

30 August 2019

Company Announcement Office
ASX Limited

By E-Lodgement

Transaction update on the acquisition of K-TIG

Highlights

- Offer to raise up to \$7 million as part of the acquisition of industry disrupting welding technology company K-TIG Limited receives significant interest
- Alto Capital, Lead Manager, has received firm commitments of \$7 million with bids received from institutional investors, high net worth and retail investors
- Completion of the acquisition is anticipated to take place in September 2019 subject to customary ASX conditions
- Shares are anticipated to be reinstated under ticker 'ASX: KTG'
- Mr David Williams joins K-TIG as CEO bringing over 20 years of corporate leadership experience across resources, oil and gas, and industrials sector
- K-TIG intends to implement a Welding-as-a-Service business licencing model appealing to a broader range of customers and providing the ability to easily scale operations, having proven the technology with a number of major customers

30 August 2019: Serpentine Technologies Limited (ASX: S3R) ("**Serpentine**" or the "**Company**") is pleased to provide the following update following the signing of a binding acquisition agreement to acquire 100% of Keyhole TIG Limited ("**K-TIG**"), in April 2019 (see ASX Release dated 29 April 2019) and subsequent lodgement of the Prospectus on 16 August 2019.

Transaction Update

Following shareholder approvals for both K-TIG and the Company and lodgement of the Prospectus, the offer officially commenced on 16 August 2019 to raise up to \$7 million with the issue of up to 35,000,000 shares at an issue price of \$0.20 as part of the 100% acquisition of leading Australian precision fabrication company K-TIG.

The Company is delighted to confirm that Alto Capital, Lead Manager, has received firm commitments of \$7 million with bids received from institutional investors, high net worth and retail investors. Subject to customary ASX requirements, completion of the acquisition is anticipated to take place in September 2019 in line with the indicative timetable set out in the Prospectus dated 16 August 2019. Shares are anticipated to be reinstated to trading under the new ticker ASX: KTG.

Corporate update

David Williams joined K-TIG as Chief Executive Officer on 21 August 2019, bringing extensive corporate and leadership experience from his previous roles as Managing Director and Executive Director of a number of listed and unlisted companies. His experience spans over two decades and has been focused within the resources, oil and gas and industrials sectors providing extensive knowledge of health and safety regulations. This experience also provides valuable insight into product development, technical considerations and operational scaling to be utilised by K-TIG.

Mr Williams' experience provides a deep understanding of the key drivers for growth and commercialisation of K-TIG's product and represents a strategic turning point for K-TIG, supporting its strategy of building a large customer based that generates revenue for the Company via a recurring revenue licensing model.

Neil Le Quesne has been appointed President, Market Development responsible for the overall management and supervision of the activities, operations and affairs of the market development division of K-TIG.

Proven commercial traction

K-TIG provides a strong investment case having successfully completed the research and development, technical and product development, and market validation stages of its commercialisation. K-TIG generated revenues of \$1,069,198 for the twelve-month period to 30 June 2019, from direct unit sales of its welding product.

Following completion of the acquisition, K-TIG intends to transition its revenue model from a unit sales model to a business licensing model, providing 'Welding-as-a-Service' (WaaS) and securing long term recurring revenue generation. The licencing model does not change the core business of K-TIG, which is developing and delivering its welding technology.

Stuart Carmichael, Chairman of Serpentine Technologies comments:

"On behalf of the Board and our existing shareholders I am delighted to have closed our offer with firm bids received for \$7 million. The investment interest received from such a high quality group of investors underlines the attractive proposition for K-TIG. K-TIG has an exciting future and we look forward to updating the market on developments."

David Williams, CEO of K-TIG comments:

"This is an exciting development and opportunity, which I am extremely pleased to be part of. It brings the experience and expertise of the K-TIG team together with the listing and corporate experience of the Serpentine team, and will result in taking this disruptive technology and innovative service model to the next level. What I really admire about the K-TIG approach is their resolve to only, at this stage, target the sectors where K-TIG makes a real difference rather than every potential application. This discipline, coupled with a move to a true service model and the intention of developing strong partnerships with the users of K-TIG technology, is going to prove landscape shifting in the fabrication industry."

Suspension from trading on ASX

In accordance with ASX's policy for entities undertaking back door listing transactions, the Company's securities will remain suspended from trading on ASX until the Company has re-complied with Chapters 1 and 2 of the Listing Rules in accordance with listing rule 11.1.3.

Ends

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