Supplementary Prospectus

K-TIG Limited
(ACN 158 307 549)

Important Information

This is a refresh supplementary prospectus (**Supplementary Prospectus**) which supplements and is intended to be read with the replacement prospectus dated 22 May 2023 (**Replacement Prospectus**) issued by K-TIG Limited (ACN 158 307 549) (**Company**).

This Supplementary Prospectus is dated 21 July 2023 and was lodged with ASIC on that date.

ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Replacement Prospectus. Other than as set out below, all details in relation to the Replacement Prospectus remain unchanged. Terms and abbreviations defined in the Replacement Prospectus have the same meaning in this Supplementary Prospectus. If there is any conflict between the Replacement Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus is a "refresh document" as defined in section 724(3H) of the Corporations Act, as inserted by *ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70* (the **Instrument**).

This Supplementary Prospectus will be issued with the Replacement Prospectus as an electronic prospectus, copies of which can be downloaded from www.k-tig.com.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

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1. Purpose of this Supplementary Prospectus

This Supplementary Prospectus has been prepared to:

(a) provide investors with updated information in relation to the Acquisition Agreement for the acquisition of 100% of the issued capital in GEL;

(b) provide investors with a revised indicative timetable for the Offers;

(c) extend the Closing Date of the Offers to 23 August 2023;

(d) to decrease the Minimum Subscription and Maximum Subscription under the Public Offer to $13,000,000 (before costs) and $15,000,000 (before costs) respectively;

(e) refresh the period in which the Company's Shares must be admitted to quotation on ASX:

(i) from 3 months from the date of the Original Prospectus;

(ii) to 3 months from the date of this Supplementary Prospectus,

in accordance with section 724(3G)(d) of the Corporations Act (as inserted by the Instrument); and

(f) refresh the period for the minimum subscription to the Public Offer under the Replacement Prospectus being achieved, pursuant to the Instrument.

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2. Specific disclosures required by Legislative Instrument 2016/70

2.1 Background

This Supplementary Prospectus has been prepared to:

(a) refresh the period for admission to quotation of Shares and Options offered under the Replacement Prospectus from three months after the date of the Original Prospectus to three months after the date of the Supplementary Prospectus (**Quotation Condition**); and

(b) refresh the period for the minimum subscription to the Offer under the Replacement Prospectus being achieved from the date four months after the date of the Original Prospectus to four months from the date of the Supplementary Prospectus (**Minimum Subscription Condition**),

pursuant to *ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70*.

2.2 Quotation Condition

The Company makes the following statements regarding the Quotation Condition as required by the Instrument:

(a) an application for admission to quotation of Shares offered under the Replacement Prospectus was made within seven days after the date of the Replacement Prospectus;

(b) the Shares offered under the Replacement Prospectus have not been admitted to quotation as at the date of the Supplementary Prospectus;

(c) the ASX has not provided an indication as to whether the Shares will be admitted to quotation as at the date of the Supplementary Prospectus;

(d) the Quotation Condition is being amended to extend the period for admission to quotation of Shares offered under the Replacement Prospectus from three months from the date of the Replacement Prospectus to three months from the date of the Supplementary Prospectus;

(e) the Quotation Condition must be satisfied by 21 October 2023, being the date that is three months from the date of this Supplementary Prospectus; and

(f) as at the date of the Supplementary Prospectus, the Company has received applications for 51,707,500 Shares under the Public Offer.

2.3 Minimum Subscription Condition

The Company makes the following statements regarding the Minimum Subscription Condition as required by the Instrument:

(a) as at the date of the Supplementary Prospectus, the Company has received applications for 51,707,500 Shares under the Public Offer;

(b) the Minimum Subscription Condition is being amended to extend the period for the Minimum Subscription being achieved from the date four months from the date of the Original Prospectus to four months from the date of the Supplementary Prospectus; and

(c) the Minimum Subscription Condition must be satisfied by 21 November 2023 being the date that is four months from the date of the Supplementary Prospectus.

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3. Amendments to the Replacement Prospectus

3.1 Cover page and Letter from the Chairman

The number of "*125,000,000 Shares*" and amount of "*$25,000,000*" on the cover page and in the final paragraph on page 8 are deleted and replaced with "*75,000,000 Shares*" and "*$15,000,000*" respectively.

3.2 Important Information

The second sentence of the first paragraph is deleted and replaced with the following:

*The Offers in this Replacement Prospectus comprise: (i) a public offering of up to 75,000,000 Shares at an issue price of $0.20 each to raise up to $15,000,000 (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**).*

3.3 Key details of the Offers

The table in the Key Details of the Offers Section on page 10 is deleted and replaced with the following:

	Shares	*Convertible Notes*	*Options*	*Performance Rights*
Securities currently on issue (post-Consolidation 2.5:1)[1]	*73,328,415*	*2,000*	*2,644,863*	*2,400,000*
Public Offer Shares[2] *Minimum Subscription:* *Maximum Subscription:*	 *65,000,000* *75,000,000*	*Nil*	*Nil*	*Nil*

Conversion Securities[3]	*10,000,000*	*Nil*	*10,000,000*	*Nil*
Corporate Advisor Securities[4]	*1,125,000*	*Nil*	*2,000,000*	*Nil*
Total on Reinstatement[5]				
Minimum Subscription:	***149,453,415***			
Maximum Subscription:	***159,453,415***	***Nil***	***14,644,863***	***2,400,000***
Indicative market capitalisation[6]				
Minimum Subscription:	***$29.9 million***			
Maximum Subscription:	***$31.9 million***			

Notes:

1. *The Company has undertaken a consolidation of its issued capital on a ratio of 2.5 to 1.*
2. *The Company is seeking to raise a minimum of $13,000,000 (before costs) and a maximum of $15,000,000 (before costs) under the Public Offer through an offer of a minimum of 65,000,000 and a maximum of 75,000,000 Shares at an issue price of $0.20 per Share.*
3. *Securities to be issued on conversion of the Convertible Notes summarised in Section 8.2(d).*
4. *Securities 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.*

