SUPPLEMENTARY PROSPECTUS

Amaero International Ltd (ACN 633 541 634)

This is a supplementary prospectus dated 5 November 2019 (**Supplementary Prospectus**). This Supplementary Prospectus should be read in conjunction with the prospectus dated 29 October 2019 (**Prospectus**) issued by Amaero International Ltd ACN 633 541 634 (**Company**). A copy of this Supplementary Prospectus was lodged with ASIC and ASX on 5 November 2019. ASIC and ASX do not take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail. Terms defined in the Prospectus have the same meaning in this Supplementary Prospectus, unless otherwise indicated.

This document is important and should be read in its entirety and in conjunction with the Prospectus. If you do not understand its contents, you should consult your professional advisor without delay.

Other than as set out below, all details in relation to the Prospectus remain unchanged.

Important Information

This Supplementary Prospectus and the Prospectus may be viewed on the Company's website.

The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor.

You may apply for Shares under the Offer using the application form attached to or accompanied by a complete copy of the Prospectus and Supplementary Prospectus (**Application Form**).

Substantial Shareholders

The Company wishes to provide further disclosure regarding its substantial holders. In this regard, the table provided in each of Section 1.5 corresponding to the topic *"Who are the owners of the Company at the date of this Prospectus and are they retaining an interest?"* and in Section 10.6 is to be replaced with the following table:

Registered Holder	Shares (number)	Interest (%) (Minimum Subscription)	Interest (%) (Maximum Subscription)
Rosewood Engineering Pty Ltd	20,900,000	12.68%	11.95%
Innovyz Investments Pty Ltd <Innovyz Investments Unit Trust>	18,752,996	11.38%	10.72%
Monash Investment Holdings Pty Ltd	18,315,178	11.11%	10.47%
PAC[1]	10,636,758	6.45%	6.08%
Resilient Investment Group Pty Ltd	9,167,416	5.56%	5.24%

1. As at the date of this Prospectus, PAC and its associates hold 4,636,758 Shares. As detailed in Section 9.10 of the Prospectus, on Completion of the Offer, the Company must issue to PAC (and/or its nominees) an additional 6 million Shares.

Authorisation

This Supplementary Prospectus is authorised by the Company for lodgement with ASIC and ASX. Each Director of the Company has consented to the lodgement of this Supplementary Prospectus with ASIC and ASX and has not withdrawn that consent.

This Supplementary Prospectus is signed for and on behalf of the Company by:



David Hanna
Director

Dated: 5 November 2019

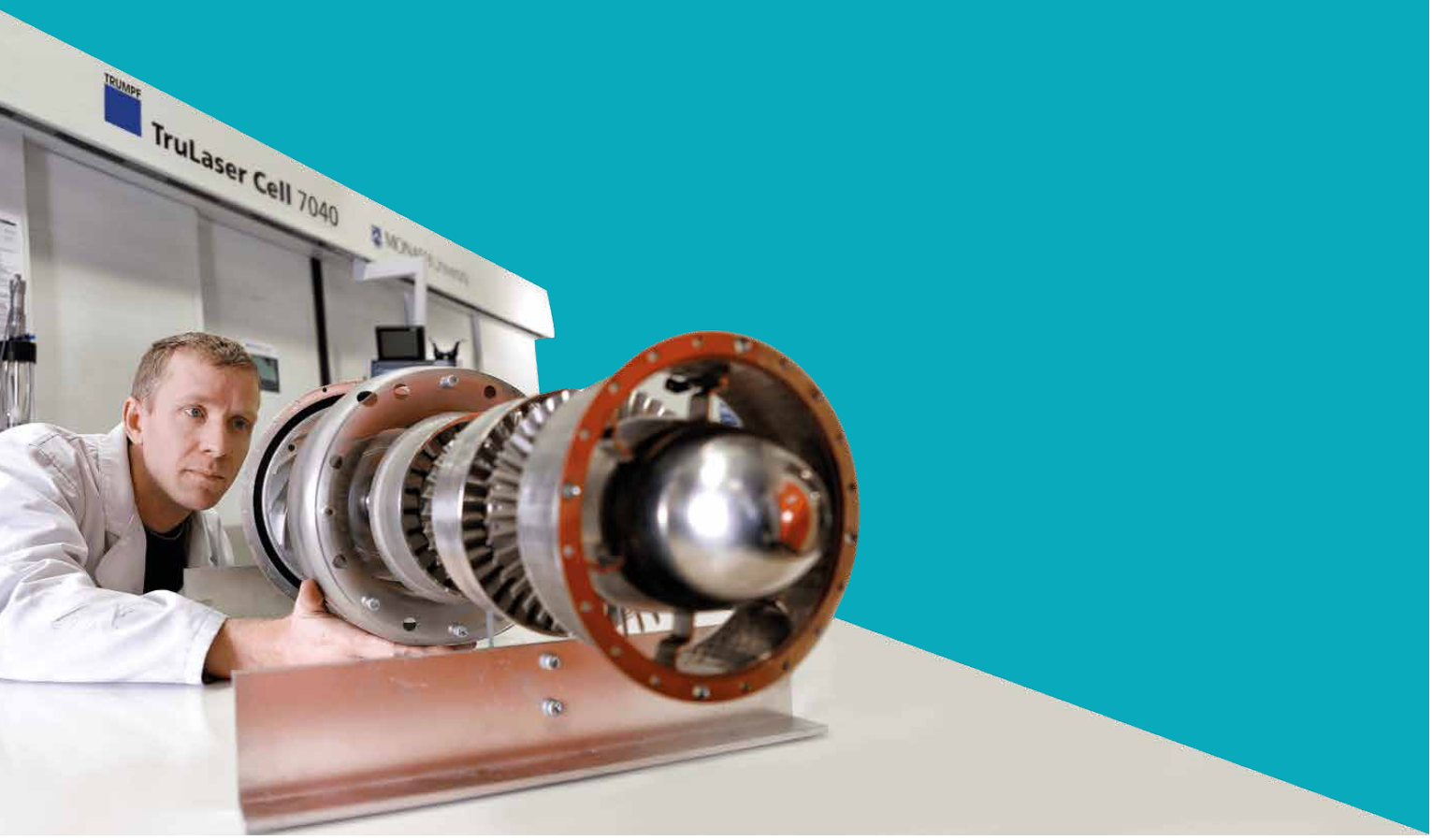
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AMAERO
ADDITIVE MANUFACTURING

PROSPECTUS

Amaero International Ltd
ACN 633 541 634

For the initial public offering of between 30 million and 40 million fully paid ordinary shares in Amaero International Ltd at an issue price of $0.20 per share to raise between $6 million and $8 million.



Lead Manager: PAC PARTNERS
ABN 68 623 653 912

Legal Adviser: coghlan duffy+co lawyers

Important Notices

OFFER

The Offer contained in this Prospectus is an invitation to acquire new fully paid ordinary Shares in Amaero International Ltd ACN 633 541 634 (**Company**). This Prospectus is issued by the Company for the purpose of Chapter 6D of the Corporations Act.

LODGEMENT AND LISTING

This Prospectus is dated 29 October 2019 and a copy of this Prospectus was lodged with the Australian Securities & investments Commission (**ASIC**) on that date. The Company will apply to the Australian Securities Exchange Limited (**ASX**) for admission of the Company to the official list of the ASX and for quotation of its Shares on the ASX within seven days after the date of this Prospectus. Neither ASIC, the ASX nor their officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

EXPIRY DATE

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

NOTE TO APPLICANTS

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its Shares or any other financial products.

No person is authorised to give any information or to make any representation in connection with the Offer or the Shares described in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer.

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in the Company's Shares. If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether or not to invest in the Shares. No person named in this Prospectus warrants or guarantees the Company's performance or any return on investment made pursuant to this Prospectus.

SPECULATIVE INVESTMENT

The Shares offered pursuant to this Prospectus should be considered highly speculative. There is no guarantee that the Shares offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

You are strongly advised to refer to Section 4 for details relating to the key risks applicable to an investment in the Shares. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues). There may also be risks in addition to these that should be considered in light of your personal circumstances.

NO OFFER WHERE OFFER WOULD BE ILLEGAL

The Offer under this Prospectus does not constitute a public offer in any jurisdiction outside Australia. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares in any jurisdiction outside of Australia. The distribution of this Prospectus outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus will not be released or distributed in the United States and does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of a US Person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

It is the responsibility of investors who are residents of jurisdictions outside of Australia to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus. The return of a completed Application Form by an Applicant outside Australia will be taken by the Company to constitute a representation and warranty by the Applicant that all approvals have been obtained. Applicants who are nominees or persons proposing to act as nominees should seek independent advice as to whether governmental or other consents are required, or other formalities need to be observed, before accepting Shares pursuant to this Prospectus.

EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing Applications under the Offer in the seven (7) day period after the date of lodgement of the Prospectus with ASIC (**Exposure Period**). This period may be extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by ASIC and market participants prior to the raising of funds under the Offer. This Prospectus will be made generally available to Australian residents during the Exposure Period, without the Application Form, by being posted on the following website: http://www.amaero.com.au/investor-center/. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

CAUTIONARY NOTE REGARDING INDUSTRY AND MARKET DATA

This Prospectus, including the Industry Overview in Section 2 and the Company Overview in Section 3, contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets.

Unless otherwise indicated, such information is based on the Industry Report that the Company commissioned from Frost & Sullivan, as well as the Company's analysis of such information. The information contained in the Industry Report has been accurately reproduced, and, as far as the Company is aware, no facts have been omitted which would render the information provided inaccurate or misleading.

The Industry Report includes or is otherwise based on information supplied to Frost & Sullivan by or on behalf of the Company, including internal financial and operation information of the Company. In addition, the Company understands from Frost & Sullivan that the Industry Report includes or is otherwise based on information obtained from existing published data sources (such as Government or industry statistics and industry reports, including existing reports published by Frost & Sullivan).

While the Industry Report provides that the views, opinions, forecasts and information contained in the report are based on information reasonably believed by the Company in good faith to be reliable, the Company has not independently verified or audited the information or material provided to it by or on behalf of the Company. In addition, the Company has not independently verified, and cannot give any assurances as to the accuracy and completeness of the market and industry data contained in this Prospectus that has been extracted or derived from the Industry Report. Accordingly, the accuracy and completeness of such information is not guaranteed. There is no assurance that any of the forecasts or projections contained in the Industry Report which are referred to in this Prospectus will be achieved.

Applicants should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any of the forecasts contained in reports, surveys and research of third parties which are referred to in this Prospectus will be achieved. The Company has not independently verified this information. Forecasts and estimates involve risks and uncertainties and are subject to change based on various factors, including the risk factors in Section 4.

PAST PERFORMANCE

This Prospectus includes information regarding the past performance of the Company. Applicants should be aware that past performance should not be relied upon as being indicative of future performance.

FINANCIAL INFORMATION AND AMOUNTS

The financial information in this Prospectus is presented in Australian dollars and has been prepared in accordance with Australian Accounting Standards.

COOLING OFF RIGHTS

Cooling off rights do not apply to an investment in Shares pursuant to the Offer. This means that, unless expressly provided under this Prospectus or applicable laws, you cannot withdraw your Application once it has been accepted.

NO OTHER REPRESENTATION

No person is authorised by the Company or the Lead Manager to give any information or make any representation in connection with the Offer that is not contained in the Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

This Prospectus contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations, financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 4.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements.

These forward-looking statements speak only as at the date of this Prospectus. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with the ASX after the date of this Prospectus.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

ELECTRONIC PROSPECTUS

This Prospectus will be made available in paper form and as an electronic prospectus on the following website: http://www.amaero.com.au/investor-center/

Any other information on www.amaero.com.au does not form part of this Prospectus.

The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. 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 from passing the Application Form on to another person, unless it is attached to, or accompanied by, a complete and unaltered version of this Prospectus. If you are unsure about the completeness of this Prospectus received electronically, or a print out of it, you should contact the Company or the Lead Manager. A paper copy of this Prospectus will be available for Australian residents free of charge by contacting the Company Secretary by telephone on +61 3 9614 2444 (from 9.00 am to 5.00 pm AEDT) Monday to Friday during the Offer Period.

Applications for the New Shares under this Prospectus may only be made on a printed copy of the Application Form attached to or accompanying this Prospectus in its paper form, or in its electronic form which must be downloaded in its entirety at http://www.amaero.com.au/investor-center/ The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus. If this Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with section 724 of the Corporations Act.

PRIVACY

The Company will collect, hold, use and disclose personal information provided by investors to allow it to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that the Company will need to collect your personal information (for example, your name, address and details of the Shares that you acquire/hold). Under the Corporations Act some of this information must be included in the Company's Share register, which will be accessible by the public.

