

ASX Release

30 January 2023

December 2022 Quarterly Activities Report

December quarter highlights:

- **Binding joint venture (JV) agreement with Rabdan Industries PLC, an affiliate of Ethmar Holdings in Abu Dhabi, for titanium powder production and additive manufacturing in the United Arab Emirates:**
 - The JV company, FALCON Advanced Metals PLC, will be a 50/50 partnership between Amaero and Rabdan
 - Rabdan has committed to directly provide capex funding at the project level and/or to indirectly secure funding from Abu Dhabi-based strategic groups on a non-participating, non-equity basis
 - The initial project will include large-scale production of titanium powder, as well as applied engineering, design and commercialisation centre for additive manufacturing of high-value components
 - The JV will also pursue an ambitious strategy to vertically integrate the titanium supply chain including titanium sponge, melt and mill / forge operations as well as powder production and additive manufacturing
- **Entitlement Offer raises ~\$10.5 million, with funds raised to be used for restructuring costs, operating activities and working capital**
- **Renewal of Management team and Board, with Executive Chairman Hank Holland assuming the roles of Chairman and CEO on 1 November 2022**
- **Cash balance of \$13.2 million as at 31 December 2022**
- **Investor briefing at 11.00am AEDT today, Monday 30 January 2023**

Amaero International Limited (“Amaero”), (the “Company”) (ASX:3DA), a leader in metal additive manufacturing is pleased to present the Company’s Appendix 4C and accompanying activities report for the period ending 31 December 2022.

Commenting on the quarter, Hank Holland, Amaero’s Chairman and CEO said: “*Amaero advanced a number of critical initiatives in the December quarter and is positioned for CY2023 to be transformative year.*”

Most notably, we secured a binding joint venture agreement with Rabdan Industries PLC, an affiliate of Ethmar Holdings in Abu Dhabi, for titanium powder production and additive manufacturing in the United Arab Emirates (UAE). Further, the JV will pursue an ambitious strategy to vertically integrate the titanium supply chain including titanium sponge, melt and mill / forge operations. Rabdan brings deep knowledge and relationships in the UAE, as well as in the Kingdom of Saudi Arabia; importantly, the capabilities and growth strategy of the JV Company, FALCON Advanced Metals, closely align with the UAE’s priority economic development and industrialisation initiatives.

After months of close collaboration with Rabdan Industries and Ethmar Holdings, we remain steadfast that the large-scale project in the UAE is the cornerstone for Amaero's future growth and that Rabdan and Ethmar are ideally suited strategic partners. Mohamed Al Dhaheer at Rabdan has been instrumental in leading the joint venture's engagement with key stakeholders that include Tawazun Economic Council and Abu Dhabi Investment Office. We are appreciative of Rabdan's and Ethmar's many efforts and we look forward to finalising the funding and to commencing the installation of the first gas atomiser.

The JV agreement was complemented by the completion of an Entitlement Offer which raised approximately \$10.5 million with Pegasus Growth Capital acquiring all of the shortfall and the renewal of our Board and Management Team during the quarter. With a focus on relentless execution, I look forward to advancing the JV and expect to update the market on the project, as well as capital commitment(s), in Q3 FY2023."

OPERATIONAL

Following the completion of the initial phase of the Company's strategic review, which determined that the Company's operations will be primarily focused on titanium powder production, Amaero announced in November that it will embark on the next phase of its strategic review which includes a comprehensive assessment of the Company's geographical footprint, staffing and commercial projects.

Binding Joint Venture agreement in the Middle East

In December, Amaero secured a binding joint venture agreement with Rabdan Industries PLC, an affiliate of Ethmar Holdings in Abu Dhabi, for titanium powder production and additive manufacturing in the UAE.

As well as powder production and additive manufacturing, the JV will pursue an ambitious strategy to vertically integrate the titanium supply chain including titanium sponge, melt and mill / forge operations.

The JV company, FALCON Advanced Metals PLC, will be a 50/50 partnership between Amaero and Rabdan. The JV partners will contribute working capital on a pro-rata basis, Amaero will contribute goodwill, reputation and expertise and Rabdan will contribute local knowledge and relationships.

Rabdan has also committed to directly provide capex funding at the project level and/or to indirectly secure funding from Abu Dhabi-based strategic groups on a non-participating, non-equity basis.

Various funding scenarios include:

- Rabdan directly funds \$300 million of capex. The resulting SPV ownership is 50% Amaero and 50% Rabdan.
- Rabdan secures commitment from non-participating, non-equity funding for \$300 million of capex. The resulting SPV ownership is 50% Amaero and 50% Rabdan.
- Rabdan secures commitment for \$300 million of capex and strategic capital partner requires 20% participation / equity. The resulting SPV ownership is 50% Amaero, 30% Rabdan and 20% strategic capital partner.

The initial project under consideration by the JV has a capital budget of A\$300 million.

In January, Amaero received a letter from Rabdan indicating that it has advanced discussions with key stakeholders for the project, including the Tawazun Economic Council and the Abu Dhabi Investment Office. Responses have been strongly positive, with the project aligning with the UAE's priority of industrialisation and economic development initiatives.

