

Amaero Green Lights Flagship Titanium Project in the United States

*Tennessee Location Delivers Financial, Operational and Strategic Advantages.
Accelerates Breakeven Operations by 12 months and Reduces Working Capital Need by \$22 million.*

Highlights:

- **Financial, operational and strategic advantages lead Amaero to select Tennessee over the UAE**
- **“Nearing Completion” industrial facility in the U.S. will accelerate installation of titanium powder manufacturing plant, accelerate breakeven operations by 12 months and reduce working capital need by \$22 million**
- **Amaero will pursue US government funding and incentives that target re-shoring advanced manufacturing and critical materials supply chain**
- **Amaero continues to have strong relationships in the UAE and will pursue “offset credit” funding for other strategic projects**

Amaero International Limited (“Amaero”), (“the Company”) (ASX:3DA) provides the following update:

Financial, operational and strategic advantages lead Amaero to select Tennessee over the UAE

Amaero has green lighted its flagship titanium powder manufacturing facility in Tennessee, U.S. The State of Tennessee acted decisively to coordinate and to commit economic incentives from multiple stakeholders to attract the re-location of the flagship facility, as well as Amaero’s research & development and corporate headquarters.

Amaero has received commitments for economic incentives from the Tennessee Department of Economic and Community Development, the Cleveland-Bradley Chamber of Commerce, the Tennessee Valley Authority and the Oak Ridge National Laboratory.

The Company has received a long-term commitment from the Tennessee Valley Authority (“TVA”) for investment credit and a long-term electricity rate subsidy. The TVA’s proposed investment credit includes a 10-year commitment for electricity rates that will be lower than the subsidised rates in the UAE and 85% less than the prevailing rates in Victoria. Further, TVA has established strong infrastructure, including a dedicated substation for Spring Branch Industrial Park.

Amaero has signed a lease to be the sole tenant in 12,100 square metre manufacturing facility in Cleveland, Tennessee. Located in the 330-acre Spring Branch Industrial Park, the primary facility is comprised of 9,300 square metres and the shell will be completed in August 2023. In conjunction with the lease, a 2,800 square metre high-bay extension will be designed and purpose built for the installation of four (4) electrode inert gas atomisers (EIGAs). The lease has a primary term of 15 years, includes an allowance for tenant improvements and an Option to Purchase. The lease payments will be approximately 75% less than the proposed build-to-suit facility at KEZAD in the UAE. It is expected that Amaero will occupy the 9,300 square metre facility in April 2024 and will occupy the 2,800 square metre high-bay extension in July 2024. The facility is strategically located in close proximity to Chattanooga, Tennessee and is convenient to Oak Ridge National Laboratory and the University of Tennessee, Knoxville.

Tennessee's aerospace & defence cluster includes 70+ companies that are supported by the national science laboratory, low cost and modern electricity infrastructure, a world-class university system and a strong, highly skilled workforce. In addition to A&D companies, Tennessee has a thriving manufacturing ecosystem that includes companies such as Bridgestone, Nissan, Eastman Chemical and Volkswagen.

Locating in Tennessee has the strategic advantage of operating in a highly efficient and pro-growth business environment, as well as close proximity to our primary customers, to research and development partners, to the supply chain, to highly skilled employees and to robust capital markets. Locating in the U.S. will give Amaero more business development flexibility from an export control and technology transfer perspective.

The "nearing completion" industrial facility will accelerate installation of the titanium powder production plant, accelerate breakeven operations by 12 months and reduce working capital need by \$22 million

The "nearing completion" facility with a prepared pad for the high-bay extension will enable Amaero to install the titanium powder production plant sooner than the proposed "build-to-suit" project in the UAE. As a direct result, Amaero expects to accelerate breakeven operations by 12 months and to reduce working capital need by \$22 million. In November 2022, we estimated that required working capital for the first 3 years (2023-2025) would equal \$78 million. The "nearing completion" facility in Tennessee will reduce the required working capital for the same 3-year period to \$56 million and we expect to be cash flow positive in 2026. We expect that Amaero's required funding for capital expenses (facility, tenant improvements and equipment) to be unchanged from the previously proposed project at KEZAD.

It is expected that the required equity capital will not increase from anticipated equity capital for the UAE project. The U.S. has more established and efficient capital markets for emerging growth companies, including venture debt and equipment leasing. Amaero's executive leadership and Board have extensive relationships with financial and strategic investors in the U.S.

Amaero will pursue U.S. government funding and incentives that target re-shoring advanced manufacturing and critical materials supply chain

Over the past year, the U.S. has passed cornerstone legislation to fund and to incentivise the re-shoring of advanced manufacturing, critical materials and defence production. The established funding conduits include programs authorised by the U.S. Congress (Inflation Reduction Act; CHIPs and Science Act), by Department of Defense (includes Defense Production Act, Title III), by Department of Energy (includes Critical Materials Research, Development, Demonstration and Commercialization Application Program) and by the White House (AM Forward Program; Advanced Manufacturing Production Tax Credit for titanium production).