The Company will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Company and its Share Registry may not be able to process your Application. The Company may also share your personal information with service providers of the Company or others who provide services on the Company's behalf, some of whom may be located outside of Australia.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company's privacy policy located on the Company's website at www.amaero.com.au. Alternatively, you can contact the Company by telephone on +61 3 9905 9847 (from 9.00am to 5.00pm AEDT) or by e-mail at legal@Amaero.com.au and the Company will send you a copy of its privacy policy free of charge. It is recommended that you obtain a copy of this privacy policy and read it carefully before making an investment decision.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and the Company's privacy policy (located on the Company's website, as above).

The Company's privacy policy also contains information about how you can access and seek correction of your personal information, complain about a breach by the Company of the Australian privacy laws, and how the Company will deal with any such complaint.

DEFINITIONS AND ABBREVIATIONS

Defined terms and abbreviations used in this Prospectus are explained in Section 11.

TIME

All references to time in this Prospectus refer to Australian Eastern Daylight Time (**AEDT**) unless stated otherwise.

CURRENCY

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. All references to "$" are references to Australian dollars unless otherwise stated.

DATA

All data contained in charts, graphs and tables is based on information available as at 29 October 2019 unless otherwise stated.

PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus which do not have any descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company.

Diagrams used in the Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at 29 October 2019.

QUESTIONS

If you have any questions in relation to the Offer, please call the Company Secretary on +61 3 9614 2444 (from 9.00 am to 5.00 pm AEDT) Monday to Friday, during the Offer Period.

Neither the Lead Manager nor the Company are able to advise Applicants on the suitability or otherwise of an investment in the Company, and for such advice Applicants must contact their own independent professional advisers.

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Corporate Directory ..... IBC

Important Dates and Key Offer Statistics

Important Dates

Lodgement of the Prospectus with ASIC	**29 October 2019**
Offer opens	**6 November 2019**
Offer closes	**5.00pm on 15 November 2019**
Completion of the Offer	**21 November 2019**
Expected Allotment Date	**21 November 2019**
Expected date for dispatch of holding statements	**22 November 2019**
Trading of Shares commences on the ASX on a normal settlement basis	**25 November 2019**

All times above are Australian Eastern Daylight Time. The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable law. In particular, the Company reserves the right to close the Offer early, extend the Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicants.

Investors who wish to submit an Application are encouraged to do so as soon as practicable after the Offer opens.

Key Offer statistics

	Minimum Subscription	Maximum Subscription
Company	**Amaero International Ltd ACN 633 541 634**	
Proposed ASX Codes for the Shares	**3DA**	
Securities offered	**Fully paid ordinary Shares**	
Subscription Price per New Share	**$0.20**	
Number of New Shares available under the Offer	**30 million New Shares**	**40 million New Shares**
Gross proceeds from the Offer	**$6 million**	**$8 million**
Total number of Shares on issue on completion of the Offer	**164,853,651 Shares**	**174,853,651 Shares**
Indicative market capitalisation on completion of the Offer*	**$32,970,730**	**$34,970,730**

* Before deducting costs and expenses of the Offer.

Chairman's Letter

Dear Investor

On behalf of the Board, it is my pleasure to invite you to become a shareholder in the Company.

We are an Australian company specialising in the manufacturing of large format complex components in metal using laser-based additive manufacturing processes. Additive manufacturing is commonly known as 3D printing, a process that is able to build three-dimensional objects layer-by-layer. The advantages of manufacturing using 3D printing include the ability to produce complex shapes and faster production cycles.

The Company's wholly-owned subsidiary Amaero Engineering was established with the support of Monash University in 2013 with the aim of realising commercial opportunities that had been identified by the Monash Centre for Additive Manufacturing. Since 2013 we have realised a number of achievements including manufacturing what we believe to be the world's first 3D printed jet engine and Aerospike rocket. We have recently entered into a strategic partnership with the University of Adelaide and established our wholly-owned United States subsidiary, Amaero USA.

The Company is proud to have provided 3D printing services for high quality customers across a range of industries including industrial manufacturing, research & development, aerospace and defence. With access to facilities in Melbourne and Adelaide, Australia and in Los Angeles, California, USA we are well positioned to provide 3D printing services to a global customer base.

The Board has approved a growth strategy incorporating short, medium and longer term market engagement opportunities. Our immediate focus is on addressable commercial opportunities such as those present in the tooling market whilst also ensuring we are well placed to assist customers in the defence and aerospace sectors with future additive manufacturing platforms. The proceeds of the Offer will be applied to assist the Company to execute its growth strategy, including the purchase of new 3D printers, research & development working capital and the costs of the Offer.

Subject to achieving the Minimum Subscription of $6 million under the Offer new Shareholders will own 18.20% of the Company. Should the Company receive applications for the Maximum Subscription of 10 million shares to raise a total of $8 million under the Offer, new Shareholders will own 22.88% of the issued capital of the Company.

This Prospectus contains detailed information about the Offer, the sector in which the Company operates, and the Company's financial and operating performance and outlook. The Company's business may be subject to a range of company-specific and general risks. These risks as well as other general risks associated with investing in Shares are described in Section 4.

On behalf of the Board, I present the Offer to you and I encourage you to read this Prospectus carefully in its entirety before making your investment decision. I look forward to welcoming you as a Shareholder of the Company.

Yours sincerely



David Hanna

1. Investment Overview

1. Investment Overview

The information set out in this section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares under the Offer, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisers.

1.1 Introduction

Topic	Summary	Further information
Who is the issuer of the Prospectus?	Amaero International Ltd ACN 633 541 634 a company limited by shares incorporated in South Australia, Australia.	Section 8.1
What is the business of the Company?	The Company manufactures large format complex components in metal with laser-based additive manufacturing processes. Additive manufacturing, also known as 3D printing, builds a three-dimensional object from a computer-aided design (CAD) model, usually by successively adding material layer by layer, unlike conventional machining, casting and forging processes, where material is removed from a stock item (subtractive manufacturing) or poured into a mould and shaped by means of dies, presses and hammers. The Company uses 3D printers to make components out of various metal alloys for its clients, mainly in the defence and aerospace industries. The Company intends to expand into the tooling industry, and to begin distributing 3D printers in North America.	Section 3
What is the Offer?	The Offer is an initial public offering of between 30 million and 40 million New Shares, to raise a minimum of $6 million and maximum of $8 million (before paying the costs of the Offer).	Section 8.1
Is the Offer underwritten?	No.	Section 8
What are the purposes of the Offer?	The purposes of the Offer are: • to achieve the business objectives described in section 8.6 of this Prospectus; • to raise capital to fund the Company's growth and expansion and to take advantage of specific client opportunities within the US; • for the Company to gain access to capital markets, which it expects will give it added financial flexibility to pursue growth opportunities; • to provide national and international defence and aviation clients with confidence that the Company can support their growth ambitions for additive manufacturing; • to provide a liquid market for the Company's shares and an opportunity for others to invest in the Company's growth; and • to provide the Company with the benefits that attach to the increased profile that arises from being a listed entity.	Section 8.5
What is the effect of the Offer on the capital structure of the Company?	The New Shares issued under the Offer will represent approximately: • 18.20% of the issued capital of the Company on completion of the Offer, assuming the Minimum Subscription; or • 22.88% of the issued capital of the Company on completion of the Offer, assuming the Maximum Subscription.	Section 8.3

Topic	Summary	Further information
What is the proposed use of proceeds raised from the Offer?	Whilst the Minimum Subscription under the Offer is $6 million, the Company will accept up to $8 million of gross proceeds from the Offer (before costs). The table below sets out the proposed use of the proceeds from the Offer in each of the scenarios where the Minimum Subscription, or the Maximum Subscription is raised. This table represents the Company's current intentions based upon its plans and the present business conditions. The amounts and timing of the actual expenditures and investments may vary significantly and will depend on numerous factors including any changes from the expected business environment.	Section 8.6

All $ figures represent '000s	$6 million raised	$8 million raised
Estimated cash reserves on listing	2,450	2,450
Cash proceeds received for issue of Shares	6,000	8,000
Total	**8,450**	**10,450**
Use of funds:		
Equipment Purchases	3,120	5,220
Research and Development	1,040	1,040
Working Capital	3,740	3,530
IPO Costs[1]	550	660
Total	**8,450**	**10,450**

Notes:

1. These costs exclude GST. Given certain costs associated with the Offer were paid prior to the date of this Prospectus, these IPO costs are the estimated outstanding costs associated with the Offer which will be paid from existing cash reserves or funds raised under the Offer.

The Directors believe that the Company's current cash reserves and its cash flow from existing operations plus the net proceeds of the Offer will be sufficient to fund the Company's stated business objectives.

These business objectives comprise:

- purchasing additional 3D printing machines and ancillary equipment to capitalise on growth opportunities in Australia and North America;
- providing working capital, including to expand its North American operations; and
- research and development.

1. Investment Overview

1.2 Key features of the Company's business model

Topic	Summary	For more information
What are the key benefits of the Company's business?	The strengths of the Company's business include (without limitation): • **Collaboration with Monash University:** The Company's relationship with Monash University and MCAM is based on a framework for each party to provide services to the other, including access to 3D printers and related equipment, access to specialised personnel and licences to certain intellectual property and the Company may collaborate with, and leverage the expertise of, MCAM to develop bespoke solutions for its clients. • **Collaboration with University of Adelaide:** The Company has entered into an agreement to collaborate with the University of Adelaide on a range of activities to develop additive manufacturing capability in South Australia. • **Access to valuable 3D printing machines:** The Company has access to world leading 3D printing equipment and R&D facilities at MCAM and the University of Adelaide. • **Exclusive distribution rights to the AmPro equipment:** The Company has exclusive rights to distribute AmPro 3D printers and other equipment in the North American market. • **Commercialisation rights to two Monash University metal alloys:** The Company has exclusive rights to commercialise two patented and proprietary alloys developed by Monash University (with exclusive rights to one alloy) which the Company believes can deliver material benefits to customers. • **Amaero knowhow and Intellectual Property:** The Company believes that is has the resources and unique capabilities to meet the specification requirements and traditional specifications for materials, component and integration level in respect of the current methods for certification of metals or metal components. • **Existing supplier:** Amaero is already qualified as an approved supplier to many of its target clients. The previous work undertaken by the Company with leading aerospace and defence companies positions the Company for potential expansion and deeper relationships with these companies. • **Classified US defence projects:** Amaero has secured approval for several ITAR-regulated projects which allowed it to supply to large USA based defence contractors.	Section 3

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What is the Company's growth strategy?</td><td>The Company's growth strategy is to focus on immediately addressable commercial opportunities whilst still providing growth optionality through assisting defence and aerospace clients to prepare for future military and aviation platforms utilising Amaero's proprietary metal 3D printing processes and alloys as a method to improve performance, decrease weight and achieve mechanical enhancements not achievable via traditional manufacturing methods.

Amaero's growth activities will have elements covering short, medium and longer term market engagement:

• Short Term: Low barrier to entry work such as the manufacture of tooling and prototyping services.

• Medium Term: Defence and aerospace market opportunities which involve significant qualification periods and pre-production investment potentially leading to sustained contract manufacturing.

• Longer Term: R&D projects that lead to Amaero participating in the development of future defence and aviation platforms which may include air, sea and land force vehicles, predominately in collaboration with its customers.</td><td>Section 3</td></tr>
<tr><td>How does the Company generate its revenue?</td><td>The Company provides its clients with bespoke solutions, assisting them to manufacture new designs and complex geometries, produce new materials with improved balanced properties. The Company's intended business model is to provide a range of comprehensive additive manufacturing services to customers with a range of service lines, including:

• research and development;

• design & prototyping;

• contract manufacturing;

• tooling;

• 3D printing equipment & consumables;

• training, services and maintenance; and

• commercialising metal alloys.</td><td>Section 3</td></tr>
<tr><td>Does the Company have any debt facilities?</td><td>The Company has no existing debt facilities.</td><td>Section 3</td></tr>
<tr><td>How does the Company expect to fund its operations?</td><td>The Company's existing cash reserves, combined with revenues generated by the existing business and funds raised under the Offer, are expected to fund the Company's stated business objectives.</td><td>Section 8.6</td></tr>
<tr><td>What is the Company's historical financial performance?</td><td>The table below shows a summary of key pro forma financial performance details taken from the audited financial statements of the Group over each of the last three financial years.

