

**AMAERO INTERNATIONAL LIMITED**  
**ACN 633 541 634**

**ENTITLEMENT ISSUE PROSPECTUS**

**For a pro rata renounceable entitlement offer to Eligible Shareholders of Amaero International Limited of 1 New Share for approximately every 1.7 Shares held by Eligible Shareholders registered at the Record Date at an Issue Price of \$0.067 Per New Share with 1 free attaching New Option for every 1 New Share issued to raise up to \$10,500,000.**

The Offer is fully Underwritten by PAC Partners Securities Pty Ltd.

**Important Notice**

This Prospectus provides important information about the Company. You should read the entire document. If you have any questions about the New Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary in Section 13.

**An investment in the Company's securities is speculative.**

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## 1. Corporate Directory

<b>Directors</b>
Hank Holland, Executive Chairman David Hanna, Non-Executive Director Stuart Douglas, Non-Executive Director
<b>Company Secretary</b>
Mark Licciardo Acclime 58 Gipps Street Collingwood Victoria 3066 +61 3 9419 7607
<b>Registered Office</b>
13 Normanby Road Notting Hill VIC Australia 3168 <b>Telephone:</b> 02 9698 5414 <b>Website:</b> <a href="http://www.amaero.com.au">www.amaero.com.au</a>
<b>Underwriter</b>
PAC Partners Securities Pty Ltd
<b>Sub-underwriter</b>
Pegasus Capital Group, LLC
<b>Lawyers</b>
Ernst & Young 200 George Street, Sydney, NSW, 2000, Australia Telephone: +61 2 9248 5555
<b>Share Registry</b>
Automic Registry Services Level 7 330 Collins Street Melbourne, VIC, Australia, 3000
<b>ASX Code</b>
3DA

## 2. Timetable for the Offer

Event	Date
Announcement of rights issue Appendix 3B lodged with ASX (for rights issue) Prospectus lodged with 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

## 3. Key Statistics for the Offer

Shares currently on issue <sup>1</sup>	256,714,607
Existing Options currently on issue <sup>2</sup>	29,693,903
Performance Rights currently on issue	1,757,565
Shares to be issued under the Offer <sup>3</sup>	156,716,418
New Options to be issued under the Offer <sup>4</sup>	156,716,418
Underwriter Options to be issued to the Underwriter <sup>5</sup>	31,343,284
Total Shares on issue at close of the Offer	413,431,025
Total Options on issue at close of the Offer <sup>6</sup>	217,753,605
Offer Price per New Share	\$0.067
Maximum amount to be raised under the Offer <sup>7</sup>	\$10,500,000

1. Refer to Section 9.1 for the rights attaching to Shares (including New Shares).
2. The Existing Options are unlisted and comprise:
  - (a) 18,673,464 Options not quoted on ASX, which are to each acquire one fully paid ordinary Share at an exercise price of \$0.42 per Share, expiring 1 August 2025.
  - (b) 3,500,000 Options not quoted on ASX, which are to each acquire one fully paid ordinary Share at an exercise price of \$1 per Share, expiring 10 December 2022.
  - (c) 7,520,439 Options not quoted on ASX, which are to each acquire one fully paid ordinary Share

at exercise price of \$0.42 per Share, expiring 4 July 2025.

3. Details of the Offer are set out in Section 6. The table assumes that no Existing Options are exercised before the Record Date and full subscription under the Offer. The Offer is fully underwritten. Refer to Section 11.1(a) for details of the terms of the Underwriting Agreement.
4. Refer to Section 9.2 for terms of issue of the New Options.
5. Refer to Section 9.3 for term of issue of the Underwriter Options and Section 11.1(a) for details of the terms and conditions of the Underwriting Agreement.
6. This includes 29,693,903 Existing Options, all New Options and Underwriter Options offered under this Prospectus.
7. If all New Options and Underwriter Options were exercised (on a cash basis), an additional \$33,850,746 would be raised and an additional 188,059,702 Shares issued.

#### **4. Important Notices**

This Prospectus is dated 1 November 2022 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application will be made to ASX within 7 days after the date of this Prospectus for the quotation of the New Shares the subject of this Prospectus.

#### **Restrictions on Distribution**

This Prospectus does not constitute an offer in any place or jurisdiction in which, or to any person to whom, it should not be lawful to make such an offer. In particular, this Prospectus may not be distributed to any person, and Securities may not be offered or sold in any country outside Australia and New Zealand except to the extent permitted below.

It is not practical for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas investors, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

Accordingly, the Offer is not being extended and New Shares and New Options will not be issued to investors with a registered address which is outside Australia, New Zealand and the United States of America (in relation to institutional “accredited investors” only). Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

Applicants resident outside Australia are responsible for ensuring that taking up any of the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

#### **Web Site - Electronic Prospectus**

A copy of this Prospectus is available and can be downloaded from the website of the Company at <https://www.amaero.com.au/investors>.

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia or New Zealand. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

### **Transaction Specific Prospectus**

This Prospectus is a transaction specific prospectus issued under Section 713 of the Corporations Act, which allows the issue of more concise prospectuses for offers of continuously quoted securities. In preparing this Prospectus, consideration has been given to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and as such, it is subject to regular reporting and disclosure obligations. Please note that this Prospectus should be read in conjunction with publicly available information the Company has provided to ASIC and ASX and that copies of documents the Company has lodged with ASIC and ASX may be obtained from or inspected at an ASIC office.

### **Suitability of Investment & Risks**

Before deciding to invest in the Company, prospective investors should read this Prospectus in its entirety and in particular, the risk factors in Section 10. They should carefully consider these factors in the light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding to invest.

Any investment in the Offer Securities should be regarded as speculative.

### **Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management. We cannot and do not

give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 10.

## **Disclaimer**

The information contained in this Prospectus is not investment advice. Before deciding to invest in the Company, you should read and understand the entire Prospectus and, in particular, in considering the Company's prospects, you should consider the risk factors that could affect the Company's performance. You should carefully consider these risk factors in Section 10 in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks.

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Shares under this Prospectus to determine whether it meets your objectives, financial situation and needs.

None of the Company, the Directors or any other person gives any guarantee as to the success of the Company, the repayment of capital, the payment of dividends, the future value of the Company's securities or the price at which the New Shares or New Options will trade on the ASX.

Any references to past performance of the Company is no guarantee of future performance.

## **No Representations other than this Prospectus**

No person or entity is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus or has not been released to ASX with the authorisation of the Company.

The Entitlement and Acceptance Form accompanying this Prospectus is important. Please refer to the instructions in Section 7 of this Prospectus regarding the acceptance of the Offer. Applications for the Offer can only be submitted on the Entitlement and Acceptance Form that is available with this Prospectus. Applications for the Underwriter Options can only be submitted by the Underwriter on Application Forms provided by the Company.

## **Clearing House Electronic Sub-Register System \*CHESS and Issuer Sponsorship**

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

### **Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

### **Past performance**

The past Share price or performance of the Company provides no guarantee or guidance as to future Share price performance. This Prospectus is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future performance of the Company including future share price performance. The historical information is not represented as being indicative of the Company’s views on its future financial condition and/or performance.

### **Governing Law**

This Prospectus, the Offers and the contracts formed on acceptance of the Applications are governed by the laws applicable in Victoria, Australia. Each Applicant submits to the exclusive jurisdiction of the Victorian courts and courts competent to hear appeals from those courts.

### **Definitions**

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary in Section 13.



All references to time in this Prospectus are references to Austral Eastern Standard Time.

**Privacy**

Please read the privacy information located in Section 11.7 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

**Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please contact the Company Secretary using the details in the Corporate Directory as set out in section 1.

## 5. Letter from the Board of Directors

Dear Shareholders

On behalf of Amaero International Limited (**Company**), I am pleased to invite you to participate in a renounceable pro rata entitlement offer to Eligible Shareholders of 1 New Share for approximately every 1.7 Shares held on the Record Date at an issue price of \$0.067 per New Share, together with 1 free quoted New Option for every 1 New Share subscribed for (exercisable at \$0.18 each on or before the date that is three (3) years after the date of issue), to raise approximately \$10,500,00 (**Offer**).

The Offer Price represents a discount of 18.6% to the 5-day volume weighted average price of \$0.0823 cents prior to announcement.

