

ASX Release

1 November 2022

Renounceable Entitlement Offer of A\$10.5m; Term Sheet for UAE Joint Venture and changes to Management and Board

Highlights:

- **Fully Underwritten Renounceable Entitlement Offer to raise up to A\$10.5 million, priced at A\$0.067 per share representing a 10.7% discount to the last traded price on Friday, 28 October and a 18.6% discount to the 5-day VWAP**
- **The Entitlement Offer is fully underwritten by PAC Partners Securities which has entered into a sub-underwriting agreement with affiliate of major shareholder Pegasus Growth Capital (Pegasus) whereby Pegasus has agreed to sub-underwrite the Entitlement Offer to the amount of A\$10.5 million**
- **Renounceable Entitlement Offer provides shareholders with the opportunity to participate in the Company's growth strategy**
- **Funds raised will be used for restructuring costs, operating activities and working capital**
- **Amaero has signed a non-binding term sheet to form a joint venture with United Arab Emirates (UAE)-based strategic partner, Technology Holding Company LLC, an affiliate of Ethmar Holdings, for the production of titanium, aluminium and super alloy powders in the UAE**
- **Amaero announces management changes that include:**
 - **Hank Holland has assumed the role of Chairman and Chief Executive Officer. Mr Holland will be co-located in the US and the UAE.**
 - **Barrie Finnin has assumed the role of Chief Technology Officer and Manager of Australian Operations**
 - **John McKellar has assumed the role of Manager of Middle East Operations**
- **Amaero announces proposed Board changes that include:**
 - **Non-Executive Director Stuart Douglas will resign from the Board, effective from the closure of the Company's AGM on 24th November 2022.**
 - **The planned announcement of two new Non-Executive independent directors once regulatory contractual and other required steps are completed.**
- **Amaero will embark on the next phase of its strategic review which includes a comprehensive assessment of the Company's geographical footprint, staffing and commercial projects**
- **Amaero will hold an Investor Briefing on Wednesday, 2 November at 1.00pm AEDT to explain the matters covered in this announcement**

Entitlement Offer

Amaero International Limited (“**Amaero**”), (the “**Company**”) (ASX:3DA) is pleased to announce that it is seeking to raise up to A\$10.5 million through a pro-rate renounceable entitlement offer of 1 fully paid ordinary share in the capital of the Company (**Share**) for approximately every 1.7 Shares held by eligible shareholders on Friday, 4 November, at an issue price of \$0.067 per Share with 1 free attaching option for every 1 Share issued (**Entitlement Offer**).

The Entitlement Offer is fully underwritten by PAC Partners Securities Pty Ltd (**PAC Partners**). The Company and PAC Partners have entered into an Underwriting Agreement (**Underwriting Agreement**).

The Underwriting Agreement is subject to certain events of termination which are summarised in Schedule 1 below. PAC Partners has entered into a sub-underwriting agreement (**Sub-Underwriting Agreement**) with affiliate of major shareholder Pegasus Growth Capital (**Pegasus**), an entity controlled by Chairman and CEO Hank Holland, whereby Pegasus has agreed to sub-underwrite the Entitlement Offer to the amount of A\$10.5 million. The Sub-Underwriting Agreement will terminate automatically upon termination of the Underwriting Agreement, howsoever occurring. The Sub-Underwriting Agreement may also be terminated by Pegasus if an event set out in paragraphs (l) or (m) of Schedule 1 occurs.

Indicative use of proceeds of Entitlement Offer

The Company proposes to use the proceeds from the Entitlement Offer as follows:

Item	\$ Amount
Restructuring costs	A\$2,900,000
Operating activities	A\$6,850,000
Costs of the offer	A\$750,000
TOTAL	A\$10,500,000

The above expenditure is indicative only and may change according to circumstances prevailing at the time.

Summary of Entitlement Offer

1. The Entitlement Offer comprises (one) 1 new Share for approximately every 1.7 existing Shares held by existing eligible shareholders on the record date of Friday, 4 November at A\$0.067 per Share.
2. Eligible shareholders will comprise those shareholders with a registered address in Australia, New Zealand and the United States of America (in relation to institutional “accredited investors” only).
3. The Entitlement Offer is fully underwritten by PAC Partners, with PAC Partners securing a sub-underwriting commitment from Pegasus for the full amount of the Entitlement Offer.
4. 156,716,418 Shares are expected to be issued pursuant to the Entitlement Offer. Shareholders who do not take up all or part of their entitlement will have their equity interest in the Company

diluted.

5. A shortfall facility will be available allowing eligible shareholders to apply for additional Shares over and above their entitlements (additional Shares will be issued to the extent there is a shortfall under the Entitlement Offer).

Timetable

Further details of the Entitlement Offer, including details on how to accept and key risks of the Entitlement Offer, will be set out in a Prospectus which is expected to be released to the ASX on Tuesday, 1 November 2022 and dispatched to shareholders on Wednesday, 9 November 2022.

Outlined below is a timetable of relevant events and dates relating to the Entitlement Offer. These events and dates are indicative only and subject to change. Subject to the ASX Listing Rules, the Corporations Act and other applicable laws, the Company's Board reserves the right to modify all dates, including the Entitlement Offer closing date.