3.4 Timetable

The Board wishes to advise that the Closing Date of the Offers has been extended to 5:00pm Perth time on 23 August 2023 and accordingly, the Indicative Timetable for the Offers set out on page 11 of the Replacement Prospectus is replaced with the following:

Indicative Timetable

Event	*Date*
Lodgement of the Replacement Prospectus with ASIC	*22 May 2023*
Opening Date of Offers	*23 May 2023*
General Meeting	*26 May 2023*
Effective Date of Consolidation	*29 May 2023*
Lodgement of Supplementary Prospectus with ASIC	*21 July 2023*
Closing of withdrawal rights in respect of applications under this Supplementary Prospectus	*22 August 2023*

Closing Date of Offers	*23 August 2023*
Settlement date of the Offers	*24 August 2023*
Completion of the Transaction	*25 August 2023*
Despatch of holding statements for Securities issued under the Offers	*25 August 2023*
Expected date for Shares to be reinstated to trading on ASX	*8 September 2023*

3.5 Investment Overview

The following sections of the Investment Overview are deleted and replaced with the following:

What is the Transaction?	*The Company has entered into a binding share sale agreement with Graham Engineering Limited (**GEL**) on 21 March 2023 and subsequent deed of variation dated 21 July 2023, whereby the Company has agreed to acquire 100% of the fully paid issued capital of GEL (**Transaction**).* *Refer to Section 8.2(a) for details of the terms and conditions of the Transaction.* *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.*	*Section 1.1 and 8.2(a)*
What are the Offers?	*The Offers in this Prospectus comprise: (i) a public offering of up to 75,000,000 Shares at an issue price of $0.20 each to raise up to $15,000,000 (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**).*	*Section 2.1*

3.6 General Meeting

The first and second paragraph of Section 1.5 is replaced with the following:

The Company sought and obtained approval of Shareholders at the General Meeting to implement the Transaction and the Offers, including approval for:

(a) *the Company undertaking a consolidation of its Securities on a 2.5 to 1 basis, which was effected on 5 June 2023 (for the avoidance of doubt, all references to Securities in this Prospectus are made on a post-Consolidation basis, unless specified otherwise);*

3.7 Offers

The first paragraph of Section 2.1 is replaced with the following:

The Company is seeking to raise a minimum of $13,000,000 (before costs) (Minimum Subscription) and a maximum of $15,000,000 (before costs) (Maximum Subscription) through *an offer of a minimum of 65,000,000 Shares and a maximum of 75,000,000 Shares at an issue price of $0.20 per Share (on a post-Consolidation basis) (Public Offer).*

The second paragraph of Section 2.1(a) is replaced with the following:

*The Public Offer invites investors to apply for up to 75,000,000 Shares (**Public Offer Shares**) to be issued at $0.20 per Share (**Offer Price**) to raise up to $15,000,000 (before costs).*

3.8 Conditions to the Offers

The Conditions of the Offers referred to in the Investment Overview and Section 2.3 are replaced with the following:

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 raising the Minimum Subscription, being $13,000,000, under the Public Offer (refer to Section 2.4);

(c) 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;

*(d) the Company entering into a binding term sheet for debt financing of approximately $4,500,000 (**Debt Financing Condition**) (refer to Section 5.1(d)); and*

(e) 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.

3.9 Minimum Subscription

The minimum subscription referred to in the Investment Overview and the first paragraph of Section 2.4 is replaced with the following:

The minimum subscription under the Public Offer is $13,000,000 (before costs) (being the issue of a minimum of 65,000,000 new Shares).

3.10 Capital structure on Reinstatement

The first paragraph and table of Section 2.5, and the table replicated in the Investment Overview on page 25, is replaced with the following:

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	*73,328,415*	*49.06*	*73,328,415*	*45.99*

Public Offer Shares[1]	*65,000,000*	*43.49*	*75,000,000*	*47.04*
Corporate Advisor Shares[2]	*1,125,000*	*0.75*	*1,125,000*	*0.71*
Conversion Shares[3]	*10,000,000*	*6.69*	*10,000,000*	*6.27*
Total (post-Consolidation)	***149,453,415***	***100.00***	***159,453,415***	***100.00***

***Notes**:*

1. *The Company is seeking to raise up to $15 million (before costs) under the Public Offer through an offer of up to 75,000,000 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.*

3.11 Purpose of the Offers and proposed use of funds

The second and third paragraphs of Section 2.6 is replaced with the following:

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	*818,859*	*2.34*	*818,859*	*2.22*
Debt Financing	*4,500,000*	*12.87*	*4,500,000*	*12.18*
Vendor Financing Facility and Vendor FP Financing Facility	*16,634,615*	*47.59*	*16,634,615*	*45.02*
Funds raised from the Capital Raising	*13,000,000*	*37.19*	*15,000,000*	*40.59*
Total funds	***34,953,474***	***100.00***	***36,953,474***	***100.00***

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 ($)***	***%***
Acquisition of Graham Engineering Limited[1]	*13,461,538*	*500,000*	*13,961,538*	*39.94*
Acquisition of land and buildings of Graham Engineering Limited	*4,375,000*	*4,375,000*	*8,750,000*	*25.03*

Lead Manager/Advisor Fees[2]	*650,000*	*-*	*650,000*	*1.86*
Market development[3]	*1,000,000*	*1,000,000*	*2,000,000*	*5.72*
Estimated expenses of Transaction and Public Offer[4]	*800,000*	*-*	*800,000*	*2.29*
General administration fees and working capital[5]	*4,395,968*	*4,395,968*	*8,791,936*	*25.15*
Total	***24,682,506***	***10,270,968***	***34,953,474***	***100.00***