The Company intends to apply for quotation of the New Options on the ASX and Shareholders can apply for additional New Shares in excess of their Entitlement under the Shortfall Offer (refer to Section 6.10).

The Offer is fully underwritten by the Underwriter, PAC Partners. PAC Partners has entered into a sub-underwriting agreement with Pegasus Capital Group, LLC, an affiliate of Hank Holland and Pegasus Growth Capital Fund I LP., (**Sub-underwriting Agreement**), whereby Pegasus have agreed to sub-underwrite the Offer to the amount of \$10,500,000 (Comprising 156,716,418 New Shares).

The funds raised are proposed to be used as follows:

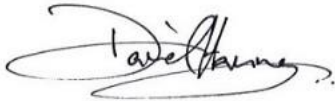
Restructuring Costs	\$ 2,900,000
Operating Activities	6,850,000
Capital Raising Costs	<u>750,000</u>
	\$10,500,000

In line with the Company's focus on titanium powder production opportunities in the Middle East, the Company has signed a Non-Binding Term Sheet with Technology Holding Company LLC, an affiliate of Ethmar Holdings (**THC**) (**Term Sheet**) to form a Joint Venture for the production and manufacture of titanium, aluminum and super alloy powders in the United Arab Emirates (**UAE**), (**Joint Venture**) (see ASX announcement on 1 November 2022). The Joint Venture 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 2025.

While the Company is at an exciting stage of its development the Company is undergoing a significant restructuring and risks remain, including the ongoing impact of the COVID-19 situation worldwide, development and commercialisation risks, and ongoing requirements for additional funding. Section 10 sets out key risks relevant to the Company and investments in securities generally.

On behalf of your Directors, I invite you to consider this opportunity and thank you for your continued support.

Respectfully,

A handwritten signature in black ink, appearing to read "David Hanna", with a large, stylized flourish underneath.

Mr David Hanna  
Independent Non-Executive Director

## **6. Details of the Offer**

### **6.1. What is the Offer?**

The Offer is a pro rata renounceable entitlement issue of Shares, of 1 New Share for approximately every 1.7 Shares held by Eligible Shareholders on the Record Date, at an Issue Price of \$0.067 per New Share, to raise up to \$10,500,000 (before costs of the Offer). For every 1 New Share issued, 1 attaching free New Option will be issued. Terms of issue of the New Shares and New Options are set out in Sections 9.1 and 9.2 respectively.

Based on the capital structure of the Company as at the date of this Prospectus, the maximum number of New Shares that will be issued pursuant to the Offer is 156,716,418 New Shares and 156,716,418 attaching New Options.

The Offer is made to Eligible Shareholders only. In this regard, refer to Section 6.5.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Prospectus.

### **6.2. Offer renounceable**

The Entitlements under the Offer are renounceable, which means that all or part of an Eligible Shareholder's rights to subscribe for New Shares (and attaching New Options) under the Offer may be traded on the ASX. Trading Entitlements will commence on the ASX on Thursday, 3 November 2022 on deferred settlement basis and will cease on Friday, 18 November 2022.

### **6.3. Is the Offer underwritten?**

The Offer is fully underwritten by PAC Partners. Details of the Underwriting Agreement are set out in Section 11.1(a).

### **6.4. Is there a minimum subscription?**

There is no minimum subscription to the Offer.

### **6.5. Eligibility of Shareholders**

The Offer is made to Eligible Shareholders only. Eligible Shareholders are Shareholders on the Record Date who have a registered address in Australia, New Zealand and the United States of America (in relation to institutional "accredited investors" only), or who are Shareholders that the Company has otherwise determined, are eligible to participate.

### **6.6. What Eligible Shareholders may do**

The number of Securities to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may, at their election:

- (a) take up some or all of their Entitlement (refer to Section 7.1);
- (b) take up all of their Entitlement and apply for Shortfall Shares (and free attaching

- New Options) under the Shortfall Offer (refer to Section 7.2);
- (c) sell part or all of their Entitlement on ASX (refer to Section 7.3);
  - (d) deal with part or all of their Entitlement other than on ASX (refer to Section 7.4); or
  - (e) allow all or part of their Entitlement to lapse (refer to Section 7.5),
- or appropriate combinations of the above.

#### **6.7. Allowing all or part of your Entitlement to lapse**

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on the ASX.

If you do not wish to accept your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

#### **6.8. What will proceeds of the Offer be used for?**

The proceeds of the Offer will be applied as set out in Section 8.1.

#### **6.9. What is the effect of the Offer on the Company?**

Refer to Section 8.2 and subsequent Section for details of the effect of the Offer on the Company.

#### **6.10. The Shortfall Offer**

If any Eligible Shareholders do not take up their full Entitlement, New Shares that are not taken up will form the Shortfall. Ineligible Shareholders may not take up their Entitlements under the Offer and accordingly, New Shares that would have otherwise been issued to them (had they been Eligible Shareholders) will also form part of the Shortfall.

Eligible Shareholders may, in addition to applying for their Entitlement, apply for Shortfall Shares (and free attaching New Options) under the Shortfall Offer.

The Shortfall Offer is a separate offer pursuant to this Prospectus. The issue price of the New Shares is the same as those under the Offer (and the terms of the free attaching New Options are the same as under the Offer).

There is no guarantee that Eligible Shareholders will receive any or all of the Shortfall Shares (and free attaching New Options) they apply for. It is an express term of the Shortfall Offer that Eligible Shareholders may receive no allocation of Shortfall Shares (and free attaching New Options) applied for and if any are allotted in response to an application under the Shortfall Offer, the relevant Eligible Shareholders must accept any such lesser number of Shortfall Shares (and free attaching New Options) (being less than the number actually applied for) as are issued in response to such an application.

Any money paid for Shortfall Shares that are not issued to an Eligible Shareholder who applies for them will be returned to the Eligible Shareholder without interest.

Shortfall Shares (and free attaching New Options) that are issued to Eligible Shareholders will be issued at the same time as the New Shares to be issued pursuant to the acceptance of Entitlements.

The Directors and the Underwriter reserve the right to issue Securities comprising the Shortfall at their absolute discretion, subject to the ASX Listing Rules and the Corporations Act.

## 6.11. Important Dates

Eligible Shareholders should note the following important dates:

Event	Date
Announcement of rights issue Appendix 3B lodged with ASX (for rights issue) Prospectus lodged with 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

Note: These dates are indicative only and subject to change. The Company has the right to vary these dates without notice, including to close the Offer early or accept late Applications, either generally or in particular cases.

## 6.12. Fees and Commissions

As the Offer is underwritten by PAC Partners. The Company has assumed contractual obligations to pay any fees or commissions in respect of any funds raised under this Prospectus, as set out in Section 11.1(a).

### **6.13. Closing Date of the Offer**

The Offer will close on Friday, 25 November at 5.00pm (AEST). The Company reserves the right to close the Offer early or to extend the Closing Date of the Offer without prior notice.

### **6.14. Costs of the Offer**

The Company estimates the cash costs of the Offer to be approximately \$750,000. In this regard, refer to Section 11.18.

### **6.15. Quotation of New Shares**

Application will be made within seven (7) days of the date of this Prospectus to the ASX for the New Shares (and free attaching New Options) issued pursuant to this Prospectus to be granted official quotation by ASX.

If granted, official quotation of the New Shares (and free attaching New Options) will commence as soon as practicable after allotment of the New Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading.

Should the New Shares (and free attaching New Options) not be granted official quotation on the ASX within 3 months after the date of this Prospectus, none of the New Shares or New Options offered under this Prospectus will be issued and all Application Monies will be refunded without interest to Applicants within the time prescribed by the Corporations Act.

### **6.16. Allotment**

It is expected that allotment of the New Shares (and free attaching New Options) will take place shortly after the Closing Date of the Offer and the receipt of approval for quotation of the New Shares from ASX. In this regard, see Section 6.11.

### **6.17. Ineligible Shareholders**

The Company has decided that it is unreasonable to make offers under the Offer (including the Shortfall Offer) to Shareholders who are Shareholders on the Record Date but with registered addresses outside of Australia, New Zealand or the United States of America (in relation to institutional “accredited investors” only) (**Ineligible Shareholders**), having regard to the number of Shareholders in those places, the number and value of the New Shares that they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Offer and the Shortfall Offer are not being extended to, and do not qualify for distribution or sale by or to, and no New Shares or New Options will be issued to Shareholders having registered addresses outside Australia, New Zealand or the United States of America (in relation to institutional “accredited investors” only).

