

Target Market Determination

Made by: K-TIG Limited (ACN 158 307 549) (**Company**)

Effective Date: 21 July 2023

Product: Free-attaching options to be issued on conversion of convertible notes under a prospectus dated 22 May 2023 (as supplemented by way of a supplementary prospectus dated 21 July 2023)

Important information about this document

This target market determination (**TMD**) has been prepared by the Company in relation to the offer of up to 10,000,000 Conversion Options with an exercise price of \$0.20 and an expiry date three years from the date of issue pursuant to the Company's prospectus (available at www.k-tig.com) which was lodged with ASIC on 12 May 2023 and subsequently:

- (a) replaced on by way of a replacement prospectus on 22 May 2023; and,
- (b) supplemented by way of a supplementary prospectus dated 20 July 2023

(together, the **Prospectus**).

This TMD replaces the target market determination previously distributed by the Company on or around 12 May 2023 (**Original TMD**).

Capitalised terms used, but not defined, in this TMD have the meaning given to them in the Prospectus.

Pursuant to the Prospectus an offer is being made to the holders of convertible notes with a face value of \$1,000 each (**Convertible Notes**), whereby the Company will automatically convert the Convertible Notes into:

- (a) up to 10,000,000 Shares; and
- (b) up to 10,000,000 Options (**Conversion Options**),

to the holders of the Convertible Notes (**Noteholders**), who are professional and sophisticated investors (**Conversion Offer**).

Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their professional adviser if they have any questions regarding the contents of the Prospectus. Any recipient of this TMD who wants to acquire Conversion Options under the Conversion Offer will need to complete the Application Form. There is no cooling off period in respect of the issue of the Conversion Options. This TMD is not a disclosure document for the purposes of the Corporations Act, and therefore has not been lodged, and does not require lodgement, with ASIC.

This TMD does not take into account what you currently have, or what you want and need, for your financial future. It is important for you to consider these matters and read the Prospectus before you make an investment decision. The Company is not licensed to provide financial product advice in relation to the Conversion Options.

Details

TMD requirement	Determination
Investment Objective	<p>The Company expects that an investment in Conversion Options will be suitable to investors who wish to gain exposure to equities in a small to mid-capped manufacturing company with international operations listed on the ASX.</p>
Investment Timeframe	<p>The target market of investors will take a short to medium term outlook on their investment.</p> <p>The Company will not apply for quotation of the Conversion Options. The Conversion Options are not be transferable and are therefore not suitable for investors looking to trade the Conversion Options prior to exercise of the Conversion Options.</p> <p>Option holders will also have an ability to exercise Conversion Options and trade the underlying Shares issued on exercise, however, investors should be aware that such a dealing is only likely to be commercially viable in the event the trading price of the Shares exceeds the exercise price of the Conversion Options both at the date of exercise and sale.</p> <p>Investors with a medium-term outlook will benefit from an ability to exercise Conversion Options within the 3 year term of the Conversion Options and increase their shareholding and exposure to the potential upside in the Company's Shares into the future.</p> <p>Given the need to pay the exercise price in order to acquire the underlying Shares, investors in the target market are those who are in a financial position that is sufficient for them to invest their funds over a 3 year time horizon, during which time their ability to liquidate their Conversion Options may be limited on exercise of the Conversion Options by the trading price of the underlying Shares.</p>
Investment Metrics	<p>While the Company does not have an established eligibility framework for investors based on metrics such as age, expected return or volatility, it is expected that the target market of investors will be able to withstand potential fluctuations in the value of their investment. The Conversion Options offer no guaranteed income or capital protection.</p>
Risk	<p>The Company considers that, while the issue price of the Conversion Options is free, an investment in the Company offered in connection with the Prospectus (for example, through the exercise of the Conversion Options) should be considered highly speculative, such that an investment in the Company is not appropriate for an investor who would not be able to bear a loss of some or all of the investment. Investors should also have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser)</p>