<table><tr><th></th><th>FY2017</th><th>FY2018</th><th>FY2019</th></tr><tr><td>Revenue</td><td>$478,133</td><td>$229,141</td><td>$179,823</td></tr><tr><td>Other income/(losses)</td><td>$892,452</td><td>$32,616</td><td>($2,048)</td></tr><tr><td>Expenses</td><td>($2,180,339)</td><td>($2,043,869)</td><td>($999,612)</td></tr><tr><td>Operating Loss</td><td>($809,754)</td><td>($1,782,112)</td><td>($821,837)</td></tr></table></td><td>Section 6</td></tr>
</table>

1. Investment Overview

1.3 Key risks

Topic	Summary	For more information
What are the key risks associated with the Company?	The Company's business is subject to a number of risks. A summary of the key risks that the Company believes investors should consider include, but are not limited to, the following: • **Intellectual Property – General:** The Company's ability to leverage its innovation and expertise in additive manufacturing depends upon its ability to protect its intellectual property and any improvements to it. This also applies to the licensors of all intellectual property that is licensed to the Company. There is a risk that the Company's intellectual property (including the intellectual property it licenses) may be the subject of unauthorised disclosure or be unlawfully infringed. The Company may also incur substantial costs in asserting or defending its intellectual property rights. • **Intellectual Property – Research and collaboration agreements:** Through its collaborations with Monash University and the University of Adelaide, the Company shares background intellectual property and is provided access to background intellectual property owned by Monash University and the University of Adelaide. There is a risk that these counterparties may dispute the ownership of the background intellectual property or the ownership of intellectual property that is developed during a project the parties are collaborating on. • **Intellectual Property – Licenses:** Through its collaboration with Monash University (described further in section 9.1 of this Prospectus), the Company has been granted a licence to certain intellectual property rights. If the Company does not or cannot satisfy its obligations under the licence arrangements, the Company could be deemed to be in breach of the licence conditions and these licences could potentially be revoked. • **Intellectual Property – historical purchase orders:** Amaero has historically agreed purchase orders with customers that may have required it to grant a licence to certain intellectual property rights created in the process of manufacturing specific products for that customer and to which Amaero may not have had a sub-licensable right. There is a risk that a previous customer of Amaero may dispute ownership of certain intellectual property by claiming that certain intellectual property was assigned to it under the purchase order. • **Intellectual Property – Alloy Licences:** Monash University is the owner of the Alloy Patent Applications and will be the owner of any patent granted under the Alloy Patent Application. Monash University licenses commercialisation rights to the Company subject to certain exclusions. The Alloy Licenses have various royalty obligations as described in section 9.4 of this Prospectus. If the Company does not or cannot meet the royalty obligations, then the Company could be considered to be in breach of the licence conditions and the Alloy Licenses could potentially be revoked. There is no guarantee that the grant of a patent under the Alloy Patent Applications will provide adequate protection for the intellectual property, or that third parties will not infringe or misappropriate its patents or any other rights. In addition, there can be no assurance that the Company will not have to pursue legal action against other parties to assert its rights.	Section 4

Topic	Summary	For more information
What are the key risks associated with the Company? continued	• **Intellectual Property – Breach of third party intellectual property rights:** There is a risk that third parties may allege that the Company's products use intellectual property derived by them or from their products without their consent or permission. The Company may be the subject of claims which could lead to disputes or litigation, which could result in the payment of monetary damages, cause delays and increase costs, which in turn could have an adverse impact on the Company's operations, reputation and financial performance. • **Loss of key contracts and arrangements:** The Company's business relies on a number of key contracts and arrangements. Any failure to maintain, renew or replace key contracts and arrangements on commercially acceptable terms, or any failure by a party (including the Company) to perform its obligations under such contracts or arrangements, could have a material adverse effect on the Company's business, operations and financial performance, adversely affect the Company's operational performance and in some instances, result in a loss to utilise the facilities, equipment and/or intellectual property of Monash University or the University of Adelaide. • **Reliance on key personnel:** The Company's operational success will substantially depend on the continued employment of senior executives, technical staff and access to sub-contractors who have substantial experience with the Company's 3D printing and additive manufacturing technology and are familiar with the Company's business and structure. • **Melbourne facility lease:** The Company occupies its head office and manufacturing facility in Notting Hill, Victoria, under a licence arrangement with Monash University (which leases the site). The Company intends to enter a written sublease agreement with Monash University over this site. If the Company is unable to enter a sublease agreement or obtain relevant consents to the sublease, there is a risk that Monash University (or the owner of the site) may terminate the Company's occupancy and require it to move from the site, in which case the Company would incur significant relocation costs. • **Industry cycle:** The Company currently operates predominantly in the defence and aerospace sectors and intends to expand its operations into the tooling sector. External factors that influence the level of activity in these sectors may have an adverse effect on the Company's future operating results. • **Product liability risk:** If components or equipment manufactured by the Company do not meet requisite manufacturing standards or are found to be faulty, defective or unsafe, the Company may face product liability claims which may affect the Company's brand reputation, revenue earning potential and operating results. Any product liability claims may further impact on the Company's ability to successfully secure or renew product liability insurance and disrupt the Company's business operations and financial performance.	Section 4

1. Investment Overview

Topic	Summary	For more information
What are the key risks associated with the Company? continued	• **Commercialisation, market and scalability risk:** The Company is seeking to supply products based on historical and existing market trends and to create new markets for 3D metal printing and additive manufacturing, however there can be no assurance of the continued growth in existing markets or that the new markets that the Company is seeking to supply will develop as targeted. Further, the Company's business and growth plan is predicated on executing customer agreements with large counterparties without any assurance that the Company can successfully commercialise its business model or that it will be able to maintain certain certification and security standards it requires to supply some of its customers. To ensure the supply of products in a timely manner and of sufficient quality, the Company will need to be in a position to maintain adequate manufacturing capacity and facilities. • **Foreign exchange:** The Company operates internationally and in a number of currencies (including USD and EUR). As the Company reports in AUD, fluctuations in prevailing exchange rates may affect the Company's profitability and financial position. The mix of currencies in which the Company pays its costs and earns its revenues may change over time. If changes in this mix occur, there may be a greater impact on profitability in AUD terms. The Company's financial statements are prepared and presented in AUD, and any appreciation in the AUD against other currencies in which the Company transacts may adversely impact its financial performance and position. • **Competition:** The 3D metal printing and additive manufacturing sector for metal products are competitive sectors that are reliant upon continual technological advancement. The development of new and superior 3D metal printer or additive manufacturing processes by a competitor could affect the Company's ability to commercialise its printers and additive manufacturing processes and have an adverse effect in the Company's business or financial position. • **Future capital requirements:** As the Company's business grows the Company will be required to invest in additional 3D printing machines which will require substantial further capital in addition to the amounts raised pursuant to the Offer. If the Company is unable to obtain additional capital (including on terms favourable to the Company), the operations of the Company may need to be reduced, delayed or suspended which may have a material adverse effect on the Company's activities or its ability to continue as a going concern. • **No profit to date and limited operating history:** The Company has a limited operating history and due to the fact that it has incurred losses since its inception, it is not possible to evaluate its prospects based on past performance. Since the Company intends to invest in the commercialisation of its additive manufacturing processes, the Directors anticipate that the Company will incur further losses until it is able to effectively commercialise and generate revenue from its additive manufacturing business. • **Outstanding claims:** Following a claim made against Amaero (and Monash personnel) under the Fair Work Act (**Fair Work Claim**), the Fair Work Commission conducted a mediation session in late 2016 however no resolution was reached. There have been no further developments since then, however the limitation period for the Fair Work Claim has not yet expired. Amaero's insurer has confirmed that the Fair Work Claim was covered by Amaero's D&O insurance policy and that it will assess any future claims against Amaero's D&O insurance policy at that time.	Section 4

Topic	Summary	For more information
What are the key risks associated with the Company? continued	• **Compliance with laws and regulations:** The Company's business is subject to a range of legal and industry compliance requirements, particularly in relation to the defence and aerospace sectors, which are constantly evolving and subject to change and uncertain interpretation. New laws and regulations may be implemented in the future that could impact the Company's business. Even though the Company is increasingly focussing attention on the development of internal compliance with legal, regulatory and industry requirements, the Company's processes may not ensure compliance with all relevant laws and regulations across all the jurisdictions in which it operates and may further not be, or become, sufficient to enable the Company's business to address the changing regulatory environment and any changing expectations from government regulators. Any past, current or future violations of applicable laws and regulations (whether in or outside of Australia) may have a material adverse effect on the Company's reputation, financial performance and business operations. The Company may be required to incur additional costs in order to comply with the relevant laws and regulations and any changes to the legal and regulatory environment affecting the Company's business. • **Risks associated with foreign jurisdictions:** As the Company operates in foreign jurisdictions (such as North America and Europe), it will be subject to those risks associated with operating in a foreign jurisdiction, including economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, licencing, repatriation of income or return of capital, consumer health and safety or labour relations. While North America and Europe are economically stable, there is no certainty that political and economic conditions will remain stable and any deterioration of these conditions may adversely affect the Company's operations and profitability. The nature of risks are such that any risk, if realised, may have a material adverse impact on the Company's financial performance and state of operations. As such, investors are required to consider all risks relating to the Company (see "Risk Factors") and if in doubt, to seek independent advice about the risks associated with an investment in the Shares.	Section 4

1.4 Directors

Topic	Summary	For more information
Who are the Directors of the Company?	• David Hanna, Chairman and Non-Executive Director • Kathryn Presser, Non-Executive Director • Stuart Douglas, Executive Director	Section 5.1

1. Investment Overview

1.5 Significant interests of key people

Topic	Summary	For more information
Who are the key people and what will be their relevant interests in Shares at Completion?		Section 5.4

Key person name	Shares (number)	Minimum Subscription (%)	Maximum Subscription (%)
David Hanna[1]	281,250	0.17%	0.16%
Stuart Douglas[2]	20,752,995	12.59%	11.87%
Kathryn Presser[3]	112,500	0.07%	0.06%
Barrie Finnin (CEO)	572,916	0.35%	0.33%
Total	**21,719,661**	**13.18%**	**12.42%**

1. As at the date of this Prospectus, David Hanna holds 156,250 Shares and intends to subscribe for an additional 125,000 New Shares under the Offer.
2. As at the date of this Prospectus, Stuart Douglas and his wife, Kimberly Douglas, hold 1,749,999 Shares. As at the date of this Prospectus, Innovyz Investments Pty Ltd <Innovyz Investments Unit Trust> holds 18,752,996 Shares. Stuart Douglas and Kimberly Douglas hold 33% of the shares in Innovyz Investments Pty Ltd and have a beneficial interest in 33.33% of the units in the Innovyz Investments Unit Trust. Kimberly Douglas' self-managed super fund intends to subscribe for an additional 250,000 New Shares under the Offer.
3. As at the date of this Prospectus, Kathryn Presser holds 62,500 Shares and intends to subscribe for an additional 50,000 New Shares under the Offer.

Who are the owners of the Company at the date of this Prospectus and are they retaining an interest?

Section 10.6

As at the date of this Prospectus, the Company is aware that the following Existing Shareholders will hold greater than 5% of the Shares on issue on Completion of the Offer (assuming these parties do not apply for additional New Shares under the Offer). These parties are expected retain an ongoing equity interest in the Company:

Registered Holder	Shares (number)	Interest (%) (Minimum Subscription)	Interest (%) (Maximum Subscription)
Rosewood Engineering Pty Ltd	20,900,000	12.68%	11.95%
Innovyz Investments Pty Ltd <Innovyz Investments Unit Trust>	18,752,996	11.38%	10.72%
Monash Investment Holdings Pty Ltd	18,315,178	11.11%	10.47%
PAC[1]	10,636,758	6.45%	6.08%

1. As at the date of this Prospectus, PAC and its associates hold 4,636,758 Shares. As detailed in Section 9.10 of this Prospectus, on Completion of the Offer, the Company must issue to PAC (and/or its nominees) an additional 6 million Shares.

Will any Shares be subject to restrictions on disposal following Completion of the Offer?