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries outside of Australia or New Zealand in which Shareholders may reside. The distribution of this Prospectus in jurisdictions other than Australia or New

Zealand may be restricted by law and any failure to comply with such restrictions might constitute a violation of applicable securities laws.

In any event, the Offer and the Shortfall Offer are only made to and may only be accepted by Eligible Shareholders. No offer is made pursuant to this document in any place in which, or to any person to whom, it would be unlawful to make such an offer.

### **United States of America**

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States of America. The securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. In particular, this document may only be distributed by the Company in the United States to institutional “accredited investors” within the meaning of Rule 501(a)(1), (2), (3) or (7) under the US Securities Act of 1933.

### **New Zealand**

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## **6.18. Notice to Nominees, Trustees and Custodians**

Nominees, trustees or custodians must not apply for Entitlements on behalf of any beneficial holder that would not itself be an Eligible Shareholder. Shareholders who hold Shares on behalf of persons who are resident outside Australia, New Zealand or the United States of America (in relation to institutional “accredited investors” only) are responsible for ensuring that accepting an Offer and receiving New Shares does not breach regulations in the relevant overseas jurisdictions. Return of a completed Entitlement and Acceptance Form or payment via BPAY or EFT will constitute a representation by the Applicant that there has been no breach of such regulations with respect to the Offer.

Eligible Shareholders who are nominees, trustees and custodians are therefore advised to seek independent advice as how they should proceed. Failure to comply with restrictions set out in this Prospectus may result in violations of applicable securities laws.

## **6.19. Appointment of Nominee under ASX Listing Rule 7.7**

Pursuant to ASX Listing Rule 7.7, the Company has appointed PAC Partners as nominee to sell the Entitlements to which Ineligible Shareholders are entitled.



Any interest earned on the proceeds of the sale of these Entitlements will, firstly, be applied against expenses of such sale, including brokerage and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Ineligible Shareholders may receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, PAC Partners will not be required to sell Ineligible Shareholders' Entitlement at a particular price.

Neither the Company nor PAC Partners will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of PAC Partners, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse. The New Shares (and New Options) not taken up will form part of the New Shares and New Options to be taken up by the Underwriter pursuant to the Underwriting Agreement.

Refer to Section 8.6 for additional information.

## 6.20. Directors' and Proposed Director's Interests in the Company

The Directors' beneficial interests in the capital of the Company at the date of this Prospectus, are as follows:

Director	Shares	Options	Performance Rights	Entitlement - New Shares	Entitlement - New Options	Intentions
Hank Holland	37,346,929 <sup>1</sup>	18,673,464 <sup>2</sup>	0	21,968,782	21,968,782	Accept
David Hanna	428,949 <sup>3</sup>	0	0	252,323	252,323	Accept
Stuart Douglas	21,924,316 <sup>4</sup>	0	0	12,896,657	12,896,657	Reject
Omer Granit <sup>6</sup>	10,196,918 <sup>7</sup>	5,098,459 <sup>8</sup>	0	5,998,187	5,998,187	Accept

### Note:

- Shares held indirectly via Pegasus Growth Capital Fund I, LP.
- Unquoted options held indirectly via Pegasus Growth Capital Fund I, LP. Unquoted options expire 1 August 2025 with an exercise price of AU\$0.42.
- Includes 31,250 fully paid ordinary shares subject to escrow for 24 months from official quotation.
- Shares held indirectly, comprising:
  - 18,752,996 via Innovyz Investments Pty Ltd <Innovyz Investments Unit A/C>;
  - 1,749,999 via Kimberly Douglas + Stuart Douglas <The Douglas Family A/C>;
  - 937,500 via Douglas Invest Pty Ltd <Douglas Invest Pty Ltd A/C>; and

- (d) 483,821 via Innovyz Investments No 3 Pty Ltd <Innovyz Invest Unit A/C>.
- 5. The above table has been prepared based on the most recent Appendix 3X or Appendix 3Y (as the case may be), that was lodged by the Company with the ASX, in respect of each Director;
- 6. Proposed to be appointed as a Non-Executive Director subject to all regulatory requirements being completed.
- 7. Shares held indirectly via June Seventy Sixers LLC. The Company has also agreed to issue Omer Granit 2,029,188 ordinary fully paid shares in accordance with an advisory service agreement between the Company and Granit Management LLC dated 31 December 2021.
- 8. Unquoted options held indirectly via June Seventy Sixers LLC. Unquoted options expire 4 July 2025 with an exercise price of AU\$0.42.

## **6.21. Risks of the Offer**

In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company, which are described in Section 10. Those risks include:

- (a) in relation to the Company and industry in which it operates, risks relating to the following:
  - (i) future capital needs and additional funding;
  - (ii) joint ventures, contracts and agents; and
  - (iii) operating risks.
  - (iv) competition;
  - (v) acquisition and investment risks;
  - (vi) loss of key personnel;
  - (vii) export controls, international traffic in arms regulations and related regulations;
  - (viii) dividends Policy; and
  - (ix) risk of litigation.
- (b) General Investment risks, related to the following:
  - (i) securities investments and share market conditions;
  - (ii) liquidity risk;
  - (iii) economic risk;
  - (iv) changes in laws and government policy;
  - (v) taxation;
  - (vi) global credit and investment markets;
  - (vii) counterparty risk;

- (viii) insurance; and
- (ix) unforeseen expenditure.

## **6.22. Taxation implications**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Offer Securities under this Prospectus.

## **6.23. Brokerage, handling fees and stamp duty**

No brokerage, handling fees or stamp duty is payable by Applicants in respect of their applications for New Shares under this Prospectus. The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment.

Application Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Application Monies will be retained by the Company irrespective of whether allotment takes place.

## **6.24. Enquiries**

Any queries regarding the Offer should be directed to the Company Secretary on +61 3 9419 7607.

# **7. How to Apply under the Offer**

## **7.1. Taking up some or all of your Entitlement**

Should you wish to accept all of your Entitlement, then applications for New Shares (and free attaching New Options) must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® or EFT payment, in accordance with the instructions to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Should you wish to accept only part of your Entitlement and sell the remaining Entitlement on the ASX or otherwise, follow the instructions above in relation to the part of the Entitlement that you wish to accept, and follow the instructions in Sections 7.3 or 7.4 in relation to the part of the Entitlement that you wish to sell on the ASX or otherwise.

## **7.2. Taking up all of your Entitlement and applying for Securities under the Shortfall Offer**

Should you wish to accept all of your Entitlement and apply for Shortfall Shares (and free attaching New Options) under the Shortfall Offer, then applications for Offer Securities under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® or EFT payment, in accordance

with the instructions in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

### **7.3. Selling all or part of your Entitlement on ASX**

The Entitlements under the offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares (and attaching New Options) under the Offer may be traded on the ASX. If you wish to sell all or part of your Entitlement on the ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on the ASX. Trading of Entitlements will commence on the ASX on Thursday, 3 November 2022 and ceases on Friday, 18 November 2022.

The Company does not guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on the ASX or that any particular price will be paid for the Entitlements sold on the ASX.

### **7.4. Selling all or a proportion of your Entitlement other than on ASX**

You may elect to transfer all or a proportion of your Entitlement to another person other than on the ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the issuer sponsored sub-register and you wish to transfer all or a proportion of your Entitlement to another person other than on the ASX, forward a standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the New Shares they wish to subscribe for payable to "Amaero International Limited" and crossed "Not Negotiable" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the address specified in the Entitlement and Acceptance Form.

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS sub-register, you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by the Share Registry in accordance with Sections 7.6 or 7.7.

### **7.5. Allowing all or part of your Entitlement to lapse**

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on the ASX. However, if you do not wish to accept your Entitlement or part thereof, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement (or part thereof) by the Closing Date, the Offer to you in respect will lapse (in whole or in part, whichever applies).

### **7.6. Payments by cheque/bank draft**

Payment by cheque/bank draft will not be accepted.