Maximum Subscription	***Year 1 ($)***	***Year 2 ($)***	***Total ($)***	***%***
Acquisition of Graham Engineering Limited[1]	*13,461,538*	*500,000*	*13,961,538*	*37.78*
Acquisition of land and buildings of Graham Engineering Limited	*4,375,000*	*4,375,000*	*8,750,000*	*23.68*
Lead Manager/Advisor Fees[2]	*750,000*	*-*	*750,000*	*2.03*
Market development[3]	*1,450,000*	*1,450,000*	*2,900,000*	*7.85*
Estimated expenses of Transaction and Public Offer[4]	*800,000*	*-*	*800,000*	*2.16*
General administration fees and working capital[5]	*4,895,968*	*4,895,968*	*9,791,936*	*26.50*
Total	***25,732,506***	***11,220,968***	***36,953,474***	***100.00***

Notes:

1. *See Section 8.2(a) for a summary of amounts payable under the Acquisition Agreement.*
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 $2,900,000 (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 the Debt Financing, the Vendor Financing Facility, the Vendor FP Financing Facility, rent and other associated costs.*

3.12 About Graham Engineering

The method of valuing the assets referred to in the Investment Overview and the seventh paragraph of Section 3.3(a) is replaced with the following:

In determining the Consideration, the Company also took into account the following considerations:

(i) 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;

(ii) GEL's audited Statement of Financial Position as at 31 August 2022;

(iii) GEL's reviewed Statement of Financial Position as at 28 February 2023; internal revenue and profit forecasts of GEL. However, those forecasts cannot be stated publicly as they do not comply with ASIC guidelines (in particular, ASIC Regulatory Guide 170 which requires directors to have a reasonable basis for disclosing forecast financial information);

(iv) third party comparable trading multiples of listed entities in the technology, industrial and manufacturing markets; and

(v) the Board's assessment of the future prospects of GEL based on the status of its business and the growth forecast in the nuclear decommissioning market.

3.13 Sources of revenue and expenses of the Merged Company

The eleventh paragraph of Section 3.4(a) is replaced with the following:

From Reinstatement, the Company's key sources of financing will consist of the $15,000,000 to be raised under the Public Offer (assuming the Public Offer is fully subscribed), the Vendor Financing Facility, Vendor FP Financing Facility, and debt funding of approximately $4,500,000 in addition to its existing cash balance. Based on current but incomplete discussions with potential financiers, the Company has reasonable grounds to believe that it will be able to obtain Debt Financing in the amount of $4,500,000. It is a condition of the Offers that Debt Financing of not less than $4,500,000 is obtained (refer to the Debt Financing Condition in Section 2.3(d)). 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).

3.14 Dilution risk

Section 5.1(b) is replaced with the following:

As set out in Section 2.5, the Company currently has 73,328,415 Shares on issue. On Completion (assuming that the Maximum Subscription is raised):

(i) the existing Shareholders will retain approximately 45.99% of the Company's issued Share capital on an undiluted basis and 41.55% of the Company's issued Share capital on a fully diluted basis;

(ii) the investors under the Public Offer will hold approximately 47.04% of the Company's issued Share capital on an undiluted basis and 42.49% 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.

3.15 Debt Financing

The first paragraph of the Debt Financing risk in the Investment Overview and Section 5.1(d) is replaced with the following:

*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 in the amount of $4,500,000 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 $4,500,000. 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.*

The following words are deleted from the third last paragraph of Section 2.6:

The proposed use of funds assumes that $10,000,000 is obtained via Debt Financing. In the event that less than $10,000,000 is obtained through the Debt Financing, the Company will reallocate funds from market development and general administration fees and working capital to the extent of the deficiency.

3.16 Future Capital Needs

The fourth paragraph of the Future Capital Needs risk in the Investment Overview and Section 5.2(o) is replaced with the following:

In the event the Company is unable to raise the Debt Financing in the amount of $4,500,000 or more it will be unable to satisfy the conditions of the Offers. Similarly, in the event the Company is unable to meet the Minimum Subscription condition it will be unable to complete the Offers. Without the financing available from the Offers and the Debt Financing the Company will be required to immediately seek additional funding in order to continue as a going concern. Such funding would likely be undertaken by way of a convertible note or Share issue and it is likely that such an issue would be dilutive to existing Shareholders. There are no guarantees that the Company would be able to raise funds through the issue of further convertible notes or Shares or that the Company would be successful in seeking quotation on ASX of its Shares under such circumstances.

3.17 Financial Information

The first paragraph of Section 6.1 is replaced with the following:

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

(a) K-TIG's reviewed Statement of Financial Position as at 31 December 2022;

(b) GEL's reviewed Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for the half years ended 28 February 2022 and 28 February 2023; and

(c) GEL's reviewed Statement of Financial Position as at 28 February 2023,

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

3.18 Security holdings of Directors and key management personnel

The second paragraph of Section 7.5 is replaced with the following:

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 (%)[1]*	*Options*	*Performance Rights*
Stuart Carmichael	*70,176*	*0.05*	*148,000*	*600,000*
Adrian Smith	*1,040,000*	*0.70*	*72,000*	*-*
Syed Basar Shueb	*1,011,262*	*0.68*	*72,000*	*600,000*
Anthony McIntosh	*504,286*	*0.34*	*72,000*	*600,000*
Trish White	*57,143*	*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.*

3.19 Material contracts – Acquisition Agreement

Section 8.2(a) is replaced with the following:

(a) ***Acquisition Agreement***

The Company entered acquisition agreement with the securityholders of GEL on 21 March 2023 and a deed of variation on 21 July 2023 (together, the ***Acquisition Agreement****) whereby the Company will, on the satisfaction of various conditions precedent, acquire 100% of the issued capital in GEL from the Sellers and the GEL Optionholders on completion of the Transaction (****Completion****).*

The key terms of the Acquisition Agreement are as follows:

(i) ***Sellers and GEL Optionholders***

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.

Two GEL Optionholders will enter into a separate share purchase agreement 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.