Section 8.18

Subject to ASX confirming these matters, it is expected that the Shares held by Existing Shareholders immediately prior to Completion will be subject to Escrow Restrictions in the period immediately following Completion of the Offer, as summarised below:

Shareholders	# Escrowed Shares	Escrow Period
Directors, management and promoters	68,580,977	24 months from Quotation
Other	3,333,334	Expiring on 15 October 2020
	5,550,025	Expiring on 10 September 2020
	3,383,343	Expiring on 1 July 2020
	16,877,697	Expiring on 28 June 2020
Total	**97,725,376**	

1.6 Key terms and conditions of the Offer

Topic	Summary	For more information
Who can apply for New Shares under the Offer?	The Offer is open to residents of Australia and such other persons to whom it would be lawful to make the Offer.	Section 8.4
How do I apply under the Offer?	Applications may only be made on the Application Form attached to or accompanying this Prospectus. An electronic copy of the Prospectus is available at http://www.amaero.com.au/investor-center/ Alternatively, you may request and complete a paper-based Application Form provided with a paper-based copy of this Prospectus. Application Forms must be completed in accordance with the instructions set out on the Application Form.	Section 8.8
How to complete and attach your cheque for the Application Amount under the Offer.	Once you have completed the Application Form, you may pay your Application Amount by cheque or such other means as may be directed by the Company or the Lead Manager in writing. If paying by cheque, you must make your cheque payable to the Lead Manager, crossed "Not Negotiable" and in Australian currency drawn on an Australian branch of a financial institution. Your completed Application Form and cheque must be delivered to the Lead Manager directly.	Section 8.8
What is the closing date for the Offer?	The Offer opens on 6 November 2019 and is expected to close on 15 November 2019. The Company and the Lead Manger may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Your broker may also impose an earlier closing date. Applicants applying for New Shares under the Offer are encouraged to submit an Application Form and Application Amounts as early as possible in advance of the Closing Date and to allow a sufficient period for mail processing time. The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your broker in connection with your Application (if applicable).	Section 8.10
Will the Shares be quoted on ASX?	The Company will apply for admission to the Official List of the ASX and quotation of Shares on the ASX (which is expected to be under the code '3DA' for the New Shares). Completion of the Offer is conditional upon the ASX approving the Company's application for admission to the Official List of the ASX. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Amounts received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.	Section 8.13
Is there a minimum amount that the Company is seeking to raise under the Offer?	Yes. The Minimum Subscription is $6 million. If the Minimum Subscription is not reached within four (4) months of the date of this Prospectus, the Offer will be withdrawn and all Application Amounts received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. The Maximum Subscription under the Offer is $8 million.	Section 8.2

1. Investment Overview

Topic	Summary	For more information
Is the Offer underwritten?	No.	Section 8
What is the allocation policy?	Allocations of New Shares under the Offer will be determined by the Company, in consultation with the Lead Manager.	Section 8.12
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 8.17
What are the tax implications of investing in the Shares?	The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 8.16
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post to successful Applicants on or around 22 November 2019. Any trading before this date is at the Applicants' risk.	Section 8.12
When are the securities expected to commence trading?	It is expected that the trading of the New Shares on the ASX will commence on or about 25 November 2019, on a normal settlement basis. It is the responsibility of each Applicant to confirm their holding before trading in New Shares. Applicants who sell New Shares before they receive an initial holding statement do so at their own risk. The Company and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell New Shares before receiving their initial holding statement.	Section 8.15
What is the Company's dividend policy?	It is anticipated that significant expenditure will be incurred in executing the Company's business and marketing plans. These activities are expected to dominate the period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends for the foreseeable future. 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 distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.	Section 10.5
What is the minimum and maximum Application size under the Offer?	Applications must be for a minimum of 10,000 New Shares (i.e. $2,000) and, thereafter, in multiples of 2,500 New Shares (i.e. $500). Applications for less than the minimum accepted Application of 10,000 Shares will not be accepted. There is no maximum amount of New Shares that may be applied for under the Offer.	Section 8.9

Topic	Summary	For more information
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue or transfer of Shares to Successful Applicants. If the Offer does not proceed, all Application Amounts will be refunded. No interest will be paid on any Application Amounts refunded as a result of the withdrawal of the Offer.	Section 8.11
Where can I find more information about this Prospectus or the Offer?	If you have any questions in relation to the Offer, please call the Company Secretary on +61 3 9614 2444 (from 9.00 am to 5.00 pm AEDT) Monday to Friday during the Offer Period. If you are unclear in relation to any matter or are in any doubt as to whether to invest in the Company, you should seek professional advice from your stockbroker, financial adviser, accountant, lawyer or other professional adviser before deciding whether or not to invest in the Company.	Section 8.21

2. Industry Overview

2. Industry Overview

FROST & SULLIVAN

Market Report

October 28 2019

Market Report

Additive Manufacturing Market

This report describes the additive manufacturing (**AM**) market, specifically in the aerospace sector. This report has been commissioned from Frost & Sullivan by Amaero International Ltd. (**Amaero** or **the Company**) to support its initial public offering (**IPO**) process, including its pre-IPO capital raisings. Information presented in this report has been taken from Frost & Sullivan's published reports on the AM industry, and other published secondary data sources, including reports, journals and press articles.

All currency quoted in this report refers to US dollars ($) unless specified otherwise.

1. Introduction

Amaero's wholly-owned subsidiary, Amaero Engineering Pty. Ltd., was formed in 2013 to commercialise technology developed at Monash University's Centre for Additive Manufacturing (**MCAM**). The Company specialises in the manufacture of metallic components through the use of 3D printing, with a focus on the aerospace sector, where manufacturing requirements and quality standards are extremely high. The Company owns, or through its relationship with MCAM has access to, a number of industrial scale AM machines.

Whilst Amaero is primarily focused on the aerospace sector, and which is the focus of this report, it has also exploited opportunities for AM in other sectors, particularly in tooling applications where it focuses on the manufacture of dies and moulds in steel or high-strength alloys. These are also described in this report.

2. Definition and Development of AM

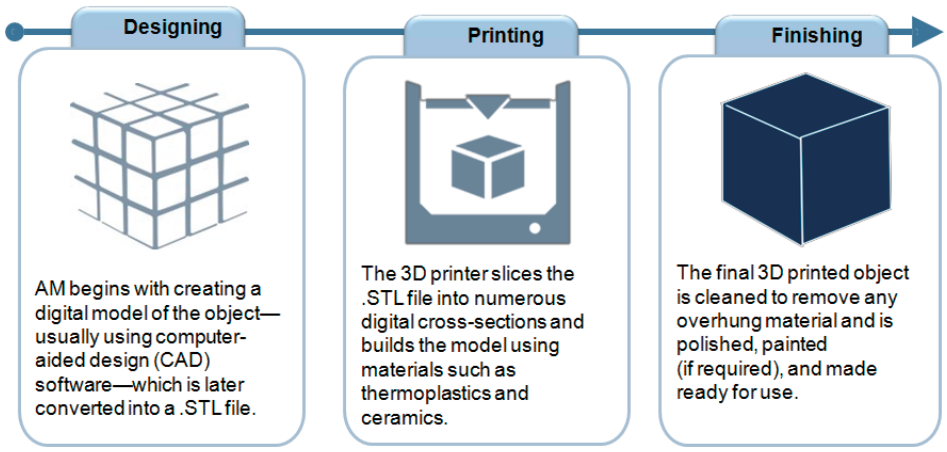
2.1 Definition

AM is a production process in which materials are joined to make parts from 3D model data, generally layer upon layer. The product to be manufactured is initially designed, generally using computer aided design (**CAD**) software which is later converted into a .STL file. The 3D printer slices the .STL file into numerous digital cross-sections and builds the model using materials such as metals, thermoplastics and ceramics. The final 3D printed object is cleaned to remove any overhung material and is polished, painted (if required), and made ready for use. This process is illustrated below. Because the AM process involves manufacturing through deposition of a material, it is also known as 3D printing, and the terms AM and 3D printing are used synonymously. The deposition of material in an AM process can be undertaken in a variety of ways, including

2. Industry Overview

extruding, laminating or fusing. AM is differentiated from traditional subtractive manufacturing processes, in which a block of material is machined down to create the desired product.

Figure 1: Typical AM Process



Source: Frost & Sullivan

AM is used in an increasingly broad range of applications. These include the manufacture of patterns, models, tools, components and end-products from a range of materials including plastics, metals, ceramics and biomaterials. Increasingly, AM is moving from the production of prototypes and tooling towards manufacture of finished parts, components and products.

2.2 AM Processes

There are seven main AM processes:

1. Stereolithography (**SLA**)
2. Electron beam melting (**EBM**)
3. Fused deposition modelling (**FDM**)
4. Selective heat sintering (**SHS**)
5. Selective laser sintering (**SLS**)
6. Direct metal laser sintering (**DMLS**)
7. Laminated object manufacturing (**LOM**)

The seven main AM processes are explained further below.

SLA: The SLA process converts photosensitive liquid into 3D solid plastics in a layer-by-layer fashion using an UV laser and photopolymerisation.

In this process, one layer at a time is built by an UV laser beam directed by a computer guided mirror onto the surface of the UV sensitive liquid epoxy resin. The UV light solidifies the resin it touches and each layer is applied by submersion of the build platform into the resin. This process produces the finest surface finish and provides high dimensional accuracy. The process requires a

support structure for production process that needs to be removed after the production process is complete.

EBM: EBM is a type of AM for metal parts. The raw material, a metal powder or wire, is placed under a vacuum and fused together from heating by an electron beam. This technique differs from selective laser sintering as the raw material fuses having completely melted.

FDM: FDM process uses a thermoplastic filament, which is heated to its melting point and then extruded, layer by layer, to create a three dimensional object. FDM printers need two kinds of materials, a modelling material, which constitutes the finished object, and a support material, which acts as a scaffolding to support the object as it is being printed.

SHS: SHS works by using a thermal print head to apply heat to layers of powdered thermoplastic. When a layer is finished, the powder bed moves down, and an automated roller adds a new layer of material which is sintered to form the next cross-section of the model. SHS is best for manufacturing inexpensive prototypes for concept evaluation, fit/form and functional testing.

DMLS: DMLS, also known as selective laser melting (**SLM**) or laser powder bed fusion (**LPBF**), is a rapid prototyping technique designed to use a high power-density laser to melt and fuse metallic powders together. The DMLS process uses a variety of alloys and this allows for prototypes to be made out of the same material as production components. The components are built layer by layer, and therefore it is possible to design organic geometries, internal features and challenging passages that could not be cast or machined. The DMLS process produces strong, durable metal parts that work well as both functional prototypes or end-use production parts.

LOM: LOM is a process wherein layers of adhesive-coated paper, plastic, or metal laminates are successively glued together and cut to shape with a knife or laser cutter. Objects printed with this technique may be additionally modified by machining or drilling after printing. Typical layer resolution for this process is defined by the material feedstock and could range in thickness from one to a few sheets of copy paper.

EBM, SHS, SLS and DMLS technologies all incorporate powder bed fusion (**PBF**) as an underpinning technology. In PBF, a bed of powder is selectively fused by thermal energy generally from a laser or electron beam. SLS is typically used for polymer-based materials, and EBM, SHS and DMLS for metal powders. PBF is the main technology used in the manufacture of metal items. A range of metals and alloys are now used in AM, including titanium, aluminium, steel, nickel and cobalt.

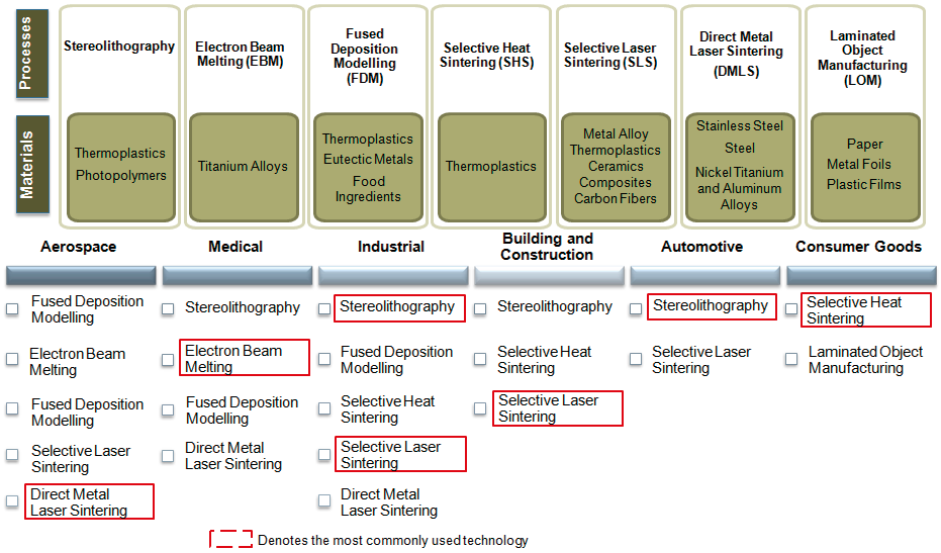
The main materials and key technologies used by industry sector are summarised below.

2. Industry Overview

FROST & SULLIVAN

Market Report

Figure 2: AM Technologies and Materials by Industry Sector



Source: Frost & Sullivan

The AM market involves three main segments:

- Sale of systems (3D printers) – typically categorised into small (desktop) and industrial systems
- Sale of 3D printing materials – including plastics, metals and biomaterials
- AM services – manufacture of items on a contractual "bureau type" arrangement.

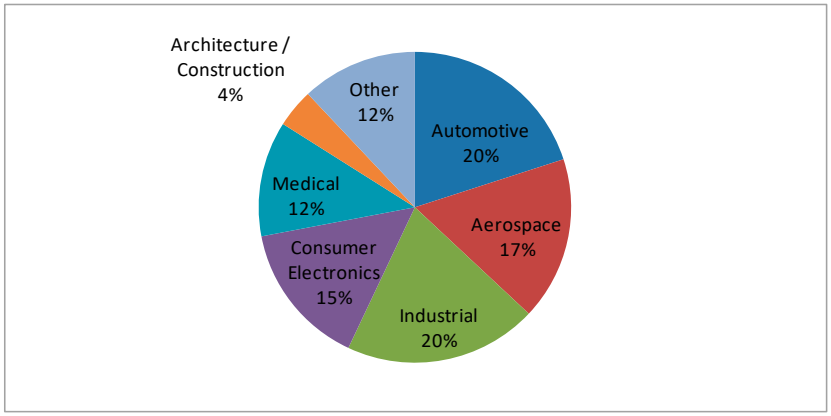
2.2 Development of AM

Research activities in AM have been underway for more than 50 years, and the first commercial AM systems were marketed in the 1980s with the introduction of SLA. Since then, other technologies have been commercialised and the accuracy of AM has improved significantly. The cost of 3D printers has also reduced significantly, making AM systems much more widely available.