## **7.7. Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Offer Securities which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 4:00 pm (AEST) on the Closing Date. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of New Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

## **7.8. Binding effect of Entitlement and Acceptance Form**

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY or EFT, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The director decision whether to treat an Acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with Application Monies or making a payment by BPAY or EFT, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares (and New Options) under the Offer;
- (b) you acknowledge that the New Shares (and New Options) have not been and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia or New Zealand; and
- (c) you have not and will not send any materials relating to the Offer to any person in the United States America (other than in relation to institutional “accredited investors”) or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States (other than in relation to institutional “accredited investors”).

## 7.9. Enquiries concerning your Entitlement or an Application Form

For enquiries concerning your Entitlement or an Application Form, please contact the Company Secretary on +61 3 9419 7607.

## 8. Purpose and Effect of the Offer

### 8.1. Purpose

The purpose of the Offer is to raise up to \$10,500,000 (excluding costs of the Offer).

No funds will be raised from the issue of New Options (unless exercised on a cash basis).

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Project/Purpose <sup>1</sup>	\$
Restructuring Costs	\$2,900,000
Operating Activities	\$6,850,000
Costs of the Offer <sup>2</sup>	\$750,000
<b>TOTAL</b>	<b>\$10,500,000</b>

**Notes:**

1. The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to materially affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis and otherwise having regard to their fiduciary duties.

2. Refer to section 11.18 of this Prospectus for further details relating to the estimated expenses of the Offer. This assumes that the Offer is fully subscribed and includes any fees paid under the Underwriting Agreement discussed in Section 11.1(a).

### 8.2. Effect of the Offer on the Company

The principal effects of the Offer will be to:

- (a) increase the number of Shares on issue from 256,714,607 as at the date of this Prospectus to 413,431,025 Shares (assuming no Existing Options are exercised before the Record Date);
- (b) increase the number of Options on issue from 29,693,903 as at the date of this Prospectus to 217,753,605 Options (assuming no Existing Options are exercised before the Record Date); and
- (c) increase the estimated cash available to the Company by \$10,500,000 (before costs of the Offer).

If all New Options and Underwriter Options were exercised (on a cash basis), an additional \$33,850,746 would be raised and an additional 188,059,702 Shares issued.

### 8.3. Pro Forma balance sheet

The Company's balance sheet as at 30 September 2022 and the pro-forma balance sheet as at 31 October 2022 shown below have been prepared on the basis of accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared on the basis that all Entitlements are accepted and no Options are exercised prior to the Record Date and including expenses of the Offer, but excluding the options to be issued to PAC Partners as part of their fees as outlined in Section 11.1(a).

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company as noted below. The historical and pro forma financial information is presented in abbreviated form, in that it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	30-Sep-22	31-Oct-22	31-Oct-22			31-Oct-22
Notes	(Unaudited)	(Movement )	(Unaudited)	Capital Raise	Capital Raise Costs	(Proforma)
	A\$	A\$	A\$	A\$	A\$	A\$
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	6,944,920	(846,057)	6,098,863	10,500,000	(750,000)	15,848,863
GST receivable	172,892	(120,387)	52,505			52,505
Trade and other receivables	309,254	824,209	1,133,463			1,133,463
Inventories	1,128,708	(659,849)	468,859			468,859
Other current assets	105,590	1,985	107,575			107,575
Total current assets	<b>8,661,364</b>	<b>(800,099)</b>	<b>7,861,265</b>	<b>10,500,000</b>	<b>(750,000)</b>	<b>17,611,265</b>
<b>Non-current assets</b>						
Bond	202,991	3,985	206,976			206,976
Deposits on equipment	4,027,597	(91,915)	3,935,682			3,935,682
Investment in Amaero Alloys Pty Ltd	367,019	0	367,019			367,019
Property, plant and equipment	3,439,030	52,721	3,491,751			3,491,751

Right-of-use assets	2,540,806	144	2,540,950			2,540,950
<b>Total non-current assets</b>	<b>10,577,443</b>	<b>(35,065)</b>	<b>10,542,378</b>	<b>0</b>	<b>0</b>	<b>10,542,378</b>
<b>Total assets</b>	<b>19,238,807</b>	<b>(835,164)</b>	<b>18,403,643</b>	<b>10,500,000</b>	<b>(750,000)</b>	<b>28,153,643</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Trade and other payables	928,101	(504,168)	423,933			423,933
Employee benefit obligations	356,572	19,036	375,608			375,608
Other current liabilities	527,289	22,954	550,243			550,243
<b>Total current liabilities</b>	<b>1,811,962</b>	<b>(462,178)</b>	<b>1,349,784</b>	<b>0</b>	<b>0</b>	<b>1,349,784</b>
<b>Non-current liabilities</b>						
Lease liabilities	2,201,826	9,984	2,211,810			2,211,810
Term liabilities	87,710	13,883	101,593			101,593
<b>Total non-current assets</b>	<b>2,289,536</b>	<b>23,867</b>	<b>2,313,403</b>	<b>0</b>	<b>0</b>	<b>2,313,403</b>
<b>Total liabilities</b>	<b>4,101,498</b>	<b>(438,311)</b>	<b>3,663,187</b>	<b>0</b>	<b>0</b>	<b>3,663,187</b>
<b>Net assets</b>	<b>15,137,309</b>	<b>(396,853)</b>	<b>14,740,456</b>	<b>10,500,000</b>	<b>(750,000)</b>	<b>24,490,456</b>
<b>EQUITY</b>						
Contributed Equity	38,270,540	(1,897)	38,268,643	10,500,000	(750,000)	48,018,643
Reserves	791,996	(56,628)	735,368			735,368
Retained Earnings / (Losses)	(23,925,227)	(338,328)	(24,263,555)			(24,263,555)
<b>Total equity</b>	<b>15,137,309</b>	<b>(338,328)</b>	<b>14,740,456</b>	<b>10,500,000</b>	<b>(750,000)</b>	<b>24,490,456</b>



#### 8.4. Effect of the Offer on the Company's Capital Structure

The capital structure of the Company, following completion of the Offer, is expected to be as follows:

Shares	Number
Shares on issue as at the date of this Prospectus <sup>1</sup>	256,714,607
To be issued pursuant to the Offer	156,716,418
<b>Total Shares on issue at close of the Offer <sup>2</sup></b>	<b>413,431,025</b>

**Notes:**

1. Refer to Section 9.1 for the rights attaching to Shares (including New Shares).
2. Assumes no Existing Options are exercised before the Record Date and full subscription under the Offer. The Offer is fully underwritten. Refer to Section 11.1(a) for details of the terms of the Underwriting Agreement.

Options and Performance Rights	Number
Existing Options as at the date of this Prospectus <sup>1</sup>	29,693,903
Existing Performance Rights as at the date of the Prospectus	1,757,565
New Options offered under this Prospectus <sup>2</sup>	188,059,702
<b>Total Options on issue at close of the Offer</b>	<b>217,753,605</b>

**Notes:**

1. Consisting of:
  - (a) 18,673,464 Options not quoted on ASX, which are to each acquire one fully paid ordinary Share at an exercise price of \$0.42 per Share, expiring 1 August 2025.
  - (b) 3,500,000 Options not quoted on ASX, which are to each acquire one fully paid ordinary Share at an exercise price of \$1 per Share, expiring 10 December 2022.
  - (c) 7,520,439 Options not quoted on ASX, which are to each acquire one fully paid ordinary Share at exercise price of \$0.42 per Share, expiring 4 July 2025.
2. Includes 156,716,418 New Options offered to Shareholders under the Offer and an additional 31,343,284 Underwriter Options offered to the Underwriter. Refer to Sections 9.2 and 9.3 for terms of issue of the New Options and Underwriter Options. Refer to Section 11.1(a) for details of the terms of the Underwriting Agreement.
3. If all New Options (including those offered to the Underwriter) were exercised (on a cash basis), an additional \$33,850,746 would be raised and an additional 188,059,702 Shares issued.

#### 8.5. Substantial Shareholders

The particulars of the Company's substantial Shareholders are set out below (as at the date of this Prospectus):

Shareholder	Holding	Voting Power
Pegasus Growth Capital Fund I LP.	37,346,929	14.55%
Rosewood Engineering Pty Ltd	20,900,000	8.14%
Innovyz Investments Pty Ltd	18,752,996	7.30%

Shareholder	Holding	Voting Power
Monash Investment Holdings Pty Ltd	18,315,178	7.13%

## 8.6. Effect of the Offer on control of the Company

### Proportion of Shares represented by the Offer

The maximum total number of New Shares proposed to be issued under the Offer is approximately 156,716,418 which will constitute 37.91% of the Shares on issue following completion of the Offer (assuming no other Shares are issued or Existing Options exercised prior to the Record Date).

