for providing reports, including this Report. These fees are negotiated and agreed with the client who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$18,000 (exclusive of GST).

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

#### **Remuneration or other benefits received by our employees**

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from K-TIG for our professional services in providing this Report. That fee is not linked in any way with our opinion as expressed in this Report.

#### **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

#### **Complaints resolution**

##### *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. We are also committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the [BDO Complaints Policy](#) available on our website.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within one business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

#### **Referral to External Dispute Resolution Scheme**

We are a member of the Australian Financial Complaints Authority (AFCA) which is an External Dispute Resolution Scheme. Our AFCA Membership Number is 12561. Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to AFCA using the below contact details:

Mail:	GPO Box 3, Melbourne, VIC 3001
Free call:	1800 931 678
Website:	<a href="http://www.afca.org.au">www.afca.org.au</a>
Email:	<a href="mailto:info@afca.org.au">info@afca.org.au</a>
Interpreter Service:	131 450



1300 138 991  
[www.bdo.com.au](http://www.bdo.com.au)

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