



30 April 2024

Reclassification of Q3FY24 Appendix 4C

Amaero International Limited (“the Company”) (**ASX:3DA**) would like to provide the following information in relation to the Q3FY24 Appendix 4C released to the ASX on 29 April 2024.

Shareholders are advised that reclassifications have been made in respect to section 3, ‘Cash flows from financing activities’. There were no changes to the previously disclosed total Net cash from / (used in) financing activities for the current quarter (\$98k), or for year to date (\$9.5m).

Please see attached the updated Q3FY24 Appendix 4C and Quarterly Activities Report with this announcement. There have been no changes to the information in the Quarterly Activities Report.

Authorised by the Chief Financial Officer of Amaero International Limited (ASX:3DA)

For further information, please contact:

Amaero International Limited (ASX:3DA)
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About Amaero International Limited (ASX:3DA)

Amaero International Limited is an ASX-listed company focused on high-value refractory, specialty alloy and Ti-64 powder production for additive manufacturing of mission-critical components for the defence, space and aviation industries.

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

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ASX Announcement 30 April 2024
Amaero International Limited (ASX:3DA)

March 2024 Quarterly Activities Report

Amaero International Limited (ASX:3DA) (“Amaero” or the “Company”) a company positioning itself as the largest U.S. domestic producer of C103 and specialty alloy AM powders, is pleased to provide an overview of its operations to accompany the Appendix 4C for the period ending 31 March 2024 (“Quarter”, “Reporting Period”).

March Quarter Highlights:

- **Binding Offtake Agreement for C103 AM powder:**
 - Counterparty is a leading, deeply resourced additive manufacturer of end parts utilising C103 and refractory alloys for defense and space industries.
 - Conditional upon qualification, the counterparty is required to take 2.25 tonnes of Amaero C103 AM powder (in late CY2024 and CY2025).
 - Subject to achieving qualification, supply agreement will run five years with additional opportunities for further supply of AM powder (beyond the initial 2.25 tonnes).
- **Completion of A\$20 Million Institutional Placement:**
 - Fidelity International led the capital raise with cornerstone investments from IFM Investors and a leading Sydney-based investment management firm.
 - Funds raised from the Placement were received following the reporting period and, as such, not reflected in Appendix 4C.
- **Fairmont Consulting Group LLC (“Fairmont”) completed a comprehensive market study commissioned by Amaero on Niobium C103 alloy (“Nb C103” or “C103”) and other high-value specialty materials used in mission-critical defence and space applications:**
 - C103 PBF powder demand expected to grow to 105 tonnes in FY2028 with demand growth estimated at 62% CAGR for 5 year period ending FY2028. Demand driven by investment cycle in hypersonics, strategic missiles, space launch and satellites.
- **Commenced installation of the first atomiser that is expected to be commissioned by 30 June 2024.**
- **Retained Guggenheim Securities to explore equity financing alternatives with U.S.-based strategic investors and financial sponsors.**

Hank Holland, Amaero’s Chairman and CEO, commented:

“Following bold and decisive corporate actions over the past year, the March 2024 quarter was a key period for the Company, as we have continued to execute on our strategy and advance important milestones to position Amaero as the largest U.S. domestic producer of C103 and specialty alloy AM powders.

We are presented with a strong generational re-shoring opportunity, to bring highly strategic industrial base capabilities back to the U.S., and to contribute to a more resilient and scalable supply chain for defense production and for the space economy. The re-shoring opportunity, coupled with the strong secular tailwinds relating to the adoption of metal 3D printing and the large investment cycle in defense and space, the experience of Amaero’s technical and powder production team and the capacity and capability of Amaero’s next generation atomization technology, have led us to this very intentional strategic positioning.



To further increase our understanding of the market and demand for Niobium C103 and other high-value specialty AM powders, Fairmont Consulting Group completed a comprehensive market study commissioned by Amaero, which has provided valuable insights pertaining to demand signals, supply landscape and pricing dynamics. Based on the extensive and well-supported findings, the Company updated its production planning and its financial planning and analysis model.

In April, Amaero entered a Binding Offtake Agreement for C103 AM powder with a leading and well-resourced counterparty with strong ties to the defense and space industries. Following qualification of the powder, the revenue expected through this offtake agreement will represent the first commercial and materials sales C103 AM powder.