The potential effect that the issue of the New Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their entitlements under the Offer, the issue of Shares under the Offer will have no effect on the control of the Company and all shareholders will hold the same percentage interest in the Company;
- (b) if some but not all Eligible Shareholders take up their Entitlement, and the Shortfall is taken-up under the Shortfall Offer and the Underwriting Agreement, the percentage interest in the total issued Shares of each Eligible Shareholder who does not take up their Entitlement will be diluted and the percentage interest of the total issued Shares of each Eligible Shareholder who does not take up their Entitlement will remain the same; and
- (c) Ineligible Shareholders who are not entitled to participate in the Offer, will be diluted (refer to Section 8.6 for further details).

### Section 615 Nominee for Ineligible Shareholders Appointed

The Company has sought from ASIC (and is expected to be obtained before the Issue Date) the appointment of PAC Partners as nominee in respect of Excluded Shareholders and will issue PAC Partners (or it's nominee) the Entitlements to acquire those New Shares that Excluded Shareholders would otherwise have received and PAC Partners accepts the appointment and agrees to use its reasonable endeavors to sell the Entitlements on-market and arrange with the Registry to remit the net proceeds of any such sale (excluding reasonable costs) to the Excluded Shareholders in compliance with ASX Listing Rule 7.7.1.

### Underwriter and Sub-underwriter voting power

The Underwriter, PAC Partners, is not a related party of the Company and presently has 3,309,533 Shares in the Company. It has advised that it has no intention of acquiring additional Shares in the Company prior to the Record Date.

PAC Partners has agreed to fully underwrite the Offer (156,716,418 New Shares) but has sub-underwritten the full amount of the Offer (being 156,716,418 New Shares) to Pegasus Capital Group LLC (an entity controlled by Executive Chairman, Hank Holland, and associated with Pegasus Growth Capital Fund I, LP) in accordance with the Sub-

Underwriting Agreement. The sub-underwritten New Shares (to the extent there is a shortfall at the close of the Offer) will be acquired by Pegasus Growth Capital Fund I, LP.

The Sub-Underwriting Agreement will terminate automatically upon termination of the Underwriting Agreement, howsoever occurring (see Section 11.1 for further details). The Sub-Underwriting Agreement may also be terminated by the sub-underwriter if an event set out in paragraphs (xii) or (xiii) of Section 11.1(a) occurs.

Pegasus Growth Capital Fund I, LP maximum relevant interests in Shares and voting power in the Company under several scenarios are set out in the table below (which assumes that no further Shares are issued):

Potential Pegasus voting power

Shareholder acceptance scenario <sup>1</sup>	Total Sub-underwriting Shares <sup>2</sup>	Pegasus Voting Power <sup>3</sup>
Fully subscribed	0	14.55%
75% subscribed by Shareholders other than Sub-underwriter	39,179,104	24.03%
50% subscribed by Shareholders other than Sub-underwriter	78,358,209	33.50%
25% subscribed by Shareholders other than Sub-underwriter	117,537,313	42.98%
No subscriptions - underwritten Shares only	156,716,418	47.71%

1. Assumes Pegasus takes up their full Entitlement.

2. Of the Underwriter's Shares, up to 156,716,418 New Shares may be dispersed via sub-underwriting to Pegasus Capital Group LLC.

3. In addition to New Shares, the Underwriter (and sub-underwriters in the proportions described above) will also receive a maximum of 156,716,418 attaching New Options if no New Shares were accepted by Shareholders, in addition to the Underwriter Options offered pursuant to the Underwriting Agreement described in Section 11.1(a).

The number of Shares held by Pegasus and its associates and its voting power in the table above show the potential effect of the sub-underwriting of the Offer. However, it is unlikely that no Shareholders will take up entitlements under the Offer. The sub-underwriting obligation and therefore voting power of Pegasus and its associates will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by Shareholders. The Offer is also renounceable and Eligible Shareholders may, to the extent there is available shortfall, apply for New Shares in excess of their Entitlement (see Section 6.10 for further details), both of which are designed to mitigate the potential effect of the Offer on the control of the Company.

Pegasus has advised the Company that is their current intention that Pegasus will take up their Entitlement, being 22,807,285 New Shares. The relevant interest of Pegasus and its associates in Shares following completion of the Offer may vary depending on take-up under the Offer (as set out in the table above).

If the relevant interest of Pegasus (together with its associates) is greater than 19.99% post completion of the Offer, Pegasus intend to rely on the exception in item 10 of section 611 of the Corporations Act to increase its voting power from a starting point below 19.99% to a point above 20%.

The Company intends to rely on Listing Rule 10.12, exception 2 to permit Pegasus' affiliate Pegasus Capital Group LLC to sub-underwrite the Offer. Accordingly, Shareholder approval under Listing Rule 10.11 is not required.

Following completion of the Offer, Pegasus and its associates will have a relevant interest in Shares representing between 14.55% and 47.71%.

The Company recently announced strategic changes to the business activities, management and governance of the Company (see ASX Announcements dated 29 September 2022, 30 September 2022 and 21 October 2022), which included the appointment of Hank Holland as Executive Chairman. Further, it was announced that Hank Holland has assumed role of CEO (See ASX Announcement dated 1 November 2022). Pegasus is supportive of the Company's proposed new strategic direction.

The Company also recently announced it has signed the non-binding Term Sheet with THC to form the Joint Venture for the production and manufacture of titanium, aluminum and super alloy powders in the UAE (see ASX Announcement on 1 November 2022). Pegasus is also supportive of the proposed Joint Venture.

Subject to the matters described above (particularly in respect of the Company's proposed new strategic direction) and elsewhere in this Prospectus, it is the intention of Pegasus (regardless of any possible increase in its voting power as following completion of the Offer) to:

- (a) continue the business of the Company; and
- (b) not make any major changes to the Company's existing business.

Examples of how the dilution may impact Shareholders (assuming no New Options are exercised before the Record Date) are set out below:

Holder	Holding as at Record date	% at Record Date	Entitlement - Shares	Holdings if Entitlement not taken Up	0/ % post Offer
Shareholder 1	50,000,000	19.48%	29,411,765	50,000,000	12.09%
Shareholder 2	25,000,000	9.74%	14,705,882	25,000,000	6.05%
Shareholder 3	10,000,000	3.90%	5,882,353	10,000,000	2.42%
Shareholder 4	1,000,000	0.39%	588,235	1,000,000	0.24%
Shareholder 5	100,000	0.03%	58,824	100,000	0.02%
Shareholder 6	1,000	0.0003%	588	1,000	0.0002%

## 9. Rights and Liabilities attaching to the New Shares and New Options

### 9.1. New Shares

Full details of the rights and liabilities attaching to the New Shares, which rank equally with all other existing Shares, are:

- (a) detailed in the Company's Constitution a copy of which can be inspected, free of

charge, at the registered office of the Company during normal business hours; and

- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the New Shares, which are fully paid ordinary shares that rank equally with all Shares currently on issue.

This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

- (a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

- (b) Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the Board may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend.

- (c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

- (d) Transfer of Shares

A shareholder may transfer Shares by a market transfer on the ASX in accordance with a proper ASTC transfer (as defined by the *Corporations Regulations 2001* (Cth)) or by an instrument in writing in a form approved by the Board.

- (e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

- (f) Election of Directors

There must be a minimum of 3, but not more than 10 Directors as determined by the Board. Any Director who would have held office for more than 3 years if that Director

remains in office until the next general meeting must retire. These retirement rules do not apply to certain appointments including the managing director.

(g) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(h) Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Shareholders:

- (i) distribute among shareholders the whole or any part of the property of the Company; and;
- (ii) for that purpose, fix the value of assets and decide how the division is to be carried out as between the members and different class of members.

A Shareholder need not accept any property, including shares or other securities, in respect of which there is any liability on the part of the Shareholder.

(i) Shareholder liability

As the New Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(j) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(k) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision.

