

JUNE 2022 QUARTERLY ACTIVITIES REPORT

29 JULY 2022: 3D Metalforge Limited (ASX: 3MF) (**'3D Metalforge'**, **'3MF'** or the **'Company'**), is pleased to release its Appendix 4C cash flow statement and associated activities report for the quarter ended 30 June 2022.

Operational Activities

During the quarter, 3D Metalforge further expanded the range of materials it can print with the development of printing parameters for the additive manufacturing (AM) of parts in Super Duplex. Super Duplex is a stainless steel alloy designed for mechanical and structural components that require high strength and anti-corrosion resistant properties, which are particularly useful in the oil and gas and defence industries.

The adoption of Super Duplex for AM is another demonstration of 3D Metalforge's commitment to leading the way in the development of new additive manufacturing materials and technologies.

Progress in Key Hubs

Australia

During the past quarter, significant progress has been made with clients in Australia, beginning with the signing of a Framework Agreement with Woodside Energy Limited (Woodside). The Company held an Investor Update to shareholders regarding the importance of these type of agreements to the Company and how the industry is moving to adopt this structure to achieve greater speed and performance benefits of 3D printed parts into their supply chain.

The first project that the Company secured through its channel partnership agreement with Intercast has been delivered to the client.

USA

Par Pacific continues to be developing with a significant number of parts digitalised and plans to expand the range under discussion. All the parts have been entered into the Par Pacific SAP system and made available for ordering by Par team members.

3MF have continued to expand its client base and had entered into contractual arrangements with NOV and Cooper Engineering for the production of end use parts. Cooper Engineering in particular, awarded the Company 2 contracts, one for US\$13,000 and a second for US\$40,500. Both contracts were for engine parts and were executed under normal industry terms and conditions. Whilst both contracts were immaterial in comparison to 3MF's total revenue, it showed the applicability of the Company's technology in a new sector as well as growing traction with OEMs for 3MF technology.

The Company had also commenced early stage discussions with oil and gas companies on the development of a digital library for additively manufactured parts. 3MF will continue to update the market as soon as these discussions become material information.

Singapore

Production continues against the PSA contract signed last year for the production of twist lock pins in metal with a 3MF custom developed H-WAAM printer installed in the port AM facility. A further A\$58,000 has been delivered in Q2 this year.

The Company has also commenced production of polymer rollers in PACF material. PACF is a material for which 3MF has developed the printing parameters.

The 3MF partnership with Hitachi Metals as announced in December 2021, continues to develop with new client applications for their MAT21 material currently being developed.

The Company is also extremely pleased to update the market that it has successfully relocated its production from Singapore Science Park to the new Head Quarters in Tuas, Singapore. The new 10,000 sq. ft. facility, located at 38F Tuas Avenue 11, Singapore, occupies four floors of office and manufacturing space in 3MF's building. The new location will significantly enhance the operational efficiency of the Company.

The custom designed building integrated the offices and production facilities for the first time in five years, thereby promoting a better workflow across the four floors. The new location also allowed a larger area to house more equipment and better access for larger equipment such as CNC (computer numerical control) machines. The new facility also provided 3MF closer proximity to its clients and suppliers.

Corporate

The Company issued a total of 47,029,820 fully paid ordinary shares at \$0.045 per share to institutional and sophisticated investors, as well as existing shareholders during the quarter.

The Company held its 2022 Annual General Meeting on Tuesday, 31 May 2022 with all Resolutions carried via a poll.

Directors Messrs David Buckley and Sri Vaidyanathan resigned from the Board on 27 April and the 27 June respectively. They were replaced on the Board with the appointment of Mr Tom Sonnen on 10 June 2022.

500,000 Unquoted Options with an exercise price of \$0.25 each, expiring on 10 June 2025 were issued as part of Mr Sonnen's appointment.

In addition, Mr Henko Vos was appointed as Company Secretary on 1 June 2022.

Operational Efficiencies

The Company has continued to focus on the operational efficiency program since its implementation at the beginning of 2022 and are pleased to highlight the following:

1. Manpower costs have decreased from an average of A\$220,000 per month in the December 2021 quarter to A\$145,000 from August 2022 onwards; and
2. Payments for Operating Activities Capital expenditure (less Manufacturing Cost) reduced from A\$1.6M the December 2021 quarter to A\$1.4M this quarter

Financial Performance

The attached Appendix 4C provides details on the cashflow for the quarter ended 30 June 2022. The Company's net cash used in operating activities for the quarter amounted to A\$1.499M, which included research and development (A\$0.096M), product manufacturing and operating costs (A\$0.167M), staff costs (A\$0.861M), administration and corporate costs including interest paid (A\$0.267M), leased assets costs (A\$0.160M), and advertising and marketing (A\$0.041M). Staff costs, administration and corporate costs include expenditure pertaining to international expansion.

Use of Funds

3MF was admitted to the ASX official list on 25 February 2021 following completion of an IPO raising \$10M. The June 2022 quarter is included in a period covered by a use of funds statement in the IPO prospectus lodged with ASX under Listing rule 1.1 condition 3.

A comparison of the Company's actual expenditure since admission to 30 June 2022 against the estimated expenditure in the use of funds statement is set out below as required by ASX Listing Rule 4.7C.2.