Coupled with the offtake agreement, the Company successfully completed an institutional capital raise for \$20m led by Fidelity International with cornerstone investments from IFM Investors and a leading Sydney-based investment management firm.

Amaero retained Guggenheim Securities to explore equity financing alternatives with U.S.-based strategic investors and financial sponsors. Following the recent capital raise, Amaero expects to raise additional equity and debt capital of approximately A\$60 million to fully fund its capital expenditure and working capital needs, with positive net income from operations in expected in FY2026.

The Company also commenced installation of the first atomiser, with the fit out of Amaero's 9,300 square meter facility and the installation, cold and hot testing of its first atomiser having progressed on schedule for anticipated acceptance and commissioning by 30 June.



I would like to thank shareholders for their support to date and look forward to an exciting period to come, as we continue to position Amaero as the largest and most responsive U.S. domestic producer of C103 and specialty alloy AM powders. We are relentlessly focused on delivering near-term milestones that include commissioning the first atomiser, commencing powder production and successfully qualifying C103 AM powder.”

Binding Offtake Agreement and Institutional Placement

During the Reporting Period, Amaero announced that the Company had entered into a binding offtake agreement for the supply of C103 AM powder. The counterparty to the agreement is a leading and deeply resourced additive manufacturer of end parts utilising C103 and refractory alloys for the defense and space industries. The counterparty holds industry leading technical and applied research capabilities operating out of multiple locations in the United States and collaborates with U.S. Department of Defense (“DoD”) funded laboratories, as well as prime defense contractors.

Under the terms of the agreement, the supply is conditional on Amaero’s C103 AM powder being qualified to the counterparty’s specifications, with no other material conditions precedent to the supply. Amaero and the counterparty have agreed to collaborate throughout the qualification process, which Amaero expects will commence in the Q1 of FY2025.

Only after qualification is achieved is the counterparty required to take 2.25 tonnes of Amaero C103 AM powder at a fixed price. Subject to achieving qualification, Amaero expects that 0.25 tonnes will be shipped in late CY2024 with the remaining 2 tonnes expected to be shipped in CY2025. If Amaero delivers the contracted 2.25 tonnes of C103 AM powder, which as noted above is first subject to Amaero’s powder being qualified by the counterparty, the revenue would be material. Amaero expects to achieve positive net income from operations in FY2026 and the revenue contribution from this agreement is reflected in expected revenue mix.

Amaero is very gratified by the vote of confidence from this customer in Amaero’s ability to complete the commissioning of its first atomiser and to manufacture powder that meets the customer’s specifications.

The offtake was coupled with \$20 million institutional capital raise through the placement of the New Shares to eligible institutional investors (Placement). The capital raise was led by Fidelity International with cornerstone investments from IFM Investors and a leading Sydney-based investment management firm. The Placement was conducted at a fixed price of \$0.33 per New Share, with the Placement price reflecting an 11% discount to prior closing price; a 9% discount to 5-day VWAP and a nil discount to 30-day VWAP. Amaero expects to use the proceeds of the Placement for general corporate purposes, including working capital, operating expenses and capital expenditures.

Funds raised from the Placement announced to the market on the 27th of March 2024 were received following the reporting period and, as such, not reflected in Appendix 4C.

Appointment of Guggenheim Securities

During the Quarter, Amaero announced that the Company had appointed Guggenheim Securities, LLC, a leading financial advisory and capital markets firm in the U.S., to explore strategic financing alternatives for completion of fit out and acquisition of capital equipment for the Company’s manufacturing and corporate facility in McDonald, Tennessee. The appointment follows the Company’s receipt of inbound interest, with Guggenheim’s efforts to focus on strategic investors and financial sponsors in the U.S.

The Board will explore and evaluate strategic financing alternatives with the objective of maximising shareholder value, whilst positioning Amaero to be the largest and preferred supplier in the United States of C103, specialty alloy and Ti-64 powder for additive manufacturing. Amaero estimates that capital expenses over the next three years will total A\$60 million, which are expected to be funded via a combination of equity and equipment-secured financing. With powder production planned to commence during the September 2024 quarter and first commercial sales expected in January 2025, the Company expects to achieve positive net income from operations in FY2026.