(ii) ***Consideration***

*The Company will pay the Sellers and GEL Optionholders £13,550,000 in cash consideration on Completion (subject to adjustment) (**Completion Payment**), inclusive of £4,550,000 in consideration for the acquisition of the freehold property of GEL (**Freehold Premises Amount**).*

*In addition to the Completion Payment, the Company will pay £2,936,546 for the net cash/debt adjustment (**Net Cash Balance**) to reflect GEL's cash position and other agreed cash adjustments.*

(iii) ***Vendor Financing***

*(A) The Sellers agree to defer the receipt of the following payments or portions of payments otherwise due and payable from the Company; under the terms of a vendor financing facility agreement (**Vendor Financing Facility**) and treat each of the following as a drawdown under the Vendor Financing Facility:*

(1) £2,500,000 in respect of the Completion Payment; and

(2) the amount that is the Net Cash Balance less the amount of cash at bank in GEL's accounts as at the close of business on the day immediately prior to Completion, which is otherwise payable by the Company under the net cash/debt adjustment,

*(together the **Principal**).*

(B) The key terms of the Vendor Financing Facility are as follows:

*(1) a maximum term of five years from the Completion Date (**Maturity Date**);*

*(2) an interest rate equal to 2% above the Bank of England's Bank Rate (**Interest**), payable quarterly in arrears and, in the event of late payment, default interest shall accrue daily at an additional rate of 2% above the Interest Rate*;

(3) the Company has agreed to grant the Sellers a security over the Company's equity in GEL and a general security over the Company's assets;

(4) drawdowns under the Vendor Financing Facility will be deemed to occur on Completion.

(5) the Principal and Interest are repayable on or before the Maturity Date and there will be no penalties for early repayment; and

(6) the Vendor Financing Facility will include market standard events of default, including non-payment of Principal or

Interest, market standard representations and undertakings given by the Company, and restrictions on the Company from, inter alia, granting other security and disposing of assets.

(C) *The Sellers have agreed to defer the receipt of the Freehold Premises Amount under the terms of a vendor financing facility agreement (**Vendor FP Financing Facility**) and treat the Freehold Premises Amount as a drawdown under the Vendor FP Financing Facility (the **FP Principal**).*

(D) *The Vendor FP Financing Facility is subject to the following terms:*

(1) *a maximum term of two years from the Completion Date (**FP Maturity Date**);*

(2) *interest accrues daily on the drawn FP Principal at an interest rate equal to 2% above the Bank of England's Bank Rate (**FP Interest**);*

(3) *the FP Interest shall be payable to the Sellers quarterly in arrears and, in the event of late payment, default interest shall accrue daily at an additional rate of 2% above the Interest Rate;*

(4) *the FP Principal (and any accrued but unpaid FP Interest) shall be repayable in full within 30 days of completion of the sale of the Freehold Premises by GEL;*

(5) *the Company agrees to grant the Sellers a security interest over the Freehold Premises to secure its obligations under the Vendor FP Financing Facility;*

(6) *drawdowns under the Vendor FP Financing Facility will be deemed to occur on Completion;*

(7) *the FP Principal and FP Interest will be repayable on or before the FP Maturity Date and there will be no penalties for early repayment of the Vendor FP Financing Facility; and*

(8) *the Vendor FP Financing Facility includes market standard events of default, including non-payment of FP Principal or FP Interest, market standard representations and undertakings (in relation to the Buyer and the Company), and restrictions on the Buyer from, inter alia, granting other security and disposing of assets.*

(i) ***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) *(**Funding**) the Company raising the Minimum Subscription of $13,000,000 under the Public Offer and entering into a debt financing agreement on terms and conditions acceptable to the Company in its absolute discretion.*

(ii) ***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.

3.20 Expenses of the Offer

The table in Section 9.10 is deleted and replaced with the following:

	$ (Minimum Subscription)	***$ (Maximum Subscription)***
ASIC lodgement fee	*3,206*	*3,206*
ASX quotation fee	*107,999*	*110,294*
Investigating Accountant fees	*16,000*	*16,000*
Lead Managers' fees – cash[1]	*650,000*	*750,000*
Corporate Advisor fees – cash[2]	*260,000*	*300,000*
Legal fees	*130,000*	*130,000*
Printing, postage and administration fees	*5,000*	*5,000*
Total	***1,172,205***	***1,314,500***

3.21 Glossary of terms

Section 11 of the Replacement Prospectus is amended as follows:

The following definitions are inserted:

Freehold Premises Amount *has the meaning given in Section 8.1(a)(ii).*

FP Interest *has the meaning given in Section 8.1(a)(iii)(D)(2).*

FP Principal *has the meaning given in Section 8.1(a)(iii)(C).*

Interest *has the meaning given in Section 8.1(a)(iii)(B)(1).*

Maturity Date *has the meaning given in Section 8.1(a)(iii)(B)(2).*

Net Cash Balance *has the meaning given in Section 8.1(a)(ii).*

Principle *has the meaning given in Section 8.1(a)(iii)(A).*

Vendor Financing Facility *has the meaning given in Section 8.1(a)(iii)(A).*

Vendor FP Financing Facility *has the meaning given in Section 8.1(a)(iii)(C).*

The definition of “Acquisition Agreement” is deleted and replaced with:

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

The definition of "Deferred Payment Amount" is deleted and replaced with:

***Deferred Payment Amount** means £0.*

The definition of "Maximum Subscription" is deleted and replaced with:

***Maximum Subscription** means the issue of 75,000,000 Shares under the Public Offer, to raise $15,000,000 (before costs).*

The definition of "Minimum Subscription" is deleted and replaced with:

***Minimum Subscription** means the issue of 65,000,000 Shares under the Public Offer, to raise $13,000,000 (before costs).*

The definition of "Profit Ticker Amount" is deleted and replaced with:

***Profit Ticker Amount** means £0.*

The definition of "Public Offer" is deleted and replaced with:

***Public Offer** means the offer of up to 75,000,000 Shares to be issued at a price of $0.20 per Share, to raise up to $15,000,000 (before costs).*

The following definition is deleted:

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

3.22 Independent Limited Assurance Report

The Independent Limited Assurance Report at Annexure A of the Replacement Prospectus is amended with Annexure A of this Supplementary Prospectus.