Initially, AM was primarily used for manufacture of models, prototypes, tooling, patterns and moulds. However, as the quality and accuracy of 3D printing improves it is increasingly being used in the manufacture of end-products, either components/parts or finished products themselves. This is driving significant growth in the use of AM.

The most significant industries for the use of AM are automotive, industrial and aerospace. In these industries, AM is increasingly being used to manufacture parts and components for larger systems (such as vehicles, aircraft and aeroengines). Other significant end-use industries include medical and consumer electronics.

Figure 3: AM Market by End-use Industry, 2018



Source: Frost & Sullivan

Research and development activities on AM techniques continue with engineers and researchers seeking to improve the existing processes or develop new techniques.

During 2018, it was reported that NASA engineers have developed a new metal AM process called Laser Wire Direct Closeout (**LWDC**). This process is not based on a powder bed but instead uses a concentrated energy wire metal deposition process to create complex metal parts. NASA has filed a patent for LWDC technology that would reduce manufacturing time to just a few weeks and not a few months as earlier. Developments such as these encourage more industries to adopt AM.

Development of materials for 3D printing is of huge importance for the growth of AM. More research and development efforts are focused on developing materials that can meet the desired quality and regulatory requirements of every industry.

3. Market Drivers for AM

The use of AM is being stimulated by a number of factors as described below.

3.1 Reduced AM Systems Cost

A major factor stimulating the use of AM has been the declining cost of 3D printers, which has opened AM to a broader range of users and applications. This is indicated by the declining cost of 3D printers using plastic as a material. Initially, 3D printers commercially available in the 1980s were priced at over $300,000, equivalent to almost $650,000 in today's dollars.[1] By 2018, consumer 3D printers were available for under $1,000, and the average price of industrial systems had also reduced significantly to under $100,000. A very wide range of 3D printers are now available at varied price points depending on the specific technology and application. Whilst 3D printers for printing in metal are considerably more expensive than 3D printers for plastic, and have not

[1] https://3dprintingindustry.com/news/evolution-3d-printing-past-present-future-90605/

2. Industry Overview

declined in price to the same extent, future declines in the cost of metal 3D printers are likely to spur growth in metal 3D printing.

3.2 Increased use of AM for Finished Products

A major growth driver for AM has been its increased adoption in the manufacture of finished products, including parts/components for larger systems as well as end-products in their own right. This has driven a much larger market opportunity than the traditional prototype/tooling market. Use of AM for finished products eliminates the need for specific tooling and allows production of small batch sizes and complex parts to be undertaken more cost-effectively than through traditional subtractive manufacturing. In particular, the manufacture of metal finished products through AM is becoming increasingly technically and commercially viable. For example, since 2015, GE Aviation has been manufacturing fuel nozzle tips for its LEAP aeroengine using AM, with 30,000 units manufactured as at October 2018. AM has reduced the number of parts previously welded together from 20 to one, and has cut the weight of the nozzle tip by 25%.[2] A survey of AM users indicated that the percentage that use AM for production of finished parts increased from 22% of users in 2017 to 43% in 2018.[3]

3.3 Reduced Time for Prototyping

Use of AM significantly reduces the time and cost of manufacturing prototypes, with a significant benefit for product development timeframes and overall cost, by reducing the number of stages in the prototyping process and eliminating the need for specific tooling. In one use case, vehicle OEM Audi has estimated that the use of AM for prototypes of tail light covers will reduce the prototyping lead time by 50%.[4]

3.4 Reduced Manufacturing Waste

Traditional subtractive manufacturing processes produce significant amounts of waste material as material blocks are machined down to create the required item. Conversely, as an additive process, AM only uses the amount of material required to manufacture the item. This significantly reduces material consumption and waste in the manufacturing process. For example, the manufacture a 2kg titanium fitting that anchors the floor of the aft galley on a Boeing 787 via traditional subtractive manufacturing would require a 30kg titanium block, with 28kg of wastage, compared to only 6kg of titanium wire per part required in AM production.[5]

3.5 Increased Manufacturing Flexibility

The characteristics of AM provide for much greater flexibility in manufacturing, both in terms of location and production volumes. The smaller scale and cheaper cost of 3D printers when compared to traditional subtractive manufacturing systems such as CNC machines allow manufacturing to be undertaken in a broader range of locations, with greater flexibility than in large manufacturing facilities. As AM avoids the need for specific tooling, it also allows for economical production of small batches and customised products, which would often be cost-

[2] https://www.ge.com/additive/blog/new-manufacturing-milestone-30000-additive-fuel-nozzles
[3] Sculpteo, the State of 3D Printing, 2018
[4] https://www.zdnet.com/article/audi-adopts-full-color-3d-printing-to-boost-manufacturing-time-to-market/
[5] https://aerospaceamerica.aiaa.org/departments/making-3d-printed-parts-for-boeing-787s/

prohibitive when manufactured traditionally. For example, AM is now used to manufacture personalised medical devices such as implants in hospitals or doctor's offices.

3.6 Growth in Metal AM

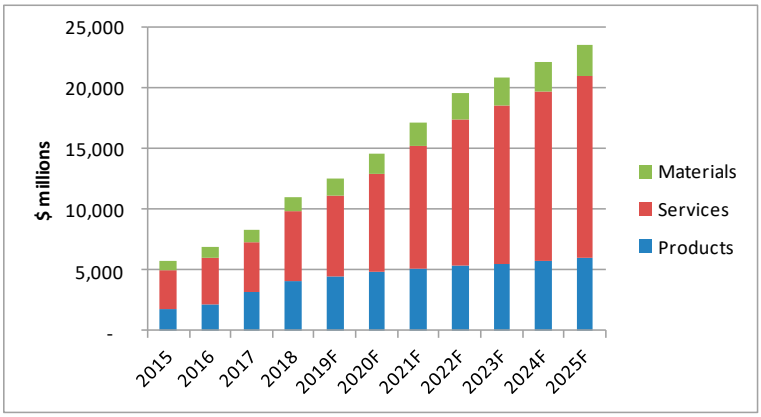
Whilst plastic has been the dominant material for AM, it is becoming increasingly widely adopted in manufacture of metal items, manufactured from a variety of metals and alloys. This is opening up AM to a much broader market opportunity. Based on an industry survey, in 2018 36% of AM users were using metal compared to 28% in 2017.[6] The viability of AM using superalloys of metals such as nickel and titanium is also opening AM to a wider range of applications. Superalloys are high temperature metals such as nickel, titanium and cobalt, and are used in very high temperature applications such as jet engines where they display high strength and corrosion resistance. To date, the ability to undertake AM using these materials is relatively limited to AM service providers with the specialist equipment and skills required.

4. The AM Market

4.1 AM Market Size & Growth

The AM market can be segmented into products (revenues from sale of 3D printers); services (revenue from sale of products manufactured by AM by contract, "bureau" manufacturers); and materials (revenue from sale of AM materials, including metals and plastics). In 2018, Frost & Sullivan estimates that the global AM market was just under $11 billion, with services the largest segment at $5.7 billion. By 2025, the overall AM market is forecast to increase to $23.6 billion, at a CAGR of 15.1% between 2015 and 2025. The fastest growth is forecast to be in services (16.6% CAGR).

Figure 4: AM Market Size by Segment, 2015 to 2025F



Source: Frost & Sullivan

[6] Sculpteo, the State of 3D Printing, 2018

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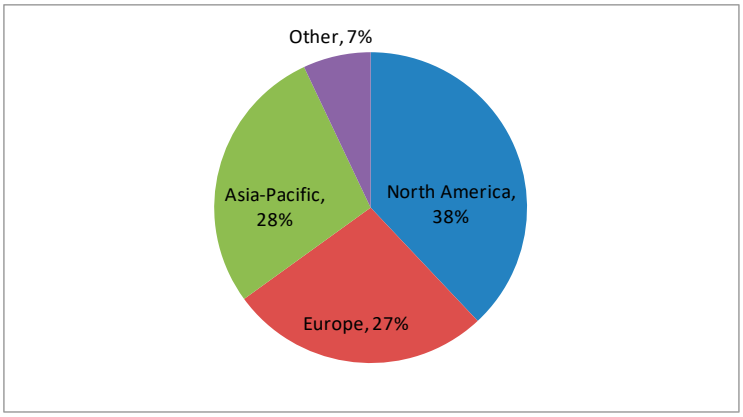
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4.2 AM Market by Region

The largest market for AM is North America, specifically the US, which accounts for around 38% of AM systems in use. Europe and Asia-Pacific are broadly equal at around 27-28% of systems in use. In Europe, the leading countries are Germany, UK, Italy and France, and in Asia-Pacific China, Japan and Korea. Australia is a relatively small location for AM, with industry revenue estimated at $100 million in 2018.

Figure 5: AM Market by Region, 2018

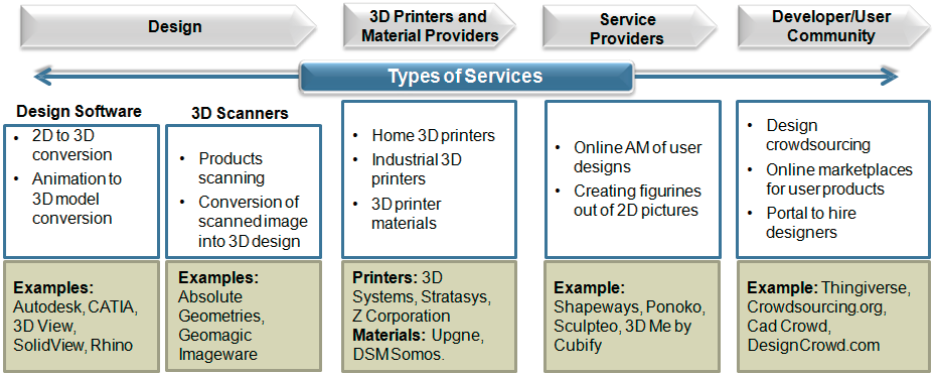


Source: Frost & Sullivan

4.3 Competitive Environment

The value chain for the AM industry includes participants focused on CAD software, manufacture and supply of 3D printers and materials, service providers and the developer/end-user community.

Figure 6: AM Industry Value Chain



Source: Frost & Sullivan

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There are almost 200 3D printer suppliers estimated to be operational, and a similar number of material and service providers. The largest system and service providers globally are listed below.

Table 1: Main AM System Providers, 2019

Company	Location	Comments
3D Systems	USA	Founded 1986, 2,600 employees. Largest AM company worldwide, providing AM systems, materials and services. Revenue of $688 million in 2018
Stratasys	USA	Established 1988. Supplies 3D printers and materials Revenue of $663 million in 2018
EOS	Germany	Founded 1989. Focuses on systems and materials for SLS
GE Additive	USA	Business unit of GE, provides equipment and services in EBM and DMLM through acquisitions of Concept Laser and Arcam
Protolabs	USA	Service provider focused on rapid prototyping services using AM. Revenue of $446 million in 2018
Trumpf	Germany	Machine tools producer, revenue of $4 billion in 2018. Provides SLM machines for 3D printing
SLM Systems	Germany	Founded 2006. Provides SLM machines. Revenue of $80 million in 2018
Materialise	Belgium	Founded 1990. Provides software to support AM as well as AM services. Revenue of €143 million ($159 million) in 2017

Sources: company reports and websites

In the AM services sector, the industry is fragmented with over 200 service providers estimated to be active globally. A trend over recent years has been for major AM systems suppliers, particularly 3D systems, to acquire independent service providers. However, only a minority of service providers (around 20%) work exclusively in metal AM. Barriers to entry for metal AM include the high cost of AM machines relative to plastic AM, and the need for specialist staff capable of operating complex metal AM machines.