If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

## 9.2. New Options

The New Options have the following terms:

- (a) Each New Option entitles the holder to one fully paid ordinary share in the capital of the Company.
- (b) The New Options may be exercised at any time prior to 5.00pm AEST on the date that is three (3) years after the date of issue of the New Options (**Expiry Date**).
- (c) The exercise price of the New Options is \$0.18 each (**Exercise Price**).
- (d) The New Options will be listed, subject to the Listing Rules.
- (e) The New Options are transferable, subject at all times to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable law or regulation.
- (f) The New Options may be exercised in whole or in part (subject to Section 9.2(m) below) before the Expiry Date by (i) notice in writing to the Company (**Notice of Exercise**) and: (ii) (A) payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company; or (B) by way of the Net Issuer Exercise process described in Section 9.2(l) below.
- (g) All Shares issued upon the exercise of the New Options will rank equally in all respects with the Company's then issued Shares. The Company will apply to the ASX for all Shares issued pursuant to the exercise of the New Options to be admitted to quotation.
- (h) In the event of a pro rata entitlements issue to the Company's shareholders, the Exercise Price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (i) In the event of a bonus issue the number of Shares over which the New Option is exercisable will be increased by the number of Shares which the New Option holder would have received if the New Option had been exercised before the record date for the bonus issue.
- (j) In the event of any reorganisation of the capital of the Company (including consolidation, subdivisions, reduction or return) the rights of a New Option holder will be changed to extent necessary to comply with the Listing Rules of the ASX applying to a reorganisation of the capital at the time of the reorganisation.
- (k) There are no participating rights or entitlements inherent in the New Options and a New Option holder will not be entitled to participate in new issues of capital offered to the Company's shareholders during the term of the New Options. However, the Company will send a notice to the New Option holder at least 3 business days before the record date of any new issues of capital offered to the Company's shareholders in order to give the New Option holder the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

- (l) Net Issue Exercise. In lieu of exercising the New Options in the manner provided above in Section 9.2(f), the holder may elect to receive Shares equal to the value of the New Options (or the portion thereof being exercised) by surrender of the New Option to the Company together with notice of such election on a purchase/exercise form provided by the Company, duly executed by or on behalf of the holder, in which event the Company will issue to holder a number of Shares computed using the following formula:

$$X = Y (A - B) / A$$

Where X = The number of Shares to be issued to the holder.

Y = The number of Shares purchasable under the New Option (at the date of such calculation).

A = The fair market value of one Share (at the date of such calculation).

B = The Exercise Price (as adjusted to the date of such calculation).

For the purpose of this Section 9.2(l), the fair market value of one Share on the date of calculation will mean:

- (i) where the Company is admitted to the official list of the ASX, the fair market value per share shall be equal to the average of the closing price of the Company's Shares quoted on the ASX, for the ten (10) trading day period ending five (5) trading days prior to the date of determination of fair market value;
  - (ii) if the exercise is in connection with an initial public offering of the Company's Shares, and if the Company's registration statement relating to such public offering has been declared effective by the Securities and Exchange Commission, the fair market value of Shares shall be the initial "Price to Public" per share of the Company's common stock specified in the final prospectus with respect to the offering multiplied by the number of shares of the Company's common stock into which a share of common stock is then convertible;
  - (iii) if the exercise is in connection with an offer for the Shares made by a third party on arm's length commercial terms, which is accepted by shareholders owning more than 50.1% of the Shares on issue, then the fair market value of Shares shall be the price per Share accepted by those shareholders; or
  - (iv) if paragraphs (i), (ii) or (iii) are not applicable, the fair market value shall be at the highest price per share which the Company could obtain on the date of calculation from a willing buyer (not a current employee or director) for Shares sold by the Company, from authorised but unissued shares, as determined in good faith by the Board.
- (m) The minimum number of New Options that may be exercised by the holder is either (i) 10,000,000 New Options per exercise, or (ii) if the holder holds less than 10,000,000 New Options, the total number of New Options held by that holder.



### **9.3. Underwriter Options**

The Underwriter Options offered to the Underwriter have the same terms as all other New Options (see Section 9.2).

## **10. Risk Factors**

The New Shares offered under the Prospectus are considered speculative.

An investment in the Company is not risk free and the Directors strongly urge potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult with their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

Prior to deciding whether to participate in the Offer, investors should read the entire Prospectus and review announcements made by the Company to ASX (at [www.asx.com.au](http://www.asx.com.au) under the code **3DA**), in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

Securities do not carry any guarantee with respect to the payment of any dividends, returns of capital or the market value of those securities.

There are specific risks which relate directly to the Company's business. In addition, there are general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **10.1. Company and industry risks**

#### **(a) Future capital needs and additional funding**

Whilst the Offer will position the Company well, the Company may require further financing in addition to amounts raised under the Offer.

Any additional equity financing may dilute existing shareholdings. Debt financing, if available, may involve restrictions on financing and operating activities.

There can be no assurance that the Company will be able to obtain additional financing when required in the future, or that the terms and time frames associated with such financing will be acceptable to the Company. This may have an adverse effect on the Company's ability to achieve its strategic goals and have a negative effect on the Company's financial results, liquidity position and the value of the Company's Shares.

#### **(b) Joint ventures, contracts and agents**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party; or the insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or the insolvency or other managerial failure by any of the other service

providers used by the Company for any activities. The Company may not be able to meet forecast production, or to complete planned exploration, appraisal and development programmes if there is a failure these parties.

(c) Operating risks

The operations of the Company may be affected by various factors, including operational and technical difficulties; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. Such changes may have an adverse effect on the operations and production ability of the Company by increasing costs or delaying activities.

(d) Competition

The Company competes with other companies. Some of these companies have greater financial and other resources than the Company and as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company will be able to compete effectively with these companies. The technologies directly associated with the use of the Company's mineral resources compete with other technologies that can provide the same utility by using other materials.

(e) Acquisition and investment risks

The Company may seek potential acquisitions and investments to complement its existing assets. Whilst the Company will undertake thorough due diligence on any acquisitions or investments, there are risks associated with acquisitions or investments which may not be fully mitigated. Furthermore, any acquisition or investment may require the Company to raise additional capital, which may be dilutive for existing Shareholders.

(f) Key personnel

The ability of the Company to achieve its objectives depends on the retention of key personnel who provide technical expertise. If the Company cannot secure external technical expertise or if the services of the present technical panel cease to become available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and the budget the Company has decided upon.

Whilst the ability of the Company to achieve its objectives may be affected by the matters mentioned above, the Directors believe that appropriately skilled and experienced professionals will be available to provide services to the Company at market levels of remuneration in the event key external contractors cease to be available.

(g) Dividends Policy

The Directors are unable to say if and when the Company will be able to pay dividends. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of profit, operating results, the financial position of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances in relation to the payment of dividends, or the franking credits attached to such dividends, can be given.

(h) Litigation

The Company may be subject to litigation and other claims. Any litigation could result in negative publicity, potential liability and additional expenditure.

(i) Corona virus (COVID-19)

The coronavirus disease (COVID-19) is impacting global markets. The nature and extent of the effect of the disease on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by economic impacts and uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on its revenue channels and any adverse impact on the Company. If any of these impacts appear material

## 10.2. General Investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows.

Typically, the Company ensures it has sufficient cash on demand to meet expected expenditures, including servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as the COVID-19 pandemic.

(c) Economic risk

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals of the Company's target markets or its cost structure and profitability. Adverse changes in the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory Policies), consumer spending, and employment rates, are outside the control of the Company and the management team and may have an adverse effect on the financial performance and/or financial position of the Company.

(d) Changes in laws and government policy

Changes to government regulations, law (including taxation and royalties) and policies, both domestically and internationally, under which the Company operates may adversely impact the Company's activities, planned projects and the financial performance of the Company.

(e) Taxation

There may be tax implications arising from Applications for New Shares, the receipt of dividends (both franked and unfranked) (if any) from the Company, the participation in any on-market Share buy-back and on the disposal of New Shares.

(f) Global credit and investment markets

Global credit, commodity and investment markets volatility may impact the price at which the Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(g) Counterparty risk

There is a risk that contracts and other arrangements which the Company is party to and obtains a benefit from, will not be performed by the relevant counterparties if those counterparties become insolvent or are otherwise unable to perform their obligations.

The Company and its projects may suffer material adverse consequences such as increased costs, delayed projects, loss of market share, or loss of customers.