3.23 Withdrawal of previous applications

In accordance with section 724(3G) of the Corporations Act, as inserted by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70, if you applied for Shares under the Replacement Prospectus (**Existing Applicant**), you may withdraw your application and be repaid your application monies, provided you give the Company written notice of your wish to do so before 22 August 2023.

Any repayments made by the Company pursuant to an Existing Applicant exercising their right to withdraw their application will be made in full without interest.

An Existing Applicant who wishes to withdraw their application and obtain a refund must submit a written request to the Company's share registry by mail to the address set out below so that it is received within 1 month of the date of the Supplementary Prospectus (i.e. by close of business on 22 August 2023):

K-TIG Limited
C/- Automic Pty Ltd
Level 5
126 Philip Street
Sydney NSW 2000; or

by email to hello@automic.com.au.

The details for the payment of the refund cheque and address to which it should be sent as set out in the written request must correspond to the details contained in the Application Form lodged by that Existing Applicant.

If you do not wish to withdraw your application, you do not need to take any action.

3.24 New applications

Applications for Shares under the Offer after lodgement of the Supplementary Prospectus must be made using the Supplementary Application Form attached to or accompanying this Supplementary Prospectus.

Applications after the date of the Supplementary Prospectus must not be made on the Application Forms attached to or accompanying the Original Prospectus or Replacement Prospectus which will not be valid.

4. Consents

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

5. Authorisation

This Supplementary 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 Supplementary Prospectus with ASIC and has not withdrawn that consent.

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

Stuart Carmichael
Chairman

Dated: 21 July 2023

Annexure A – Independent Limited Assurance Report

IDEAS | PEOPLE | TRUST

K-TIG LIMITED
Independent Limited Assurance Report

21 July 2023

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
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Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

21 July 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 supplementary prospectus (**'Supplementary Prospectus'**) which is intended to be read with the replacement prospectus dated 22 May 2023.

Broadly, the Supplementary Prospectus will offer up to 75,000,000 Shares at an issue price of $0.20 each to raise up to $15,000,000 (before costs) (**'Public Offer'**). The Public Offer is subject to a minimum subscription level of 65,000,000 shares at an issue price of $0.20 to raise $13,000,000 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 Replacement 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 £13,550,000 as consideration for the Acquisition, consisting of:

- An upfront cash payment of £6,500,000 payable on Completion of the Acquisition;

- £2,500,000 in respect of the Acquisition, which will be subject to vendor finance;
- £4,550,000 for GEL's freehold property, which will be subject to vendor finance ; and
- £2,936,546 for the net cash/debt adjustment to reflect GEL's cash position and other agreed cash adjustments of which a proportion is subject to vendor finance and is currently expected to be £1,600,000.

All currencies are quoted in Australian dollars ('**$**' or '**AUD**') unless otherwise stated.

Expressions defined in the Supplementary 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 Supplementary 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 Supplementary 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 Supplementary Prospectus:

- GEL's reviewed Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for the half years ended 28 February 2023, and 28 February 2022; and
- GEL's reviewed Statement of Financial Position as at 28 February 2023.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in IFRS adopted by the United Kingdom and applicable law (for GEL) and the companies' respective adopted accounting policies.

The Historical Financial Information for GEL has been extracted from the financial report of GEL for the half years ended 28 February 2022, and 28 February 2023, which were reviewed by KM Business Solutions Limited ('**KM**') in accordance with IFRS adopted by the United Kingdom and applicable law. KM issued an unmodified review 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 Statements of Financial Performance for the half year ended 31 December 2022 for K-TIG and the half year ended 28 February 2023 for GEL.

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.

The Pro-Forma Historical Statements of Financial Performance are based on a compilation of K-TIG's reviewed historical financial information for the half year ended 31 December 2022 and GEL's historical financial information for the half year ended 28 February 2023. Users should note the companies have different year ends and should take this into account when using the information for their purposes. We note that the directors of K-TIG believe that there are not any adjustments required in respect of intercompany transactions and no synergies have been taken into account in preparing the pro forma. A reallocation of line items within the GEL administrative expenses has been undertaken to disclose these on a more detailed basis similar to that disclosed by K-TIG.

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 and a deed of variation to acquire 100% of the issued capital in GEL. Consideration payable by the Company is as follows

- An upfront cash payment of £6,500,000 payable on Completion of the Acquisition;
- £2,500,000 in respect of the Acquisition, which will be subject to vendor finance;
- £4,550,000 for GEL's freehold property, which will be subject to vendor finance ; and
- £2,936,546 for the net cash/debt adjustment to reflect GEL's cash position and other agreed cash adjustments of which a proportion is subject to vendor finance and is currently expected to be £1,600,000.

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 28 February 2023 were £12,861,053 ($22,974,371), resulting in goodwill of $6,296,822 and a revaluation of land and buildings by $179,586 being recognised. 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 28 February 2023 exchange rate of 0.5598 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 has consolidated 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 73,328,415, 2,644,863 and 2,400,000, respectively;
- The issue of 65,000,000 shares at an offer price of $0.20 per share to raise $13,000,000 (before costs) pursuant to the Prospectus, based on the minimum subscription;
- The issue of 75,000,000 shares at an offer price of $0.20 per share to raise $15,000,000 (before costs) pursuant to the Prospectus, based on the maximum subscription;
- Total cash costs of the Public Offer are estimated to be $1,172,205 and $1,314,500 under the minimum and maximum raises respectively. The costs of the Public Offer that are directly attributable to the capital raising, being $987,103 and $1,127,103 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;
- 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; and
- 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 $4,500,000 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 $4,500,000 (**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

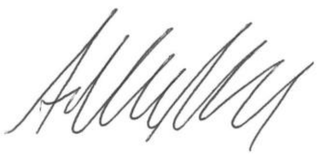
This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors 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