	Date
Announcement of rights issue Appendix 3B lodged with ASX (for rights issue) Prospectus lodged ASIC and copy to ASX (prior to commencement of trading)	Tuesday, 1 November 2022
Ex-Date Rights are quoted on a deferred settlement basis from market open	Thursday, 3 November 2022
Record date	Friday, 4 November 2022
Offer opening date Prospectus and Application Forms despatched to Eligible Shareholders Deferred settlement trading ends	Wednesday, 9 November 2022
Rights trading ends (at close of trading)	Friday, 18 November 2022
Shares quoted on a deferred settlement basis from market open	Monday, 21 November 2022
Last day to extend the Offer closing date	Tuesday, 22 November 2022
Closing Date of Offer (at 5pm)	Friday, 25 November 2022
Dispatch date of holding statements, Issue Date for New Shares and Appendix 2A lodged with ASX	Friday, 2 December 2022

Application for new Shares under the Entitlement Offer may only be made by completing the Application Form which accompanies the prospectus. Shareholders eligible to participate in the Entitlement Offer should read the prospectus carefully and consult professional advisers as necessary.

Joint Venture

Amaero has signed a non-binding term sheet (**JV Term Sheet**) to form a joint venture (**Joint Venture**) with UAE-based strategic partner, Technology Holding Company LLC, an affiliate of Ethmar Holdings, (**JV Partner**), for the production of titanium, aluminium and super alloy powders in the UAE.

The Term Sheet is a non-binding terms sheet for discussion purposes only and sets out the proposed terms of the Joint Venture to be set out in a joint venture agreement between the parties (**JVA**). The Term Sheet does not represent a binding commitment of any nature from either party.

Amaero cannot confirm that the JV Term Sheet will result in legal binding agreements, that negotiations will be successful, that estimated timetables will be reached and not substantially delayed, nor that the Joint Venture will be a positive value enhancing business for the Company.

If the Joint Venture does reach binding legal agreements, the terms could be different from the terms outlined below and Amaero provides no assurance that the below will reflect any final terms. There are a number of factors outside Amaero's control which will determine whether the Joint Venture is formed and its effects on the prospects of the Company.

JV Term Sheet

The key points of the Term Sheet relating to the joint venture are summarised below:

- The joint venture company (**JVCo**) will be incorporated in Abu Dhabi.
- JVCo's ownership will be held 50% by the Company and 50% by the JV Partner.
- The Term Sheet is subject to the following conditions precedent:
 - Amaero and the JV Partner must receive written approval of the Joint Venture and the proposed project from the UAE offset program administrator;
 - Amaero and the JV Partner must receive written commitment from a US defence offset obligor to work in cooperation with the UAE offset program administrator, in respect of the funding for the Joint Venture;
 - The execution of the JVA on terms satisfactory to both parties;
 - Satisfactory commercial, tax, financial and legal due diligence; and
 - Compliance with the regulators applicable to the JVA, including but not limited to export control regulations, the U.S. Department of Defense procurement guidelines, International Traffic in Arms Regulations (ITAR), compliance and any other regulations of the United States of America and Australia;

Joint Venture Funding

It is also anticipated that the JVCo's capital investment will be funded by a U.S. defence offset obligor (**Strategic Funder**) working in cooperation with the UAE offset program administrator (such funding being subject to the approval of the UAE offset program administrator). It is anticipated that the equipment and inventory funded by the Strategic Funder will be conveyed to and wholly owned by the JVCo.

The estimated cost for capital investment (facility improvements, equipment and inventory) is approximately A\$290,000,000¹, which is expected to be funded by the Strategic Funder.

The Joint Venture working capital will be initially funded by a pro-rata equity contribution made by both Amaero and the JV Partner. It is estimated that approximately A\$78,000,000² of working capital will be required over the first three years of the JVCo. Any subsequent working capital funding would be sought by way of asset-backed debt.

JVCo Business

JVCo's business will be the large-scale production of advanced alloy powders. It is expected that the business will be operated from a green field purpose-built facility (or an existing re-purposed building) in a mutually agreed industrial zone in Abu Dhabi.

It is anticipated (however not confirmed that) the facility will be commissioned and operational by the end of 2023, with commissioning of additional powder capacity production through 2026.

Management and Board update

Amaero is pleased to announce management changes that include:

- Hank Holland has assumed the role of Chairman and Chief Executive Officer. Mr Holland will be co-located in the US and UAE.
- Barrie Finnin has assumed the role of Chief Technology Officer and Manager of Australia Operations
- John McKellar has assumed role of Manager of Middle East Operations

Amaero is pleased to announce Board changes that include:

- Non-Executive Director Mr Stuart Douglas will resign from the Board, effective from the closure of the Company's AGM on 24 November 2022.
- The planned announcement of two new Non-Executive independent directors once regulatory contractual and other required steps are completed.

Amaero will embark on the next phase of its strategic review which includes comprehensive assessment of the Company's geographical footprint, staffing and commercial projects.