5. Overview of the Global Aerospace Industry

5.1 Industry Drivers & Trends

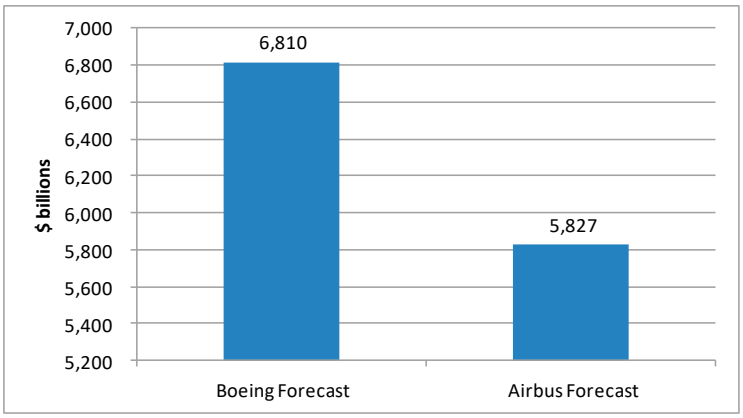
Aerospace manufacturing is growing significantly, driven primarily by increased demand for flying which is translating into growing aircraft production, with a consequent increase in demand for aircraft parts and components. This is driven by a range of factors including increased consumer disposable income, growing interest in travel, expanded airport infrastructure, liberalisation of air travel, and the reduction in airfares primarily driven by the emergence of the low-cost carrier (**LCC**) business model. These are leading to growth in demand for commercial aviation of about 4.5% per year. Additionally, increasing global tensions are leading to an increase in defence expenditure in many countries, with significant growth in production of aerospace-related items such as unmanned aerial vehicles (**UAVs**), missiles and military satellites.

Between 2018 and 2037, Airbus is forecasting the global commercial aviation fleet will increase from 21,450 aircraft to 47,990, with 37,390 aircraft delivered over this period, and average of 1,900

2. Industry Overview

per year.[7] Boeing is forecasting growth in the commercial fleet from 25,830 in 2018 to 50,660 by 2038, with 44,040 deliveries over this period, an average of 2,200 per year. This compares with about 1,600 deliveries in 2018.[8] Airbus forecasts a total market value of $5.83 trillion in aircraft deliveries over 20 years, and Boeing $6.8 trillion.

Figure 7: Forecast Value of Aircraft Deliveries, 20 years



Sources: Airbus, Global Market Forecast, 2018-2037; Boeing, Commercial Market Outlook, 2019-2038

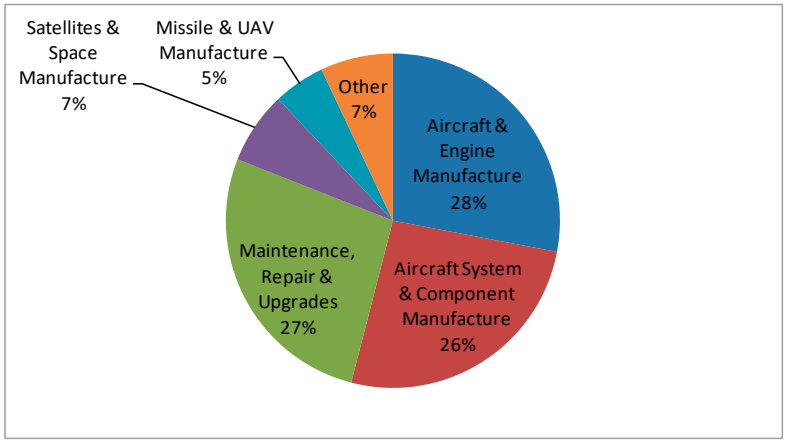
Globally, the value of the aerospace manufacturing sector is estimated at around $840 billion in 2017, with 54% ($453 billion) coming from aircraft and engine manufacture and system and component manufacture.[9]

[7] Airbus, Global Market Forecast, 2018-2037
[8] Boeing, Commercial Market Outlook, 2019-2038
[9] AeroDynamic Advisory, the Global Aerospace Industry, 2018

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Figure 8: Aerospace Manufacturing Market, by Category, 2017



Source: AeroDynamic Advisory, the Global Aerospace Industry, 2018

5.2 Market Size by Region

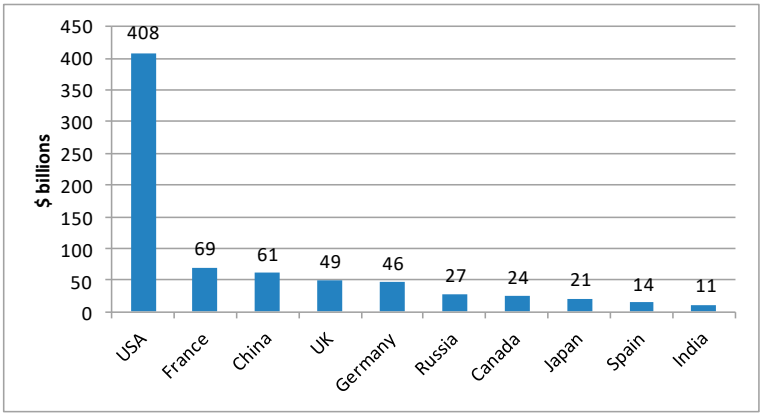
Commercial aircraft production is largely focused on North America (Boeing, Bombardier, Lockheed) and Western Europe (Airbus, Dornier, Fokker) with some production also occurring in Brazil (Embraer), Russia (Illyushin, Tupolev) and China (COMAC). However, the supply chain for the industry is global, with manufacturing operations for aircraft systems & components, as well as products such as satellites, UAVs and missiles occurring in a wide range of countries.

The USA is by far the world's largest aerospace market, with 49% of the global market. Including Canada, North America accounts for 54%, followed by Europe, Middle-east & Africa at 31% and Asia-Pacific at 15%.[10]

[10] AeroDynamic Advisory, the Global Aerospace Industry, 2018

2. Industry Overview

Figure 9: Aerospace Industry by Country, 2017



Source: AeroDynamic Advisory, the Global Aerospace Industry, 2018

5.3 Adoption and Use Cases of AM

Use of AM is increasing significantly in the aerospace industry, and is increasingly moving from use in prototyping and tooling to production of finished parts. Some use cases of AM in the aerospace sector are given below:

- AM is being used by Airbus Defence & Space to manufacture titanium brackets that link the body of a satellite and the reflectors and feeders mounted at its upper end. These parts are now manufactured using AM with a significant reduction in incidence of part failure, weight as well as production time compared to the traditional manufacturing approach previously used.[11]
- Norsk Titanium is manufacturing fittings for anchoring the floor of the aft galley in a Boeing 787. The AM process is resulting in a significant reduction in titanium waste when compared to conventional manufacturing.[12]
- China Eastern Airlines (**CEA**) has established its own AM laboratory to produce a variety of aircraft parts through AM, including seat armrests, cabin door handle cover plates, baggage holder lock catches, electronic flight bag supports and newspaper holders. This has resulted in a significant reduction in lead times and part cost compared to the previous manufacturing approach.[13]
- The new Airbus A350 XWB contains over 1,000 3D-printed parts.[14]

5.4 Regulatory Environment for AM

The aerospace industry has extremely demanding compliance requirements with certifications required for all materials and processes used in manufacturing. Industry subcontractors and suppliers generally need to be compliant with AS9100, a standard based on the ISO 9001 quality

[11] https://www.eos.info/case_studies/additive_manufacturing_technology_otimizes_satellite_technology
[12] https://aerospaceamerica.aiaa.org/departments/making-3d-printed-parts-for-boeing-787s/
[13] https://www.stratasys.com/resources/search/case-studies/cea
[14] https://3dprint.com/63169/airbus-a350-xwb-3d-print/

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system standard, but with nearly 100 additional requirements. The standard covers areas such as configuration management, design, procurement and product realisation.

All parts and components used in aerospace applications need to be certified by the relevant authority, such as the US Federal Aviation Administration (**FAA**) or the European Aviation Safety Agency (**EASA**). This certification requires testing of all components and parts to the standards required by the authority. Whilst previously each individual part manufactured through AM required individual certification, rendering AM largely unviable for structural parts, over the past couple of years regulatory bodies have moved to issuing type approval based on review of the material used and the manufacturing process. The first FAA-approved structural components for aircraft were certified in 2017, manufactured by Norsk Titanium for the Boeing 787.[15]

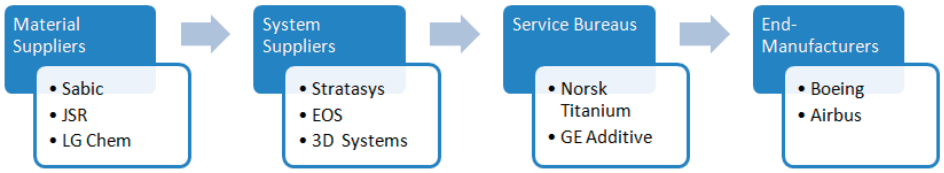
Additionally, the larger tier-1 system and component manufacturers have their own supplier assessment and audit requirements. Raytheon, for example, uses the Raytheon Enterprise Supplier Assessment (**RESA**) process to assess suppliers' capabilities. This uses eight assessment checklists to mitigate supplier risk.

There is significant investment required in obtaining relevant authorities to produce systems and components for the aerospace industry. As such, this provides a barrier to entry for new service suppliers seeking to address the sector.

5.5 Supply Chain for AM

The main stages in the AM value chain in the aerospace sector are material supply, AM system supply, AM service bureaus and end-users. There is overlap between these segments (e.g. system suppliers may also offer bureau services). These stages and examples of companies participating at each stage are illustrated below.

Figure 10: AM Value Chain, Aerospace



Source: Frost & Sullivan

5.6 Size & Growth of the AM Market in Aerospace

Frost & Sullivan estimates that in 2018 the aerospace sector accounted for approximately 17% of the global AM market (including systems, services and materials), with a market value of

[15] https://www.norsktitanium.com/media/press/norsk-titanium-to-deliver-the-worlds-first-faa-approved-3d-printed-structural-titanium-components-to-boeing

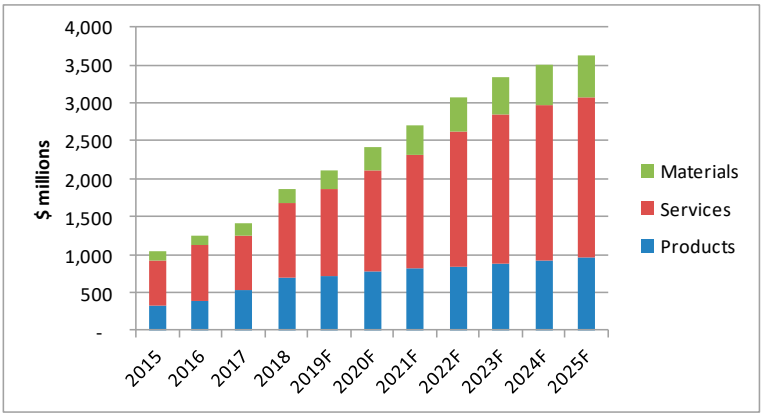
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approximately $1.86 billion. By 2025, this is forecast to increase to $3.62 billion at a CAGR of 13.2%. Growth is expected to be driven primarily by the significant increase in use of AM for manufacture of finished parts and components, as well as continued use for prototyping and tooling.

Figure 11: AM Market Size by Segment, Aerospace, 2015 to 2025F



Source: Frost & Sullivan

6. Summary of Opportunities in Other Sectors

6.1 Tooling

Tooling refers to the fixtures, tools and accessories that are used in machine tools such as CNC machines and injection moulding machines, including jigs, dies, moulds and patterns. The manufacture of tooling is a significant global industry, with the global dies and moulds market estimated at $90 billion in 2018. Over the decade since 2008, the market has grown at a CAGR of 7.7%.The metal dies and moulds segments account for about 50% of the market. [16]

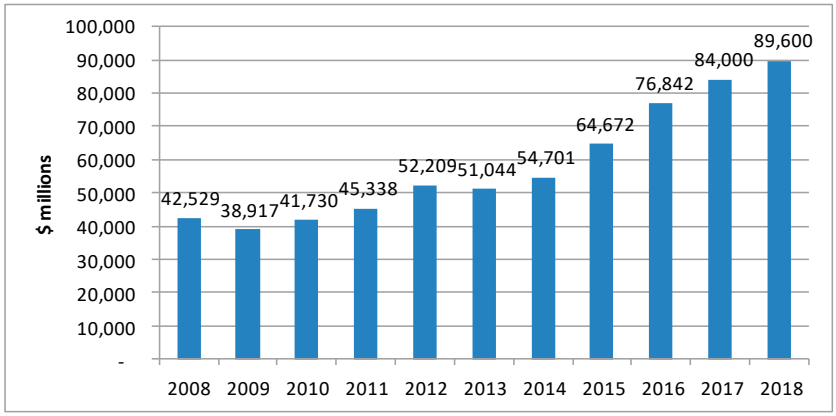
Market growth in tooling is driven by requirements for increased product customisation and shorter life-cycles and the growth of manufacturing in developing countries, especially China, which is now the world's largest producer and user of tooling.