Over the past 18 months, Amaero has made significant strides in completing its restructuring, relocating the business to the U.S., appointing an industry-leading management team and dedicating its powder production capacity to high-value specialty alloy powders, including C103.



The Company is uniquely positioned to capitalize on the exceptional opportunity with the need to re-shore advanced manufacturing and defense production to the U.S., the growth of metal additive manufacturing and the demand for high-temperature materials.

Fairmont Consulting Comprehensive Market Study

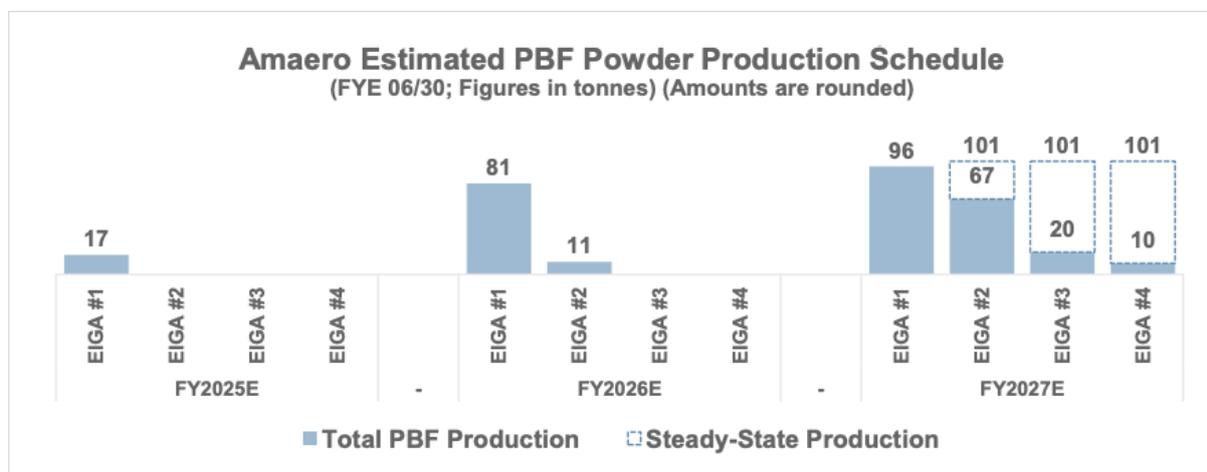
During the Quarter, Fairmont Consulting Group LLC (“Fairmont”) completed a comprehensive market study commissioned by Amaero, of Niobium C103 alloy and other high-value Specialty materials used in mission-critical defence and space applications. Fairmont is a leading specialist providing Aerospace and Defence (“A&D”) and government market insights, engaged by Amaero to provide a detailed independent market assessment evaluating the current C103 market landscape and anticipated future demand.

The comprehensive 72-page market study and accompanying proprietary market model, provides key details and analysis for 550 discrete programs in hypersonics, strategic missiles, space launch and satellite programs. The study and supporting analysis provide Amaero with a granular, program-by-program study of demand signals, market supply powder pricing and feedstock costs, as well as an analysis of Amaero’s market positioning and go-to-market recommendations.

For the purpose of strategic planning and financial analysis, Amaero has incorporated key assumptions and financial drivers from the market study. For corporate planning purposes, the Company has allocated production based on Fairmont’s estimated demand for C103 powder and Fairmont’s estimated achievable market share for Amaero. The estimated market share takes into consideration current market producers, the market preference for U.S. domestic production and market dynamics for low volume, high-value specialty alloy. Though Amaero does not provide financial guidance, the Company provides investors with certain key assumptions and key financial performance drivers that are supported by the Fairmont Consulting report, other independent reports referenced in announcement and Amaero’s direct discussions with numerous stakeholders. The capital expenses planned for FY2025–FY2027 remain subject to Board approval and final investment decision expected by end of FY2024.