This ASX release is approved by the Board of Amaero International Limited.

Investor Briefing

Amaero will hold an investor briefing on **Wednesday, 2 November at 1.00pm AEDT** to explain the matters covered in this announcement.

¹ Converted on the basis that 1 AUD = 0.643650 USD

² Converted on the basis that 1 AUD = 0.643650 USD

To pre-register for the briefing please use this link:

https://us02web.zoom.us/webinar/register/WN_Dfw42YtNTAmMa8m5_pV_Kg

After registering, you will receive a confirmation email with information about joining the briefing.

Enquiries:

Any enquiries regarding the Entitlement Offer should be directed to:

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About Amaero International Limited:

Amaero International Limited is an Australian-based company focused on titanium and other alloy powder production utilised by the additive manufacturing industry. The Company provides applied engineering and commercialisation services in collaboration with aerospace, defence and other industries that utilise additive manufacturing.

Amaero was established with the support of Monash University in 2013 to take advantage of commercial opportunities identified by the Monash Centre for Additive Manufacturing (MCAM). Amaero is co-located with MCAM in Melbourne Australia. It operates two additional facilities, in Adelaide, South Australia, and Los Angeles, California, USA.

For further information, please visit: <https://www.amaero.com.au/>

Schedule 1 – Termination Events

The Underwriter may terminate its obligations under the Underwriting Agreement if:

(events not qualified by materiality)

- (a) the S&P ASX 300 Index as published by ASX falls 10% or more below its level as at close of business on the date of this Agreement;
- (b) the Company does not lodge the prospectus on or prior to the lodgement date or the Prospectus or the offer is withdrawn by the company;
- (c) the Company chooses to or comes under an obligation, (including in accordance with the Corporations Act), to issue a supplementary or replacement prospectus or to repay any moneys received by the company from any applicant, and fails to do so;
- (d) ASIC gives notice of intention to hold a hearing in relation to the prospectus under section 739(2) of the Corporations Act or makes an order under sections 739(1), 739(3) or 739(4) of the Corporations Act;
- (e) ASIC gives notice of intention to hold a hearing examination, inspection, investigation, or it requires information to be disclosed, in connection with the company, the Prospectus or the Issue;
- (f) an order is made in connection with the Prospectus or the Issue, including under sections 1324 and 1325 of the Corporations Act;
- (g) any director or general manager of the Company is prosecuted for a criminal offence;
- (h) there is an omission from, or a statement which is, or has become, false or misleading in the prospectus and such omission or statement is or is likely to be materially adverse from the point of view of an investor;
- (i) any person, other than the underwriter, who has previously consented to being named in the prospectus, withdraws that consent whether publicly or not;
- (j) the Prospectus is withdrawn by the company at any time prior to all the securities having been allotted;
- (k) ASIC gives notice of an intention to prosecute the company, any director or employee of the company (or any related party of the company), unless it withdraws that intention in writing on or before the closing date;
- (l) ASIC does not provide its approval, or subsequently withdraws its approval, of the nominee appointed under section 615 of the Corporations Act;
- (m) the Takeovers Panel makes a declaration of unacceptable circumstances in relation to the Offer or otherwise makes an order prohibiting the Rights Issue from proceeding; and
- (n) ASX does not or indicates to the company or the underwriter that it will not permit official quotation of the securities comprised in the Issue to commence.

(events qualified by materiality)

(o) hostilities, political or civil unrest not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities, political or civil unrest occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, Indonesia, North Korea or the Peoples Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;

(p) there is:

- (i) introduced into the Parliament of the Commonwealth of Australia or an Australian State or Territory a law intended to come into effect within 12 months; or
- (ii) any official announcement on behalf of the Government of the Commonwealth of Australia or of the Government of an Australian State or Territory that a law will be introduced or policy adopted (as the case may be) with effect from the date of the announcement or within 3 months afterwards,

which has altered adversely or could reasonably be expected to alter adversely:

- (iii) any condition or circumstances relating to the Issue or the prospectus existing at the time of execution of the agreement; or
- (iv) the income tax position of the company;

(q) the company or any of its related parties fail to comply with:

- (i) a clause of its constitution;
- (ii) a statute; or
- (iii) any policy or guideline of ASIC or any other requirement, order or request made by or on behalf of ASIC or any governmental agency;

(r) the company or any of its related parties charges or agrees to charge (or grant any other form of security) over the whole or a substantial part of its business or property to any third party;

(s) there is a delay in any date specified in the timetable which is greater than 5 Business Days;

(t) the company or any of its related parties:

(u) disposes or agree to dispose of the whole or a substantial part of its business or property;
or

- (i) ceases or threatens to carry on business,
- (ii) in either case, without the prior written consent of the underwriter; or

(v) if a new circumstance arises after the prospectus is lodged and would have been required under Chapter 6D of the Corporations Act to be included in the prospectus if it had arisen

before the prospectus was lodged and is, or is likely to be, materially adverse from the point of view of an investor.

Provided none of the items (o) to (v) above apply in relation to any obligations, developments, facts or compliance with law, regulations or policy by a sub-underwriter appointed by the Underwriter.