TMD requirement	Determination
	to understand and appreciate the risks of investing in Conversion Options as an asset class generally and the more specific risks of investing in an Australian listed manufacturing company with international operations.
Distribution Conditions	<p>The Conversion Options are being offered to Noteholders whose Convertible Notes will automatically convert pursuant to the terms of the Convertible Notes and under the Conversion Offer upon completion of the Public Offer and Transaction. The Noteholders are professional or sophisticated investors who hold the Convertible Notes.</p> <p>The Prospectus includes jurisdictional conditions on eligibility. The Company will also include on its web landing page for the Offers a copy of this TMD and send a copy of the TMD to each of the Noteholders (which may be a digital copy sent to the email address of the relevant Noteholder).</p> <p>The Company considers that these distribution conditions will ensure that persons who invest in Conversion Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.</p>
Review Triggers	<p>The Conversion Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the Conversion Options will no longer be available for investment by way of issue. It follows that the TMD will only apply in the period up to the issue of the Conversion Options (Offer Period).</p> <p>To allow the Company to determine whether circumstances exist that indicate this TMD is no longer appropriate to the Conversion Options and should be reviewed, the following review triggers apply for the Offer Period:</p> <ul style="list-style-type: none"> a) the Company issues a supplementary prospectus during the Offer Period which allows subscribers under the Offers to withdraw their applications pursuant to section 724(2)(a) of <i>the Corporations Act 2001</i> (Cth); b) any event or circumstance that would materially change a factor taken into account in making this TMD; c) the existence of a significant dealing of the Conversion Options that is not consistent with this TMD; d) ASIC raises concerns with the Company regarding the adequacy of the design or distribution of the Conversion Options or this TMD; and e) material changes to the regulatory environment that applies to an investment in the Conversion Options.

TMD requirement	Determination											
	<p>The Company lodged its original prospectus on 12 May 2023 and replaced the prospectus by way of a replacement prospectus on 22 May 2023. The Company distributed its Original TMD on or around 12 May 2023. On 21 July 2023, the Company issued a supplementary prospectus pursuant to section 724(2)(a) and 724(3H) of <i>the Corporations Act 2001</i> (Cth) (Supplementary Prospectus). In connection with the proposed issue of the Supplementary Prospectus, the Company reviewed the Original TMD and resolved to issue this TMD.</p>											
Review Period	<p>If a review trigger occurs during the Offer Period, the Company will undertake a review of the TMD in light of the review trigger.</p> <p>The Company will otherwise complete a review of the TMD immediately prior to the issue of Conversion Options under the Offer.</p>											
Information Reporting	<p>The reporting requirements of all distributors is set out in the table below:</p> <table border="1" data-bbox="584 936 1388 2022"> <thead> <tr> <th data-bbox="584 936 849 1115">Reporting Requirement</th> <th data-bbox="855 936 1120 1115">Period for reporting to the Company by the distributor</th> <th data-bbox="1126 936 1388 1115">Information to be provided</th> </tr> </thead> <tbody> <tr> <td data-bbox="584 1124 849 1693">Whether the distributor received complaints about the Conversion Options.</td> <td data-bbox="855 1124 1120 1693"> <ul style="list-style-type: none"> For such time as the duration of the Conversion Offer (Offer Period) remains open, within 10 business days after the end of each quarter. Within 10 business days after the end of the Offer Period. </td> <td data-bbox="1126 1124 1388 1693"> <ul style="list-style-type: none"> The number of complaints received. A summary of the nature of each complaint or a copy of each complaint. </td> </tr> <tr> <td data-bbox="584 1702 849 2022">A significant dealing of the Conversion Options that is not consistent with this TMD.</td> <td data-bbox="855 1702 1120 2022">As soon as reasonably practicable after the significant dealing occurs, but in any event no later than 10 business days after the significant dealing occurs.</td> <td data-bbox="1126 1702 1388 2022"> <ul style="list-style-type: none"> Details of the significant dealing. Reasons why the distributor considers that the significant dealing is not </td> </tr> </tbody> </table>			Reporting Requirement	Period for reporting to the Company by the distributor	Information to be provided	Whether the distributor received complaints about the Conversion Options.	<ul style="list-style-type: none"> For such time as the duration of the Conversion Offer (Offer Period) remains open, within 10 business days after the end of each quarter. Within 10 business days after the end of the Offer Period. 	<ul style="list-style-type: none"> The number of complaints received. A summary of the nature of each complaint or a copy of each complaint. 	A significant dealing of the Conversion Options that is not consistent with this TMD.	As soon as reasonably practicable after the significant dealing occurs, but in any event no later than 10 business days after the significant dealing occurs.	<ul style="list-style-type: none"> Details of the significant dealing. Reasons why the distributor considers that the significant dealing is not
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	A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.	Within 10 business days after the end of the close of the Offer Period of Conversion Options (which will occur upon the date the Conversion Options are issued) in accordance with the Prospectus.	A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.

Contact Details

Contact details in respect of this TMD for the Company are:

Brett Tucker

Company Secretary

K-TIG Limited

email: investors@k-tig.com