Amaero continues to have strong relationships in the UAE and will pursue "offset credit" funding for other strategic projects

Amaero has proactively communicated with stakeholders in the UAE. Tawazun Economic Council, Abu Dhabi Investment Office, Emirates Development Bank and KEZAD remain committed to provide enabling support for locating Amaero manufacturing operations in the UAE. Amaero will pursue "offset credit" funding for other strategic projects.

Amaero Chairman and Chief Executive Officer, Hank J. Holland said: *"This is a seminal event for Amaero and a cornerstone development for Amaero's shareholders, our employees and our customers. With this development, we expect the cadence of material announcements and tangible milestones to accelerate.*

Amaero is appreciative of the many stakeholders in Tennessee who quickly mobilised resources and proactively developed a compelling business case and competitive value proposition for the re-location of our flagship titanium powder manufacturing, research & development and corporate headquarters. Amaero will build upon the United States' resurgent manufacturing sector and the strong regional manufacturing ecosystem with strategic industrial capabilities that align with the country's highest priority initiatives in advanced materials, critical minerals and manufacturing.

After 9 months of all consuming efforts in the UAE, after advancing the build-to-suit planning at KEZAD and after recent receipt of the Term Sheet from Emirates Development Bank, it was difficult to consider last minute advances for alternative locations in Tennessee or other States in the Southeast U.S. At the same time, circumstances are fluid and we have a fiduciary duty to decisively pursue opportunities that are in our shareholders' best interest. We appreciate the efforts and support of so many stakeholders in the UAE and remain interested in pursuing other strategic opportunities."

Tennessee Governor, Bill Lee added: *"Tennessee is the best state in the nation for companies to succeed, thanks to our strong economy, unmatched business climate and highly skilled workforce. I thank Amaero for choosing Tennessee to establish its first U.S. facility and for creating more than 100 jobs in Bradley County, providing greater opportunity to Tennesseans."*

TNECD Commissioner, Stuart C. McWhorter added: *"There are nearly 30 Australian companies that call Tennessee home, and we are proud to add another great global brand like Amaero to that growing roster. Cleveland, Tennessee, is the ideal location for this company's first U.S. facility and has the workforce, infrastructure and business environment to ensure Amaero's success."*

Bradley County Mayor, D. Gary Davis added: *"I am thrilled with the announcement that Amaero has chosen Cleveland and Bradley County as the site for their new state-of-the-art production facility. Their expertise will deliver innovative manufacturing processes to critical industries such as aerospace, defense, and medical products companies. This investment is a game-changer for our county, bringing with it the promise of highly skilled, good paying jobs for current and future generations of Bradley Countians. We are committed to fostering an environment that encourages growth and collaboration, and we warmly welcome this company as a valued partner in our community."*

Cleveland Mayor, Kevin Brooks added: *"The City of Cleveland welcomes Amaero to the Spring Branch Industrial Park. This combined location of the company's global corporate headquarters, research and development and manufacturing operations is a win-win for the city, county and State of Tennessee. For a community originally built on foundry operations, Amaero's efforts to advance the development of next generation integrated 3D metal printing is a partnership that moves Cleveland closer to our goal of economic prosperity for all by way of a diverse, advanced manufacturing economy that respects our rich economic history. These are great times for Cleveland, Tennessee."*

TVA senior vice president of economic development, John Bradley added: *"TVA and Cleveland Utilities congratulate Amaero on its decision to establish operations in Bradley County. Helping to attract companies creating quality jobs and investment in the region is fundamental to TVA's mission of service. We are proud to partner with the City of Cleveland, Bradley County, the Cleveland-Bradley County Chamber of Commerce and the Tennessee Department of Economic and Community Development to further that mission and look forward to Amaero International's future business success in the Valley."*

Sen. Adam Lowe (R-Calhoun) added: *"I am very pleased to welcome the arrival of Amaero in Bradley County. This project has profound implications for the aerospace, defense and medical industries, and I'm proud our community was selected for its home. Not only will this project bring 105 new job opportunities, but it will also grow our local economy and foster a culture of innovation. This project has our full support, and we wish Amaero every success moving forward."*

Rep. Kevin Raper (R-Cleveland) added: *"It's exciting to see a company like Amaero recognize the opportunity and unique capabilities provided by our community and workforce. We welcome our newest employer and wish them success for many years to come."*

Investor Briefing

Amaero Chairman and CEO, Hank Holland will host an investor briefing at **11:00am AEDT, Tuesday 18 July 2023**.

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_hUFQv2RiRx-E2m_TKmhvpA

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.

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About Amaero International Limited:

Amaero International Limited is an ASX-listed company focused on becoming a global leader in titanium and speciality powder production and advanced manufacturing applications that utilize titanium and speciality alloy powder for aerospace & defence, medical and other industries.

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