[16] ISTMA, Statistical Yearbook 2017; Frost & Sullivan estimates for 2017, 2018

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Figure 12: Dies and Moulds Market, Global, 2008 to 2018



Source: ISTMA, Statistical Yearbook 2017; Frost & Sullivan estimates for 2017, 2018

Agile tooling (or rapid tooling) is a growing application for AM, where it is used to manufacture tools or tool components themselves in metal or plastic, or in producing patterns or moulds which are then used to manufacture tools. This can significantly reduce the lead time and cost of tooling manufacture. Additionally, use of AM for tooling can reduce material waste and the amount of labour required to produce tooling. It can also improve the functionality of tooling, for example by allowing the production of tooling in designs that were previously unobtainable or unaffordable.[17] For example, AM allows the manufacture of injection moulding tooling incorporating free-form cooling channels that provide more homogeneous heat transfer during the injection moulding process. This gives improved cooling characteristics with the quality of the injection-moulded items higher.[18]

Agile tooling is particularly important for manufacturers located in relatively high-cost markets such as North America and Europe, which are generally unable to compete with countries such as China in high volume manufacturing. Consequently, manufacturers in these countries are increasingly focused on lower-volume, more specialised production. Agile tooling supports these manufacturers in being able to more quickly set up machines for manufacture of lower-run items.

Whilst tooling is a more mature and slower-growing application for AM than finished part manufacture, it remains a significant market opportunity, with strong growth still forecast given the growing adoption of agile tooling by manufacturers. Frost & Sullivan forecasts that the market for AM in tooling applications (including systems, materials and services) will increase from $3.17 billion in 2018 to $5.43 billion in 2025 at a CAGR of 11.3%.

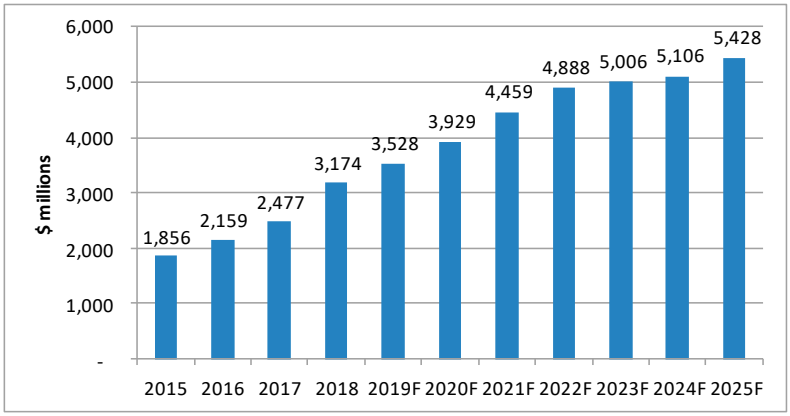
[17] Deloitte University Press, 3D Opportunity in Tooling, 2014
[18] Petrovic et al, Additive layered manufacturing: Sectors of industrial application shown through case studies," International Journal of Production Research 49, no. 4

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Figure 13: AM Market Size, Tooling, 2015 to 2025F



Source: Frost & Sullivan

7. Conclusion

Additive manufacturing will play a key role in the digital transformation of the manufacturing industry. As the technology develops, the market for AM is growing significantly, particularly as AM moves from applications in tooling and prototyping towards manufacture of end-products, and as AM in new materials, particularly metals, becomes more viable. Over the period 2015-2025, the AM market is forecast to grow at a CAGR of 15.1%, from $5.8 billion to $23.6 billion, with the fastest growth coming from AM services (CAGR of 16.6%).

Aerospace is a key end-market for AM, and in itself is displaying rapid growth, stimulated by growing demand for commercial aviation. The market for AM in aerospace is forecast to increase at a CAGR of 13.2% from 2015-2025, to reach $3.62 billion by 2025. Use cases for AM in aerospace are increasing significantly, as AM is now being used for structural parts in commercial aircraft.

There are significant barriers to entry for AM service providers in the aerospace sector. These include the high cost of AM machines required to produce systems and components in the range of metals and alloys required by the sector and the need to achieve the appropriate regulatory approvals and certifications to supply into the sector.

Although a more mature market, tooling remains an important market for AM, particularly given its application in agile tooling applications. The use of AM in this way supports manufacturers in speed of prototyping, flexibility and cost-efficiency in manufacturing.

8. Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be

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received, Frost & Sullivan has no interest in Amaero International Ltd. and no interest in the outcome of the IPO, pre-IPO capital raisings or associated transactions. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the IPO, pre-IPO capital raisings or associated transactions. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus and to use of data in the report in any pre-IPO capital raisings in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's license or Financial Services License. This report does not constitute advice in respect of the IPO, pre-IPO capital raisings or associated transactions.

3. Company Overview

3. Company Overview

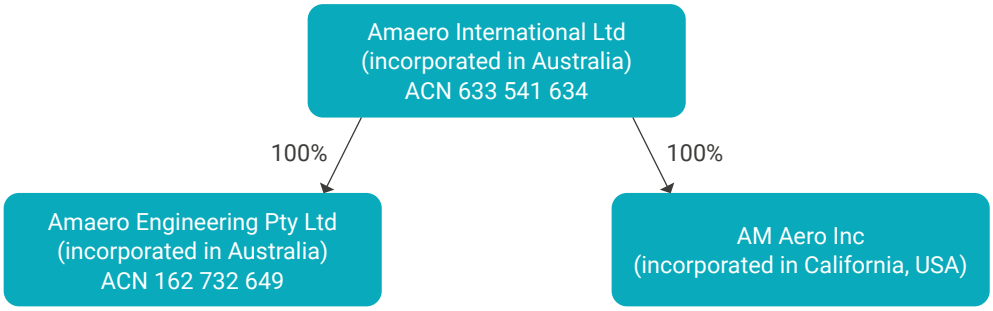
3.1 Introduction

The Company is an Australian based company that manufactures large format complex components in metal with laser-based additive manufacturing processes.

Additive manufacturing, also known as 3D printing, builds a three-dimensional object from a computer-aided design (**CAD**) model, usually by successively adding material layer by layer, unlike conventional machining, casting and forging processes, where material is removed from a stock item (subtractive manufacturing) or poured into a mould and shaped by means of dies, presses and hammers. The advantages of 3D printing include the ability to produce very complex shapes or geometries and faster production cycles.

The Company uses 3D printers to make components out of various metal alloys for its clients, mainly in the defence and aerospace industries. The Company intends to expand into the tooling industry. The Company currently buys the metal powders required to make the components. The Company's expertise is in knowing how to use these materials in the 3D printers to achieve the manufacturing outcomes sought by its clients. The Company's future vision is that, through continued research and development and by investing in the required manufacturing processes and facilities, it can develop a vertically integrated capability that will drive down the cost of powder production, 3D printing machine cost and additive manufacturing process costs.

The Company's group structure is set out in the diagram below.



As described in the diagram above, the Company operates through two wholly owned subsidiaries (collectively, referred to as the **Group**):

- Amaero Engineering Pty Ltd (**Amaero**) is based in the Melbourne suburb of Notting Hill, with an additional facility in Edinburgh North, a suburb north of the Adelaide CBD.
- AM Aero, Inc. (**Amaero USA**), is based in the greater Los Angeles area.

The nature of the business of Amaero and Amaero USA is the same as the Company's, that is, additive manufacturing of metal components.

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**). MCAM takes fundamental research from a broad range of disciplines and applies them to manufacturing challenges. These disciplines include material science, alloy design and processing, surface engineering, corrosion and hybrid materials.

Amaero is located next door to MCAM in Melbourne, Australia. At these facilities, Amaero and MCAM share access to some of the world's largest format metals selective laser melting machines. Amaero owns additional 3D printing machines itself and has access to further machines in Adelaide, with plans to acquire further machines for use in its recently opened Los Angeles facility.

Amaero has worked with many of the world's leading manufacturers of aerospace and defence products in both an R&D and manufacturing capacity, and has demonstrated an ability to deliver aviation and military specification 3D printed alloy critical operation components. The Directors believe that this experience and capability gives the Group a significant competitive advantage.

Amaero, in collaboration with Monash University and MCAM, achieved what the Directors believe to be the world's first, 3D printed jet turbine engine and an aerospike rocket engine.

The Group's business model is to generate revenue through a mixture of products and services, including: 3D printer machine sales, alloy powder sales, component sales, services, design support, manufacturing as a bureau service, potential joint ventures, contract manufacture on client sites and R&D services.

3. Company Overview

3.2 History

In 2010 Monash University established MCAM as a research centre for metals additive manufacturing. In March 2013 Professor Xinhua Wu and other key MCAM staff created Amaero to take advantage of commercial opportunities that were arising out of MCAM's R&D projects.

The Group's history since then is shown below:

June 2013	Amaero and MCAM entered a Collaboration Agreement, including giving Amaero access to MCAM personnel and 3D printing machines and ancillary equipment
August 2013	Amaero awarded a Federal Government grant for commercialisation of laser-based additive manufacturing, under the Commercialisation Australia funding program
Early 2014	Amaero purchased EOS M280 machine
October 2014	MCAM commissioned Concept Xline 1000 machine
February 2015	Amaero successfully manufactured a 3D printed jet engine, in collaboration with MCAM
February 2015	Amaero and Monash University began a project to develop new additive manufacturing processes and techniques with Federal Government grant funding under the ARC Industrial Transformation Research Hub program (ITRH)
July 2015	Amaero joined the AeroEngine project, with Monash University, CSIRO and others, part-funded by Science and Industry Endowment Fund (SIEF)
February 2016	Amaero awarded Federal Government grant for commercialisation of laser-based additive manufacturing for aerospace, under the Accelerating Commercialisation funding program
January 2016	Revised Collaboration Agreement signed with MCAM, including mutual access to staff and 3D printing equipment
April 2016	Amaero achieved ISO 9001 accreditation
November 2016	Amaero, Monash University and Safran Power Units SAS announced a Collaboration Agreement to 3D print aerospace components
During 2016-2018	Amaero secured purchase orders from commercial clients including leading defence and aerospace companies
January 2017	MCAM commissioned Concept Laser Xline 2000 machine
June 2017	Amaero successfully manufactured a 3D printed Aerospike rocket in collaboration with Monash University and Woodside Energy
October 2017	Amaero joined a project with CSIRO for non-destructive quality evaluation of additive-manufactured components, with Federal Government funding under the Global Innovation Linkages Program
November 2017	First project-specific approval to receive ITAR information
March 2018	Amaero 3D manufactured jet turbine critical parts for the high temperature components of a jet turbine engine
December 2018	Amaero established a relationship with Innovyz Institute Pty Ltd (**Innovyz**). Innovyz provides end-to-end support to help universities and companies build and grow businesses, to bring their innovations, research and ideas to market. Innovyz has demonstrated success within the metals additive sector previously, assisting another Victorian based metals additive manufacturing technology company, Titomic Limited, from 2014 until it listed on the ASX in September 2017.
May – June 2019	Amaero International Ltd incorporated and acquired 100% ownership of Amaero

July 2019	The Company formed a wholly owned subsidiary, Amaero USA, incorporated in California USA
September 2019	Amaero USA moved into an office and light manufacturing facility in El Segundo, near Los Angeles
October 2019	The Group signed several material agreements: • Strategic Partnership Agreement with the University of Adelaide; • Research Services Agreement with Monash University; • Intellectual Property Licence Agreements with Monash University; and • Distribution Agreement with AmPro Innovations Pty Ltd ACN 618 243 548 (**AmPro**). These agreements are discussed in more detail in section 9 of this Prospectus.

3.3 Business model

The production of metal components using 3D printers requires significant know how and expertise in laser-based additive manufacturing, CAD programming and chemical and process engineering in order to create the unique component which complies with the relevant regulatory and operational requirements. In the field of metals additive manufacturing, clients in certain industries, in particular, the defense and aerospace industries, require stronger, lighter, more cost-effective specialised metal and alloy components. Amaero's expertise and know how lies in:

- the processes for designing a CAD model to efficiently produce the component;
- the use of various metal alloys to satisfy the relevant regulatory and operational requirements of the component; and
- the processes for operating the 3D printers in conjunction with the CAD file and required alloys to achieve the unique manufacturing outcomes sought by its clients.

Amaero does not manufacture 3D printers or consumables. Rather, Amaero provides its clients with bespoke solutions, assisting them to manufacture new designs and complex geometries, use new materials with improved balanced properties to achieve higher fuel efficiency and performance and design new processes to reduce component manufacturing waste.

Amaero's intended business model is to provide a range of comprehensive additive manufacturing services to customers with a range of service lines. These current and intended service lines, and the expected typical service offering and revenue model, are shown below.