Adam Myers
Director

APPENDIX 1

K-TIG LIMITED

PRO FORMA STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Pro Forma Statement of Profit or Loss and Other Comprehensive Income	K-TIG Reviewed half year ended 31-Dec-22 $	GEL Translated for the half year ended 28-Feb-23 $	Pro-forma $
Sales revenue	1,844,907	12,301,127	14,146,034
Cost of sales	(609,691)	(9,878,439)	(10,488,130)
Gross profit/(loss)	**1,235,216**	**2,422,688**	**3,657,904**
Other income	362,315	32,940	395,255
Expenses			
Marketing expense	(242,628)	(4,620)	(247,248)
Corporate expense	(531,106)	(810,070)	(1,341,176)
Service expense	(136,469)	-	(136,469)
Employee benefits expense	(2,427,362)	(449,221)	(2,876,583)
Office/workshop expense	(225,315)	(463,456)	(688,771)
Travel expense	(219,721)	-	(219,721)
R&D expense	(49,433)	-	(49,433)
Other expenses	(52,545)	(74,610)	(127,155)
Distribution costs	-	(65,543)	(65,543)
Total operating expenses	**(3,884,579)**	(1,867,522)	(5,752,101)
Interest receivable and similar income	**(2,287,049)**	**588,105**	**(1,698,943)**
Interest payable and similar charges	-	(105,774)	(105,774)
(Loss) before income tax expense	**(2,287,049)**	**482,331**	**(1,804,717)**
Income tax expense			
(Loss) for the period	524,253	(26,352)	497,901
Other comprehensive income	**(1,762,796)**	**455,979**	**(1,306,816)**
Other comprehensive income/(expense)	1,844,907	12,301,127	14,146,034
Total comprehensive loss for the period	**(5,944,188)**	**435,173**	**(5,509,016)**

Past performance isn't a guide to future performance. Users should note the companies have different year ends and should take this into account when using the information for their purposes. We note that the directors of K-TIG believe that there are not any adjustments required in respect of intercompany transactions and no synergies have been taken into account in preparing the pro forma. A reallocation of the administrative expenses of GEL has been undertaken to allocate on a similar basis to K-TIG.

APPENDIX 2

K-TIG LIMITED

PRO FORMA STATEMENT OF FINANCIAL POSITION

	Note	K-TIG Reviewed as at 31-Dec-22 $	GEL Reviewed as at 28-Feb-23 £	GEL Reviewed as at 31-Aug-22 $*	Subsequent events $	Pro-forma adjustments Min $	Pro-forma adjustments Max $	Pro-forma after offers Min $	Pro-forma after offers Max $
CURRENT ASSETS									
Cash and cash equivalents	4	1,501,406	1,246,680	2,227,010	(11,998,832)	16,327,795	18,185,500	8,057,379	9,915,084
Trade and other receivables		681,681	4,874,411	8,707,415	-	-	-	9,389,096	9,389,096
Inventories		2,418,915	2,218,237	3,962,553	-	-	-	6,381,468	6,381,468
Income tax asset		-	505,448	902,908				902,908	902,908
Financial assets		40,000	-	-	-	-	-	40,000	40,000
TOTAL CURRENT ASSETS		**4,642,002**	**8,844,776**	**15,799,886**	**(11,998,832)**	**16,327,795**	**18,185,500**	**24,770,851**	**26,628,556**
NON CURRENT ASSETS									
Other receivables		14,150	-	-	-	-	-	14,150	14,150
Property, plant and equipment	5	573,970	8,738,603	15,610,223	179,586	-	-	16,363,779	16,363,779
Right-of-use-assets		699,298	21,017	37,544	-	-	-	736,842	736,842
Intangibles		25,302	-	-	-	-	-	25,302	25,302
Goodwill	5	-	-	-	6,296,822	-	-	6,296,822	6,296,822
TOTAL NON CURRENT ASSETS		**1,312,720**	**8,759,620**	**15,647,767**	**6,476,408**	**-**	**-**	**23,436,895**	**23,436,895**
TOTAL ASSETS		**5,954,722**	**17,604,396**	**31,447,653**	**(5,522,424)**	**16,327,795**	**18,185,500**	**48,207,746**	**50,065,451**
CURRENT LIABILITIES									
Trade and other payables		1,530,910	1,041,744	1,860,922	-	-	-	3,391,832	3,391,832
Amounts received in advance		208,044	-	-	-	-	-	208,044	208,044
Lease Labilities		105,989	20,017	35,757	-	-	-	141,746	141,746
Employee benefits		207,107	519,769	928,491	-	-	-	1,135,598	1,135,598
Borrowings	6	-	554,385	990,327	7,528,760	(2,000,000)	(2,000,000)	6,519,087	6,519,087
Other current liabilities		-	493,458	881,490	-	-	-	881,490	881,490
TOTAL CURRENT LIABILITIES		**2,052,050**	**2,629,373**	**4,696,986**	**7,528,760**	**(2,000,000)**	**(2,000,000)**	**12,277,797**	**12,277,797**

	Note	K-TIG Reviewed as at 31-Dec-22 $	GEL Reviewed as at 28-Feb-23 £	GEL Reviewed as at 31-Aug-22 $*	Subsequent events $	Pro-forma adjustments Min $	Pro-forma adjustments Max $	Pro-forma after offers Min $	Pro-forma after offers Max $
NON CURRENT LIABILITIES									
Lease liabilities		601,384	1,000	1,786	-	-	-	603,170	603,170
Employee benefits		42,680	-	-	-	-	-	42,680	42,680
Provisions for liabilities		-	1,705,492	3,046,610	-	-	-	3,046,610	3,046,610
Borrowings	7	-	407,478	727,899	9,923,187	4,500,000	4,500,000	15,151,086	15,151,086
TOTAL NON CURRENT LIABILITIES		**644,064**	**2,113,970**	**3,776,295**	**9,923,187**	**4,500,000**	**4,500,000**	**18,843,546**	**18,843,546**
TOTAL LIABILITIES		**2,696,114**	**4,743,343**	**8,473,282**	**17,451,947**	**2,500,000**	**2,500,000**	**31,121,343**	**31,121,343**
NET ASSETS/(LIABILITIES)		**3,258,608**	**12,861,053**	**22,974,371**	**(22,974,371)**	**13,827,795**	**15,685,500**	**17,086,403**	**18,944,108**
EQUITY									
Issued capital	8	27,854,304	100,000	178,635	(178,635)	13,971,897	15,831,897	41,826,201	43,686,201
Revaluation reserve	9	-	1,735,487	3,100,191	(3,100,191)	-	-	-	-
Share based payment reserve	10	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)	11	(27,504,655)	11,025,566	19,695,545	(19,695,545)	(1,670,102)	(1,672,397)	(29,174,757)	(29,177,052)
TOTAL EQUITY		**3,258,608**	**12,861,053**	**22,974,371**	**(22,974,371)**	**13,827,795**	**15,685,500**	**17,086,403**	**18,944,108**