Fairmont estimates the demand for C103 PBF powder in FY2025 at 25 tonnes with estimated demand growing to 105 tonnes in FY2028 for a 62% CAGR over the 5-year period ending FY2028. Fairmont’s survey of current C103 powder price reflects a range of \$4,150 / kg to \$5,385 / kg (US\$2,700 / kg to US\$3,500 / kg) with order lead times estimated at 12–24 months.

Amaero is pursuing a strategy of prioritising production of C103, development refractory alloys, other high value specialty alloys and Ti-64 powder production, to uniquely position the Company as a U.S. domestic, agile and scalable producer of high-value, specialty powder for additive manufacturing of mission-critical components for the defence, space and aviation industries. Amaero estimates its total production capacity of powder for powder bed fusion (“PBF”) applications as follows:



2024 Calendar Year Key Milestones

Amaero expects to achieve the following key milestones:

- Commissioning the 1st atomizer by 30 June 2024.
- Produce Ti64 powder in conjunction with commissioning and to immediately commence collaborative qualification.
- Commence C103 powder production and to collaborate on qualification with expedited, iterative parameter optimization.
- Sign additional offtake / commercial agreements with strategic counterparties including a strategic Department of Defense funded laboratory.

Related Party Payments

Pursuant to Listing Rule 4.7C.3 and as disclosed in Item 6.1 of the attached Appendix 4C, \$0.5 million was paid in respect of Directors fees and consulting fees paid to entities associated with Directors.

This announcement has been authorised by the Board of Directors of Amaero International Limited (ASX:3DA).

For further information, please contact:

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About Amaero International Limited (ASX:3DA)

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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 March 2024

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 106 | 867 |
| 1.2 Payments for | | |
| (a) research and development | (75) | (317) |
| (b) product manufacturing and operating costs | (64) | (279) |
| (c) advertising and marketing | (293) | (759) |
| (d) leased assets | (481) | (1,125) |
| (e) staff costs | (1,666) | (4,826) |
| (f) administration and corporate costs | (1,204) | (3,462) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 72 | 89 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 146 | 179 |
| 1.8 Other (Restructuring Costs, Project Falcon and Net GST) | 21 | (26) |
| 1.9 Net cash from / (used in) operating activities | (3,438) | (9,659) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (2,792) | (2,803) |
| (d) investments | - | - |
| (e) intellectual property | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| | (f) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (2,792) | (2,803) |

| | | | |
|-------------|---|-----------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | 10,000 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | 240 | 240 |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (142) | (333) |
| 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 (Lease Deposit) | - | (371) |
| 3.10 | Net cash from / (used in) financing activities | 98 | 9,536 |

| | | | |
|-----------|--|---------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 11,702 | 8,833 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (3,438) | (9,659) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (2,792) | (2,803) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|--|------------------------------------|--|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 98 | 9,536 |
| 4.5 | Effect of movement in exchange rates on cash held | 438 | 101 |
| 4.6 | Cash and cash equivalents at end of period | 6,008 | 6,008 |

| 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 | 6,008 | 11,702 |
| 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) | 6,008 | 11,702 |

| 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 | 480 |
| 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> | | |

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

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| <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> | | |
| 7.1 Loan facilities | 4,539 | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | - | - |
| 7.5 Unused financing facilities available at quarter end | | 4,539 |
| 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. | |
| | <p>Credit Facility: US\$5,000,000.00 with Western Alliance Bank</p> <ul style="list-style-type: none"> • Borrowing Formula: Amaero may advance up to the Credit Facility Amount subject to 110% of amount advanced being held in cash deposit at Western Alliance Bank. • Repayment: Interest-only payable monthly through Maturity. • Maturity: 24 months • Interest Rate: Wall Street Journal ("WSJ") Prime Rate + 0.0%, floating. • Collateral: Cash deposits • Banking Relationship: The Company will utilise Western Alliance Bank as its primary banking relationship for USD deposits and business banking services. Amaero will receive a deposit rate of 5.0% in an Insured Cash Sweep account; the deposit rate is subject to change. <p>No additional finance facilities have been entered in to.</p> | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|--|---|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (3,438) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 6,008 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | 4,539 |
| 8.4 Total available funding (item 8.2 + item 8.3) | 10,547 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 3.07 |
| <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

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.

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 April 2024.....

Authorised by:The 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.