Rabdan and Ethmar Holdings are also optimistic that funding requirements for the project will be secured during Q1 CY2023. In addition, Rabdan expects to complete the formation of FALCON Advanced Metals PLC in February which will allow Rabdan to establish banking facilities for the project and will support the securing of a facility and the submission of the export license application for the shipment of the gas atomiser from Europe.

Amaero expects to update the market on the project, as well as capital commitment(s), in Q3 FY2023.

CORPORATE

Entitlement Offer raises ~\$10.5m

In November 2022, Amaero raised approximately \$10.5 million via an Entitlement Offer, with funds raised to be used for restructuring costs, operating activities and working capital.

Shortfall New Shares under the Entitlement Offer were subscribed for by PAC Partners Securities Pty Ltd acting as the underwriter (Underwriter) in accordance with the underwriting agreement between the Company and the Underwriter dated 1 November 2022 and sub-underwriter, Pegasus Capital Group, LLC (Sub-Underwriter), an entity controlled by Chairman and CEO, Hank Holland in accordance with the sub-underwriting agreement between the Underwriter and Sub-Underwriter, whereby the Sub-Underwriter agreed to sub-underwrite the full amount of the Entitlement Offer.

The New Shares under the Entitlement Offer were issued on 2 December 2022 and rank equally with existing Amaero fully paid ordinary shares in all respects. A total of approximately 156,716,418 New Options were also issued on 2 December 2022 in connection with the Entitlement Offer.

Management and Board changes

Amaero announced management changes during the quarter, with Executive Chairman Hank Holland assuming the role of Chairman and Chief Executive Officer (CEO) of the Company, effective 1 November 2022. Mr Holland is co-located in the US and UAE.

Former CEO Barrie Finnin assumed the role of Chief Technology Officer and Manager of Australia Operations whilst John McKellar assumed the role of Manager of Middle East Operations.

On 25 November, Ms Lucy Robb Vujcic was appointed as Non-Executive Director, effective immediately.

Ms Robb Vujcic brings a wealth of experience and capability across commercial law and international litigation that will be invaluable to Amaero as the company progresses its new strategic direction focused on the production of titanium alloy powder.

Mr Stuart Douglas resigned from the Board, effective 25 November 2022. The Board thanks Stuart for his service and commitment to Amaero and for playing a key role in the development of the Company over the past four years from well before Amaero's ASX listing in 2019.

Mr Omer Granit was appointed as Non-Executive Director, effective 12 January 2023.

FINANCIAL

As detailed in the attached ASX Appendix 4C, the Company had \$13.2 million in cash and cash equivalents as at 30 September 2022.

Pursuant to Listing Rule 4.7C.3 and as disclosed in Item 6.1 of the attached Appendix 4C, \$427,000 was paid in respect of Directors fees and consulting fees paid to entities associated with the Directors.

Investor Briefing

Amaero Chairman and CEO Hank Holland will also host an investor briefing at 11.00am AEDT today, Monday, 30 January, to discuss the Company's progress during the December quarter, including an

update on the titanium powder production and additive manufacturing project in the UAE, as well as the ongoing corporate re-structuring.

A Q and A session will follow the formal presentation and investors will have the opportunity to ask questions live.

The Investor Briefing will be recorded and posted to Amaero's website.

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

https://us02web.zoom.us/webinar/register/WN_UYaMf_0kSOaEV1eAPkoag

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

This announcement is authorised for ASX release by the board of directors of Amaero International Limited.

For further information, please contact:

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About Amaero International Limited:

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

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

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

Appendix 4C

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

Name of entity

Amaero International Limited

ABN

82 633 541 634

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	375	521
1.2	Payments for		
	(a) research and development	(182)	(468)
	(b) product manufacturing and operating costs	(374)	(693)
	(c) advertising and marketing	(75)	(75)
	(d) leased assets	(169)	(334)
	(e) staff costs	(1,290)	(2,425)
	(f) administration and corporate costs	(1,016)	(1,796)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	-	(13)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	73	73
1.8	Other (Restructuring Costs and Net GST)	(675)	(550)
1.9	Net cash from / (used in) operating activities	(3,333)	(5,759)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(g) entities	(10)	(10)
	(h) businesses	-	-
	(i) property, plant and equipment	(162)	(1,634)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(m) entities	-	-
	(n) businesses	-	-
	(o) property, plant and equipment	-	-
	(p) investments	-	-
	(q) intellectual property	-	-
	(r) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(172)	(1,644)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	10,500	10,500
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(663)	(1,192)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	9,837	9,308

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,945	11,118
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,333)	(5,759)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(172)	(1,644)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,837	9,308
4.5	Effect of movement in exchange rates on cash held	(77)	177
4.6	Cash and cash equivalents at end of period	13,200	13,200

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	13,200	6,945
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,200	6,945

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	427
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,333)
8.2	Cash and cash equivalents at quarter end (item 4.6)	13,200
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	13,200
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	4
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A		
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A		
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A		
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

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

Date:30 January 2023.....

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

Notes

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