***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 $300,000 and $400,000 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

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 applied to the financial information in this Report are materially consistent with K-Tig other than as disclosed below;

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.

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.

NOTE 4. CASH AND CASH EQUIVALENTS	Reviewed as at 31-Dec-22 $	Pro-forma after Offers Min $	Pro-forma after Offers Max $
Cash and cash equivalents	1,501,406	8,057,379	9,915,084
Reviewed balance of K-TIG at 31 December 2022		1,501,406	1,501,406
Reviewed balance of GEL at 28 Feb 2023		2,227,010	2,227,010
Subsequent events:			
Upfront cash payment for GEL		(11,611,290)	(11,611,290)
Net cash/debt adjustment - cash portion		(2,387,542)	(2,387,542)
Issue of Convertible Notes		2,000,000	2,000,000
		(11,998,832)	(11,998,832)
Pro-forma adjustments:			
Proceeds from shares issued under the Public Offer		13,000,000	15,000,000
Cash costs of the Public Offer		(1,172,205)	(1,314,500)
Debt financing agreement		4,500,000	4,500,000
		16,327,795	18,185,500
Pro- forma Balance		8,057,379	9,915,084

NOTE 5. GOODWILL	Reviewed as at 31-Dec-22 $	Pro-forma after Offers $
Goodwill	-	6,296,822
Reviewed balance of K-TIG at 31 December 2022		-
Reviewed balance of GEL at 28 Feb 2023		-
Subsequent events:		
Goodwill arising from the acquisition of GEL		6,296,822
		6,296,822
Pro-forma Balance		6,296,822

NOTE 6. CURRENT BORROWINGS	Reviewed as at 31-Dec-22 $	Pro-forma after Offers $
Current Borrowings	-	6,519,087
Reviewed balance of K-TIG at 31 December 2022		-
Reviewed balance of GEL at 28 Feb 2023		990,327
Subsequent events:		
Issue of the Convertible Notes		2,000,000
Vendor finance - business		1,464,809
Vendor finance - property		4,063,951
		7,528,760
Pro-forma adjustments:		
Conversion of Convertible Notes under the Conversion Offer		(2,000,000)
		(2,000,000)
Pro-forma Balance		6,519,087

NOTE 7. NON-CURRENT BORROWINGS	Reviewed as at 31-Dec-22 $	Pro-forma after Offers $
Non Current Borrowings	-	15,151,086
Reviewed balance of K-TIG at 31 December 2022		-
Reviewed balance of GEL at 28 Feb 2023		727,899
Subsequent events:		
Vendor finance - business		5,859,235
Vendor finance - property		4,063,951
		9,923,187
Pro-forma adjustments:		
Debt financing agreement		4,500,000
		14,423,187
Pro-forma Balance		15,151,086

NOTE 9. ISSUED CAPITAL		Reviewed as at 31-Dec-22 $	Pro-forma after Offers Minimum $	Pro-forma after Offers Maximum $
Issued Capital		27,854,304	41,826,201	43,686,201
	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 28 February 2023	-	-	178,635	178,635
	183,319,832	183,319,832	28,032,939	28,032,939
Subsequent events:				
Elimination of the issued capital of GEL upon acquisition	-	-	(178,635)	(178,635)
	-	-	(178,635)	(178,635)
Pro-forma adjustments:				
Effect of a 2.5-to-1 consolidation	(109,991,899)	(109,991,899)	-	-
Shares issued under the Public Offer	65,000,000	75,000,000	13,000,000	15,000,000
Shares issued under the Conversion Offer	10,000,000	10,000,000	2,000,000	2,000,000
Issue of the Corporate Advisor Shares	1,125,000	1,125,000	225,000	225,000
Issue of the Corporate Advisor Options	-	-	(266,000)	(266,000)
Cost of the Public Offer	-	-	(987,103)	(1,127,103)
	(33,866,899)	(23,866,899)	13,971,897	15,831,897
Pro-forma Balance	149,452,933	159,452,933	41,826,201	43,686,201

NOTE 10. REVALUATION RESERVE	Reviewed as at 31-Dec-22 $	Pro-forma after Offers $
Revaluation reserve	-	-
Reviewed balance of K-TIG at 31 December 2022		-
Reviewed balance of GEL at 28 February 2023		3,100,191
Subsequent events		
Elimination of GEL's revaluation reserve upon acquisition		(3,100,191)
		(3,100,191)
Pro-forma Balance		-

NOTE 11. SHARE BASED PAYMENT RESERVE	Reviewed as at 31-Dec-22 $	Pro-forma after Offers $
Share based payment reserve	2,379,371	3,905,371
Reviewed balance of K-TIG at 31 December 2022		2,379,371
Reviewed balance of GEL at 28 February 2023		-
Pro-forma adjustments:		
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. ACCUMLATED PROFIT/(LOSSES)	Reviewed as at 31-Dec-22 $	Pro-forma after Offers Minimum $	Pro-forma after Offers Maximum $
Accumulated profit/(loss)	(27,504,655)	(29,174,757)	(29,177,052)
Reviewed balance of K-TIG at 31 December 2022		(27,504,655)	(27,504,655)
Reviewed balance of GEL at 28 Feb 2023		19,695,545	19,695,545
Subsequent events			
Elimination of GEL's accumulated profit/(loss) upon acquisition		(19,695,545)	(19,695,545)
		(19,695,545)	(19,695,545)
Pro-forma adjustments:			
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		(185,102)	(187,397)
		(1,670,102)	(1,672,397)
Pro-forma Balance		(29,174,757)	(29,177,052)

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.