Description	Prospectus A\$	Actual to Date (25 Feb 21 – 30 Jun 22) A\$
Equipment	1,500,000	1,199,167
International expansion	4,000,000	2,130,192
Research and Development	500,000	362,186
Loan repayment	1,000,000	814,507
General administration and working capital	3,074,672	5,340,192
Expenses of the Public Offer	997,621	1,130,727
Total	11,072,293	10,976,971

The Company notes:

1. General administration and working capital have exceeded the budgetary use of IPO funds estimates in the prospectus. This is due to lower-than-expected cashflow from sales growth due to the challenging market conditions. For this quarter, A\$142,000 expense was incurred for the share placement.

Related Party Transactions

Payment of approximately A\$118,000 to related parties had been included as item 6 in the attached Appendix C as part of directors' fees and salaries.

- ENDS -

This announcement has been approved for release by the Managing Director of 3D Metalforge Limited.

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ABOUT 3D METALFORGE

3D Metalforge Limited (ASX: 3MF) is a leading 3D Printing services company that supports a growing multinational blue-chip client base through their advanced proprietary 3D printing systems. The Company offers the full range of 3D printing services, including design and engineering, material advisory, diagnostics and testing, production printing and post-production certification. All services are compliant with the latest industry and, optionally to, API standards. The approach to industrial production, using proprietary processes and eco-friendly technology, produce high-demand parts faster, more cost-effectively and with less environmental impact and greater sustainability than conventional manufacturing.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

3D Metalforge Limited

ABN

53 644 780 281

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		107	401
1.2 Payments for			
(a) research and development		(96)	(130)
(b) product manufacturing and operating costs		(167)	(373)
(c) advertising and marketing		(41)	(42)
(d) leased assets		(160)	(279)
(e) staff costs		(861)	(1,641)
(f) administration and corporate costs		(267)	(620)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		(16)	(23)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		2	44
1.8 Other		-	-
1.9 Net cash from / (used in) operating activities		(1,499)	(2,663)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(g) entities		-	-
(h) businesses		-	-
(i) property, plant and equipment		(319)	(472)
(j) investments		-	-
(k) intellectual property		-	-
(l) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(319)	(472)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,116	2,116
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(142)	(142)
3.5	Proceeds from borrowings	-	67
3.6	Repayment of borrowings	(178)	(214)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (subscription funds held on trust)	(597)	-
3.10	Net cash from / (used in) financing activities	1,199	1,827

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,331	2,073
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,499)	(2,663)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(319)	(472)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,199	1,827
4.5	Effect of movement in exchange rates on cash held	58	5
4.6	Cash and cash equivalents at end of period	770	770

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	770	1,331
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	770	1,331

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	118
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Payments made to Directors for Director fee</p>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,994	1,994
7.2	Credit standby arrangements	727*	727
7.3	Other (please specify)	-	-
7.4	Total financing facilities	2,721	2,721
7.5	Unused financing facilities available at quarter end		-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Description	Lender	Outstanding Facility A\$'000	Interest Rate	Maturity Date	Secured/Unsecured
Temp Bridging Loan	DBS Bank	334	2.5%	24 Apr 25	Joint and several personal guarantee by Matthew Waterhouse and Khoo Hwi Min
Working Capital Loan	DBS Bank	55	7.00%	13 May 23	
Working Capital Loan	DBS Bank	27	7.00%	21 Nov 24	
Term Loan	Matthew Waterhouse	218	8.00%	1 Jun 23	Unsecured
Term Loan	Khoo Hwi Min	740	8.00%	S\$250k by 1 Mar 22 \$110k between 1 Mar 22 and 1 Mar 23 Remain by 1 Jun 23	Unsecured
Term Loan	Hee Chee Wei	216	8.00%	2 Aug 23	Joint and several personal guarantee by Matthew Waterhouse and Ho Kuen Loon
Term Loan	Mario Babin	266	8.00%	1 Apr 22	
Term Loan	Lim Siang Yong	-	-	-	
Term Loan	Jacob	31	Nil	No Maturity Date	Unsecured
Term Loan	Right Angle Ventures Group Pte Ltd	107	Nil	1 Mar 23	Unsecured
	Total	1,994			

* US\$500,000 bank line of credit for 3D Metalforge LLC (Houston, Texas)

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,499)
8.2	Cash and cash equivalents at quarter end (item 4.6)	770
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	770
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.51
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<p>Answer:</p> <p>The Company expects receipts from customers to continue increasing in line with trends in this quarter while maintaining control over cash outflows. The Company does however expect net cash outflows for the foreseeable future as it implements various planned strategies and cost control measures in order to generate long term positive cash flows.</p>	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	<p>Answer:</p> <p>The Company is currently considering a number of funding options and will undertake further capital raisings. The Company has a history of successfully raising funds.</p>	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	<p>Answer:</p> <p>The Company expects it will be able to continue operations and meet business objectives based on the uptake in commercial activities seen throughout and beyond the quarter and capital raisings.</p>	
<p><i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i></p>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2022

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
6. On 18 November 2020, 3D Metalforge Limited ("3D Metalforge") and 3D Infra Pte Ltd ("3D Infra") entered into an implementation agreement to complete the acquisition of 3D Infra. The acquisition was completed on 17 February 2021. The cash flows movements represent the continuation 3D Metalforge from 1 January 2021 and 3D Infra as the accounting from 17 February 2021.