(h) Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been considered in this Prospectus. Although the Company is not aware of any such additional Expenditure requirements, if such expenditure is subsequently incurred this may adversely affect the expenditure proposals and activities of the Company, as the Company may be required to reduce the scope of its operations and scale back its programmes. This could have a material adverse effect on its Shares.

(i) Investment Risk

The Shares to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value

of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the price paid for the Shares. While the Directors commend the Offer, prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

(j) Litigation

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

The Company is not currently engaged in any litigation, however there is a risk that the Company may be involved in potential litigation as a result of the completion of its strategic review and decision not to proceed with the titanium powder manufacturing facility in Victoria (see ASX announcement of the Company's 2022 Annual Report on 21 October 2022). The proposed use of funds raised from the Offer includes the expected costs to be incurred by the Company in connection with potential litigation costs as a result of the restructure (see Section 8.1).

(k) Restructuring

The Company recently announced that the Board has completed its strategic review and decided not to proceed with the titanium powder manufacturing facility in Victoria, Australia, and is taking steps to pursue alternative opportunities for titanium powder production (see ASX announcement of the Company's 2022 Annual Report on 21 October 2022). As part of the restructure, the Company is terminating the lease in respect of the proposed manufacturing facility at 59 Normanby Road, Victoria (**Lease**). As a result of the restructure, including the proposed termination of the Lease and new strategic direction, the Company may incur expenditure requirements which may adversely affect the expenditure proposals and activities of the Company, as the Company may be required to reduce the scope of its operations and scale back its programmes. The proposed use of funds raised from the Offer includes the expected costs to be incurred by the Company in connection with closure and termination costs as a result of the restructure (see Section 8.1). There is a risk that the expected restructure costs may exceed the Company's initial estimates. This could have a material adverse effect on its Shares.

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by Shareholders. The above factors and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares Offered under this Prospectus. Accordingly, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns, returns of capital or market value at any time. Shareholders should consider that investment in the Company is highly speculative and should consult their professional advisers before deciding whether to take up their Entitlement.

## **11. Additional Information**

### **11.1. Material contracts**

(a) **PAC Partners Underwriting Agreement**

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer for 156,716,418 New Shares (**Underwritten Shares**) with attaching New Options (together, **Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter the following fees:

- (i) **Management Fee** - on settlement of the issue of the Underwritten Shares (**Completion**), the Company must pay to the Underwriter (or as the Underwriter may in writing direct) a management fee of 2% of the gross amount raised under the Offer (exclusive of GST) (**Underwritten Amount**);
- (ii) **Underwriting Fee** - on Completion, the Company must pay to the Underwriter (or as the Underwriter may in writing direct) a selling fee of 4% on the Underwritten Amount. All sub-underwriting and selling fees to third parties will be met from this fee by the Underwriter;
- (iii) **Options** - on Completion, the Company must issue the Underwriter (or as the Underwriter may in writing direct) 1 Option for every 5 New Shares issued under the Offer, equal to same terms as the New Options, including with an exercise price of \$0.18 and expiry date that is 3 years from the date of issued (**Underwriter Options**).

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

**(events not qualified by materiality)**

- (i) the All 300 Index as published by ASX falls 10% or more below its level as at close of business on the date of the Underwriting Agreement;
- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) 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;
- (vi) an order is made in connection with the prospectus or the Issue, including under sections 1324 and 1325 of the Corporations Act;

- (vii) any director or general manager of the company is prosecuted for a criminal offence;
- (viii) 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;
- (ix) any person, other than the underwriter, who has previously consented to being named in the prospectus, withdraws that consent whether publicly or not;
- (x) the prospectus is withdrawn by the company at any time prior to all the securities having been allotted;
- (xi) 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;
- (xii) ASIC does not provide its approval, or subsequently withdraws its approval, of the nominee appointed under section 615 of the Corporations Act;
- (xiii) the Takeovers Panel makes a declaration of unacceptable circumstances in relation to the Rights Issue or otherwise makes an order prohibiting the Offer from proceeding; and
- (xiv) 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)**

- (xv) 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;
- (xvi) there is:
  - (A) 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
  - (B) 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:

- (C) any condition or circumstances relating to the Issue or the prospectus existing at the time of execution of the agreement; or
- (D) the income tax position of the company;
- (xvii) the company or any of its related parties fail to comply with:
  - (A) a clause of its constitution;
  - (B) a statute; or
  - (C) any policy or guideline of ASIC or any other requirement, order or request made by or on behalf of ASIC or any governmental agency;
- (xviii) 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;
- (xix) there is a delay in any date specified in the timetable which is greater than 5 Business Days;
- (xx) the company or any of its related parties:
  - (A) disposes or agree to dispose of the whole or a substantial part of its business or property; or
  - (B) ceases or threatens to carry on business,
  - (C) in either case, without the prior written consent of the underwriter; or
- (xxi) 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.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

## **11.2. Disclosing entity**

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors



should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial statements of the Company for the financial year ended 30 June 2022 to the issue of this Prospectus, which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the securities market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report of the Company for the financial year ended 30 June 2022, being the last financial report for a financial year of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) half-year financial report lodged with ASIC by the Company on 28 February 2022; and
  - (iii) any continuous disclosure notices given by the Company after the lodgement of that annual report and the lodgement of this Prospectus.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours. The Company has lodged the following announcements with ASX since its 2022 Annual Report:

Date	Headline
21 Oct 2022	2022 Annual Report
21 Oct 2022	Appendix 4G and Corporate Governance Statement
21 Oct 2022	Notice of Annual General Meeting/Proxy Form

ASX maintains files containing publicly available information from all listed companies. The Company's file is available for inspection at ASX during business hours.

### 11.3. Market prices of existing Shares on ASX

The highest and lowest market sale price of the Company's Shares during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	3 month high	3 month low	Last market sale price
Price	\$0.220	\$0.075	\$0.075
Date	\$9/08/2022	28/10/2022	28/10/2022

### 11.4. Directors' and Proposed Director's Interests in the Company

The Directors' beneficial interests in the capital of the Company at the date of this Prospectus, are as follows:

Director	Shares	Options	Performance Rights	Entitlement - New Shares	Entitlement - New Options	Intentions
Hank Holland	37,346,929 <sup>1</sup>	18,673,464 <sup>2</sup>	0	21,968,782	21,968,782	Accept
David Hanna	428,949 <sup>3</sup>	0	0	252,323	252,323	Accept
Stuart Douglas	21,924,316 <sup>4</sup>	0	0	12,896,657	12,896,657	Reject
Omer Granit <sup>6</sup>	10,196,918 <sup>7</sup>	5,098,459 <sup>8</sup>	0	5,998,187	5,998,187	Accept

**Note:**

1. Shares held indirectly via Pegasus Growth Capital Fund I, LP.
2. Unquoted options held indirectly via Pegasus Growth Capital Fund I, LP. Unquoted options expire 1 August 2025 with an exercise price of AU\$0.42.
3. Includes 31,250 fully paid ordinary shares subject to escrow for 24 months from official quotation.
4. Shares held indirectly, comprising:
  - (a) 18,752,996 via Innovyz Investments Pty Ltd <Innovyz Investments Unit A/C>;
  - (b) 1,749,999 via Kimberly Douglas + Stuart Douglas <The Douglas Family A/C>;
  - (c) 937,500 via Douglas Invest Pty Ltd <Douglas Invest Pty Ltd A/C>; and
  - (d) 483,821 via Innovyz Investments No 3 Pty Ltd <Innovyz Invest Unit A/C>.
5. The above table has been prepared based on the most recent Appendix 3X or Appendix 3Y (as the case may be), that was lodged by the Company with the ASX, in respect of each Director.
6. Proposed to be appointed as a Non-Executive Director subject to all regulatory requirements being completed.
7. Shares held indirectly via June Seventy Sixers LLC. The Company has also agreed to issue Omer Granit 2,029,188 ordinary fully paid shares in accordance with an advisory service agreement between the Company and Granit Management LLC dated 31 December 2021.
8. Unquoted options held indirectly via June Seventy Sixers LLC. Unquoted options expire 4 July 2025 with an exercise price of AU\$0.42.

### 11.5. Remuneration of Directors

The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by Shareholders at a general meeting. Fees for non-executive Directors are not linked to the performance of the economic entity.

Information regarding the remuneration received by Directors for the preceding two financial years can be found in the 2022 Annual Report.