Consideration Transferred:	
Upfront cash payment	11,611,290
Net cash/debt adjustment - cash portion	2,387,542
Vendor finance – business	7,324,044
Vendor finance – property	8,127,903
Total Consideration	29,450,779
Net assets of GEL (adjusted for land value)	23,153,957
Goodwill	6,296,822

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 28 February 202 were $23,232,754 after adjusting the property to the value of the transaction, by increasing the value by $179,586 resulting in goodwill of $6,296,822 being recognised. The pre-acquisition equity, reserve and accumulated losses of GEL are eliminated on consolidation.

APPENDIX 4

GRAHAM ENGINEERING LIMITED

HISTORICAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REPLACE WITH HALF YEARS

Statement of Profit or Loss and Other Comprehensive Income	Reviewed half year ended 28-Feb-23	Reviewed half year ended 28-Feb-22	Reviewed half year ended 28-Feb-23	Reviewed half year ended 28-Feb-22
	£	£	$	$
Revenue	6,983,350	8,312,375	12,301,127	15,519,744
Cost of sales	(5,607,990)	(6,740,287)	(9,878,439)	(12,584,554)
Gross profit	**1,375,360**	**1,572,088**	**2,422,688**	**2,935,190**
Other operating income	18,700	24,800	32,940	46,303
Expenses				
Distribution costs	(37,209)	(33,271)	(65,543)	(62,119)
Administrative expenses	(1,022,984)	(1,012,712)	(1,801,980)	(1,890,799)
Total operating expenses	**(1,060,193)**	**(1,045,983)**	**(1,867,523)**	**(1,952,918)**
Operating profit	**333,867**	**550,905**	**588,105**	**1,028,575**
Finance income	11,170	2,485	19,676	4,640
Finance costs	(26,130)	(9,298)	(46,028)	(17,360)
Profit before tax	**318,907**	**544,092**	**561,753**	**1,015,855**
Tax on profit	(60,048)	(308,705)	(105,774)	(576,372)

The reviewed balances for the half years ended 28 February 2023, and 28 February 2022 have been converted to Australian Dollars using the average AUD/GBP exchange rates of 0.5677 and 0.5356 respectively. The AUD/GBP exchange rates were sourced from Bloomberg.

APPENDIX 5

GRAHAM ENGINEERING LIMITED

HISTORICAL STATEMENTS OF CASH FLOWS

Statement of Cash Flows	Reviewed half year ended 28-Feb-23 £	Reviewed half year ended 28-Feb-22 £	Reviewed half year ended 28-Feb-23 $	Reviewed half year ended 28-Feb-22 $
Cash flows from operating activities				
Profit for the year	258,859	235,387	455,979	439,483
Adjustments to cash flows from non-cash items				
Depreciation and amortisation	298,817	272,484	526,364	508,745
(Profit)/loss on disposal of tangible assets	10,810	10,810	19,042	20,183
Finance income	(11,170)	(2,485)	(19,676)	(4,640)
Finance costs	26,130	9,298	46,028	17,360
Corporation tax expense	60,048	308,705	105,774	576,372
FX gain/loss on translation			(1,703)	(3,398,162)
Total adjustments to cash flows from non-cash items	384,635	598,812	675,829	(2,280,141)
Working capital adjustments				
Decrease/(increase) in stocks	(645,488)	611,902	(1,137,023)	1,142,461
Decrease/(increase) in trade debtors	(1,008,644)	1,158,401	(1,776,720)	2,162,810
(Decrease)/increase in trade creditors	(164,169)	(816,746)	(289,183)	(1,524,918)
Decrease in lease liability	(10,810)	(10,810)		
Decrease in contract liabilities	(100,911)	(1,760,009)		
Total working capital adjustments	(1,930,022)	(817,262)	(3,202,926)	1,780,353
Income taxes paid	213,705	(248,940)	376,440	(464,787)
Net cash used / (provided) in operating activities	**(1,072,823)**	**(232,003)**	**(1,694,678)**	**(525,093)**
Cash flows from investing activities				
Interest received	11,170	2,485	19,676	4,640
Acquisitions of tangible assets	(103,370)	(608,851)	(182,086)	(1,136,764)
Proceeds from sale of tangible assets	-		-	-
Net cash flows (used in) investing activities	**(92,200)**	**(606,366)**	**(162,410)**	**(1,132,125)**
Cash flows from financing activities				
Interest paid	(26,130)	(9,298)	(46,028)	(17,360)
Repayment of bank borrowing	(7,687)	(21,307)	(13,541)	(39,782)
Repayment of other borrowing	(1,115)	(14,848)	(1,964)	(27,722)
Payments to finance lease creditors	(251,819)	(101,244)	(443,578)	(189,029)
Dividends paid	-	-	-	-
Net cash provided / (used) by financing activities	**(286,751)**	**(146,697)**	**(505,110)**	**(273,893)**

The reviewed balances for the half years ended 28 February 2023, and 28 February 2022 have been converted to Australian Dollars using the average AUD/GBP exchange rates of 0.5677 and 0.5356 respectively with the balance date rates of 0.5598 and 0.5412 adopted. The AUD/GBP exchange rates were sourced from Bloomberg.

APPENDIX 7

FINANCIAL SERVICES GUIDE

18 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 $27,000 (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:	www.afca.org.au
Email:	info@afca.org.au
Interpreter Service:	131 450

1300 138 991
www.bdo.com.au

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