The Company has entered into indemnity, insurance and access deed with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company and to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The Deeds also grant each Director a right to access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

Directors are also entitled to be reimbursed for reasonable expenses incurred by them in providing their services to the Company. Non-executive directors are entitled to payment in addition to their director's fee if they undertake work in addition to their services as non-executive director. Payment for such additional work will be at agreed market rates.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

As Executive Chairman, Mr Hank Holland is currently paid \$72,000 in directors fees per annum, plus superannuation.

As non-executive Director, Mr David Hanna is currently paid \$60,000 in directors fees per annum, plus superannuation.

As executive Director, Mr Stuart Douglas is currently paid \$60,000 in directors fees per annum, plus superannuation.

#### **11.6. No prospective financial forecasts**

The Directors have considered the matters outlined in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings, because the proposed future operations of the Company do not have an operating history from which reliable forecasts can be made. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Notwithstanding the above, this Prospectus includes, or may include, forward looking statements including, without limitation, forward looking statements regarding the Company's financial position, business strategy, and plans and objectives for its business and future operations (including development plans and objectives), which have been based on the Company's current expectations. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward looking statements are based on numerous assumptions regarding the

Company's present and future business strategies and environment in which the Company will operate in the future.

Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements. These statements reflect views held only as at the date of this Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking statements in this Prospectus might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

#### **11.7. Privacy**

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the acceptance and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisors, and to ASX and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there, even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person, subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

#### **11.8. Dividend Policy**

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

#### **11.9. Information excluded from continuous disclosure notices**

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

#### **11.10. Determination by ASIC**

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the securities offered under this Prospectus.

#### **11.11. Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings of a material nature and, except as provided for in this Prospectus, the Directors are not aware of any other legal proceedings pending or threatened against the Company.

#### **11.12. Cleansing of Underwriter Options**

Section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to offer those securities for sale within 12 months of their issue.

Consequently, the Company offers the Underwriter Options to PAC Partners under this Prospectus, in order to facilitate secondary trading of the Underwriter Options (if listed) and/or Shares into which they convert upon exercise.

Only PAC Partners (or its nominee) may accept the offer by the Company of the Underwriter Options hereunder.

#### **11.13. Expiry Date**

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

#### **11.14. Electronic Prospectus**

An electronic version of this Prospectus is available online at <https://www.amaero.com.au/investors>.

The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Prospectus. The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes it is extremely unlikely that in the Offer Period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that this will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company or the Share Registry.

#### **11.15. CHESS**

The Company will apply for the New Shares and New Options (including the Underwriter Options) to participate in CHESS, in accordance with the ASX Listing Rules and ASX Settlement Operating Rules.

The Company will not issue certificates to Shareholders with respect to the New Shares. After allotment of the New Shares, Shareholders who are issuer sponsored will be provided with an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful Applicant pursuant to this Prospectus. The statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

#### **11.16. No other Directors' Interest**

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

- (d) to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company of the Offer.

#### **11.17. Interests of promoters and names persons**

Except as disclosed in this Prospectus, no other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Ernst & Young (**EY**) has advised the Company in relation to aspects of the Offer. EY will receive fees of approximately \$50,000 in connection with this Prospectus.

#### **11.18. Cash expenses of the Offer**

In the event that all Entitlements are accepted, the total cash expenses of the Offer are estimated to be approximately \$750,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

Cash Item	\$
ASIC, ASX and other fees	70,000
Underwriter Fees <sup>1</sup>	630,000
Legal fees, Share registry, printing and other	50,000
<b>Total</b>	<b>750,000</b>

**Notes:**

1. See section 11.1(a) regarding the terms and conditions of the Underwriting Agreement.

## 11.19. Consents

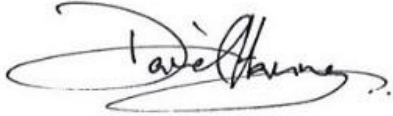
Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their consent:
  - (i) to be named in the to be named in the Prospectus in the form and context which it is named; and
  - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) was not involved in the preparation of the Prospectus or any part of it and did not authorise or cause the issue of the Prospectus;
- (c) makes no express or implied representation or warranty in relation to the Prospectus, the Company or the Offer;
- (d) does not make any statement in the Prospectus, nor is any statement in the Prospectus based on any statement made by the above persons; and
- (e) to the maximum extent permitted by law, disclaims and takes no responsibility for any material in, or omission from, the Prospectus other than the reference to its name:

Name	Role
Ernst & Young	Australian legal advisor
PAC Partners	Lead Manager and Underwriter
Pegasus Capital Group LLC	Sub-underwriter
Automic Registry Services	Share Registry

## 12. Director Authorisations

Each Director and proposed Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

A handwritten signature in black ink, appearing to read 'David Hanna', with a large, sweeping flourish underneath.

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Signed for and on behalf of  
Amaero International Limited by David Hanna, Independent Non-Executive Director



### 13. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

A\$ or \$	Australian dollars unless otherwise stated.
AEST	Australian Eastern Standard Time.
Acceptance	An acceptance of Entitlements.
Applicant	An Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or arranging for payment through BPAY or EFT in accordance with the instructions on the Entitlement and Acceptance Form.
Application	The submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY or EFT in accordance with the instructions on the Entitlement and Acceptance Form.
Application Form	The form set out in your Entitlement and Acceptance Form.
Application Moneys	The aggregate amount payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY or EFT, calculated as the issue price of the New Shares multiplied by the number of New Shares applied for.
ASIC	The Australian Securities & Investments Commission.
ASX	ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
ASX Settlement	ASX Settlement Pty Ltd ACN 008 504 532.
ASX Settlement Operating Rules	The settlement rules of ASX Settlement.
Board	The board of Directors.
CHESS	The Clearing House Electronic Sub Register System, an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in paperless form.
Closing Date	5.00pm AEST Friday, 25 November or an amended time as set by the Board.
Company	Amaero International Limited (ACN 633 541 634).
Constitution	The constitution of the Company.
Corporations Act	The Corporations Act 2001 (Cth).
Director	A director of the Company.
Eligible Shareholder	A Shareholder on the Record Date who has a registered address in Australia, New Zealand or the United States of America (in relation to institutional “accredited investors” only) or is a Shareholder that the Company has otherwise determined is eligible to participate.
Entitlement	The entitlement to participate in the Offer.
Entitlement and Acceptance Form	The Entitlement and Acceptance Form accompanying this Prospectus.
Existing Option	Options on issue as at the date of this Prospectus.

Ineligible Shareholder	A Shareholder (or beneficial holder of Shares) who is a Shareholder on the Record Date with a registered address outside of either Australia, New Zealand or United States of America (in relation to institutional “accredited investors” only).
Listing Rules	The listing rules of ASX.
New Options	The Options attaching to New Shares with the terms of issue set out in Section 9.2.
New Shares	Shares offered pursuant to the Offer.
Offer	The offer of New Shares (and free attaching New Options) made under this Prospectus and where appropriate, includes the Shortfall Offer.
Offer Period	The period between the date of issue of this Prospectus and Closing Date.
Offer Price	The price (issue price) of New Shares, namely \$0.067.
Offer Securities	New Shares and attaching New Options.
Official List	The Official List of ASX.
Option	An option to subscribe for and be issued, a Share.
Option Holders	The holders of Options.
PAC Partners	PAC Partners Securities Pty Ltd.
Pegasus	Pegasus Growth Capital Fund I LP.
Prospectus	This Prospectus and includes the electronic Prospectus.
Record Date	7.00pm (AEDT) on Friday 4 November.
Section	A numbered section of this Prospectus.
Securities	New Shares and/or New Options, as the context requires.
Share	A fully paid ordinary share in the Company.
Shareholder	The registered holder of Shares in the Company.
Share Registry	Automatic Registry Services.
Shortfall	Any New Shares in respect of which the Offer has not been accepted.
Shortfall Offer	The Offer of Shortfall Shares (and free attaching New Options) on the terms and conditions in Section 6.10.
Shortfall Shares	New Shares to be issued pursuant to the Shortfall Offer.
Sub-underwriter	Pegasus Capital Group LLC.
Underwriter	PAC Partners Securities Pty Ltd.
Underwriter Options	The New Options offered to the Underwriter.
US Securities Act	The US Securities Act of 1933, as amended.