Service Line	Offering	Revenue Model	Target Customers
Research & Development	• Research and development projects • Seek to achieve method and performance improvements • May collaborate with MCAM or University of Adelaide for specific R&D projects	• Typically charge on a project basis • Amaero may subsidise its fee or provide cash or in-kind contributions for strategic projects	• Military & Defence • Aviation • Universities • Other Research organisations
Design & Prototyping	• Design and Prototyping • Qualification and design freeze • Manufacturing of prototypes	• Cost-plus basis	• Various including customers in Aviation, Medical, Defence and Industrial markets
Contract Manufacturing	• Manufacturing components to customer specifications • Manufacture from Amaero sites or from client sites	• Unit price per component supplied based on variables including material, time and volume	• Various across a range of sectors • Predominantly across Aviation, SMEs, industrial companies

3. Company Overview

Service Line	Offering	Revenue Model	Target Customers
Tooling	• Manufacture of plastic moulds and die casting moulds for inclusion in manufacturing processes	• Unit price per component supplied	• Predominantly customers with a pre-existing manufacturing process such as industrial customers • Substantial potential customer market with fewer manufacturing regulatory requirements than aviation or defence
3D Printing Equipment & Consumables[1]	• Sale of AmPro 3D printers and printing consumables (refer to section 9 of this Prospectus)	• Margin between wholesale price of the equipment or consumable and retail sale price • Amaero acts as a distributor and does not intend to take physical delivery or hold significant stock	• Aviation and Defence customers with requisite capital expenditure budgets
Training, Services & Maintenance[1]	• Post-sales support for buyers of 3D printers and ancillary equipment • Recalibration of equipment • Maintenance	• Fee for service	• All Amaero customers across industries
Commercialising Metal Alloys[1]	• Commercialise, promote and distribute the two proprietary alloys developed by Monash University and licensed to Amaero (refer to section 9 of this Prospectus)	• Anticipated revenue model is on a per unit basis	• All Amaero customers across all industries • 3D machine customers and other customers wishing to use these alloys

1. The contracts underpinning these service offerings were signed in October 2019. Accordingly, Amaero has not yet earned revenue from providing these services.

3.4 Facilities & equipment

The Company operates from three additive manufacturing facilities in Melbourne and Adelaide, Australia and El Segundo, California, USA. This multi-facility, multi-country approach allows the Company to provide customers with the highest quality service leveraging the leading additive manufacturing processes from Australia and the USA.

The Group owns or has access to a range of 3D printing equipment at these three sites, noted below:

Facility	Equipment on-site	Ownership/Access
Amaero Melbourne (Head Office) **Notting Hill, VIC, Australia**	• EOS M280 • EDM Agie 370 wire cutter • EOS Autosieve	• Site is sub-licensed from Monash University. • Equipment is owned by Amaero
Amaero Adelaide **Edinburgh North, SA, Australia**	• Renishaw AM400 • Renishaw AM400 • Renishaw AM400 • Dryers, sieves, separators, heat treatment furnace, ancillary equipment	• Site is sub-leased from University of Adelaide • Amaero exclusively leases, and has operational control of this equipment, under the arrangements with the University of Adelaide as summarised in section 9 of this Prospectus
Amaero USA **El Segundo, California, USA**	• EOS M400 (on order and expected to be delivered to the facility in December 2019)	• Amaero leases the facility • Amaero will own the equipment

Amaero has access to equipment at the MCAM site as below:

Facility	Equipment on-site	Ownership/Access
MCAM Melbourne **Notting Hill, VIC, Australia (Next door to Amaero)**	• Concept Xline 1000R • Concept Xline 2000R • EOS M290 • Trumpf Truelaser 7040	• Site is leased by Monash University • Equipment is owned by Monash University. Amaero can access this equipment (for a fee) under the Multi-Project Research Services Agreement as summarised in section 9 of this Prospectus

In addition, one additive manufacturing machine and ancillary equipment, owned by Amaero, is located on a customer's site, where the customer has exclusive use of the machine in return for paying an hourly fee.

Amaero intends to acquire up to three further 3D printing machines for its Los Angeles facility with the funds raised in this Offer.

3.5 Sales & marketing strategy

In order to further promote the Group's business and increase revenue, the Company intends to execute a sales and marketing strategy incorporating the following initiatives:

1. Direct Sales

The Group plans to employ 3 business development staff in order to actively solicit new business opportunities for Amaero. Each business development staff member will have quarterly KPIs and an annual budget in order to drive new revenue generating opportunities for Amaero. Along with introducing new revenues to the Company business development staff are expected to maintain existing client accounts.

3. Company Overview

2. El Segundo, California, USA Facility

Amaero USA's headquarters are intended to be used for both production and promotion purposes. The facility in El Segundo, California will provide prospective and existing clients with the opportunity to view machines in an operational capacity along with inspecting AmPro machines (once purchased and commissioned by Amaero USA) that they may wish to purchase directly from the Company.

3. Amaero Melbourne & Amaero Adelaide Facilities

The Company intends to leverage the Amaero Melbourne and Amaero Adelaide facilities in a similar manner to the Amaero USA facility. Whilst the primary purpose of each facility is to act in an operational capacity they can also provide the Company with the opportunity to demonstrate its capabilities to new and existing clients.

4. Trade Shows and Marketing Events

The Company has actively attended trade shows, presentations, conferences and events focussed on improved manufacturing processes for several years, and will continue to do so. These events provide the Company with an opportunity to promote its business capabilities to potential clients whilst also positioning the Company as a leader in the additive manufacturing sector.

5. Collaboration with leading Researchers

The Company has a strong record of collaborating with some of the leading researchers in the additive manufacturing sector, particularly at Monash University and CSIRO, including providing operational support and 3D printing services to these researchers. The Company's strategic partnership with the University of Adelaide expands the network of the Company's research collaborators. The Company believes these projects further strengthen the Company's position as a leader in the additive manufacturing sector and enhance Amaero's reputation for providing high-quality 3D printing services.

3.6 Customers

The Company has worked with many of the world's leading aerospace and defence companies (including 6 of the world's top 10 defence contractors) in both R&D and manufacturing capacities. Due to the confidential nature of much of Amaero's work, the Company is limited in the details it can disclose about these customers or particular projects or components.

Amaero's past or present customers include the following companies.

The Boeing Company

Boeing (NYSE: BA) is one of the largest aviation, space and defence companies in the world, with annual revenues in 2018 of approximately $149 billion.

Amaero has worked with Boeing to explore the capabilities of additive manufacturing for various applications, including a project where Amaero successfully 3D printed a helicopter gearbox that subsequently completed 50 hours limited endurance testing. The Directors believe this relationship may provide future opportunities – over the medium to longer term – for Amaero to manufacture components for Boeing's commercial aircraft.

Raytheon Company

Raytheon (NYSE: RTN) is a major US defence contractor and industrial corporation with annual revenue of approximately USD 27 billion. In June 2019, Raytheon announced a merger with the aerospace companies of United Technologies Corp. If completed, the merger would create the second largest defence and aerospace company in the world. Amaero has been working with Raytheon since 2014. Amaero and Raytheon continue to work closely to plan for opportunities to exploit Amaero's capabilities.

Safran S.A.

Safran, based in France, is the world's second largest aerospace equipment supplier, with annual revenues of $34 billion. In late 2016 Amaero and Monash University entered a Collaboration Agreement with Safran Power Units SAS under which Amaero installed a 3D Printing machine in Safran Power Units headquarters in Toulouse, France, to print aerospace components.

Thales Group S.A.

The Thales Group is a global diversified company serving the aerospace, space, ground transportation, digital identity & security, defence and security markets, with annual revenue of $26 billion in 2018. Amaero began working on confidential projects with Thales Australia in 2016.

Global Defence Contractors

Amaero has worked with three other global aerospace and defence contractors over several years, collaborating on R&D projects and supplying them with 3D printed components.

Commercial Airline Operator

Amaero has been making small run components used in the interiors of one model of commercial aircraft since February 2017.

The Commonwealth Scientific and Industrial Research Organisation (CSIRO)

CSIRO scientists have been working on the development of catalytic static mixers for high efficiency chemical processing. Amaero has provided advice about the design for additive manufacturing and since late 2016 has manufactured over 100 catalytic static mixer components.

XRF Technology (Vic) Pty Ltd

Since 2016 Amaero has manufactured several repeat production orders of high temperature crucible holders that are used in XRF Technology's scientific equipment for compositional analysis.

3.7 Key Strengths of the Amaero Business

Collaboration with Monash University

The relationship with Monash University and MCAM in particular, has been central to the foundation of Amaero and continues to be an important relationship for the business.

MCAM takes fundamental research from a broad range of disciplines and applies them to manufacturing challenges. These disciplines include material science, alloy design and processing, surface engineering, corrosion and hybrid materials. MCAM is one of the leading metals additive manufacturing institutes in the world with 50 fulltime researchers, PHDs and professors, dedicated to the improvement of materials, equipment, post-treatment process and component performance for the metals additive manufacturing sector.

Through its relationship with Monash University, Amaero may collaborate with, and leverage the expertise of, MCAM to develop bespoke solutions for Amaero's clients, assisting them to overcome unique manufacturing, regulatory or operational challenges or to manufacture new designs with innovative materials to achieve superior outcomes.

The partnership between Amaero and Monash University is governed by a Multi Project Research Services Agreement, which creates a framework for each party to provide services to the other, including access to 3D printers and related equipment, access to specialised personnel and licences over certain Intellectual Property. This agreement is discussed in more detail in section 9.

The Company believes the relationship with MCAM delivers important benefits including:

- Having access to specialized 3D printers and other equipment which would not be commercially viable for Amaero to purchase on its own, including the Concept Xline 2000 platform (owned by Monash University), which is the world's largest laser metal melting machine.
- Having access to highly specialised personnel. In an industry where it can be extremely hard to find and hire staff with metals additive manufacturing experience, Amaero is privileged to have access to MCAM staff (for an agreed cost) for those staff to assist Amaero to meet its clients' specialised requirements and further develop the skills of Amaero's own staff.
- Enabling MCAM and Amaero to collaborate, where mutually agreed, to translate MCAM's relevant R&D achievements into commercial development and production with customers. MCAM's R&D partners are a potential source of sales leads and commercial customers for Amaero.
- Enabling Amaero to access and participate in Government grant projects that Amaero might not otherwise access on its own, such as the ARC Industrial Transformation Research Hub (ITRH) program.

3. Company Overview

Collaboration with University of Adelaide

In October 2019 Amaero entered a Strategic Partnership Agreement with the University of Adelaide, to collaborate on a range of activities to develop additive manufacturing capability in South Australia.

As part of this collaboration:

- Amaero has taken over the commercial operation of a 3D manufacturing site in the northern suburbs of Adelaide which was established by the University of Adelaide, with funding support from the South Australian State Government. This facility includes three state of the art Renishaw AM 400 3D printing machines and ancillary equipment.
- Amaero, working with the University of Adelaide and other parties, will continue activities of the SA Additive Manufacturing Applied Research Network (AMARN) to expand equipment, human capital, and capability to make Adelaide a leader in 3D printing research, education, training, and manufacturing.
- Amaero and the University of Adelaide will cooperate on furthering the objectives of AMARN and to explore opportunities for working together including research and development collaborations.

The Company believes this relationship with the University of Adelaide can deliver significant benefits to Amaero, complementary to the Monash University relationship. It has the added benefits of expanding Amaero's network, particularly in the aerospace industry cluster emerging in South Australia, and broadening Amaero's research relationship beyond MCAM.

Access to valuable 3D printing machines

Amaero has access to world leading 3D printing equipment and R&D facilities at MCAM and the University of Adelaide. The Company believes the replacement value of these facilities and equipment is more than $20 million. It would not be commercially viable for the Company to buy all of this equipment on its own, and the Company believes that it would be challenging for any emerging competitors to do so.

Exclusive North America distribution rights to the AmPro equipment

AmPro was formed for the purpose of commercialising advanced 3D printing technology and powder handling equipment. AmPro entered the market in 2018 following an intensive technology development program focused on advanced 3D printing solutions. AmPro believes that its total system solution provides industry and research institutes with a significantly faster and cheaper manufacturing capability using powder bed 3D printing technology.

The Company has exclusive rights to distribute AmPro 3D printers and other equipment in the North American market.

AmPro is co-located with MCAM and next door to Amaero's Melbourne head office. Amaero expects that this arrangement will allow it to work closely with AmPro to maximise the opportunity under the AmPro Distribution Agreement (see section 9 for further details).

One of the challenges of existing large format 3D printing equipment is that a high capital cost must be depreciated over a relatively low volume of production. If the AmPro machines cost less than alternative machines, and/or can make more components per year, the depreciation burden on Amaero's pricing is reduced, allowing Amaero to charge its customers a lower price or retain a higher margin. AmPro machines and their ancillary equipment are designed to undertake all handling of metal powders under a controlled atmosphere. This can result in a safer work environment by the effective separation of personnel and powder.

The Company believes the AmPro equipment can deliver significant benefits for customers over equipment from incumbent suppliers, and distributing AmPro equipment can deliver significant future revenue for the Company.

Commercialisation rights to Monash University metal alloys

Amaero has global rights to commercialise two patented and proprietary alloys developed by Monash University. For one alloy, a high strength titanium alloy, Amaero has exclusive rights; for the other, a scandium alloy powder, Amaero's rights are non-exclusive. Further details of Amaero's licence rights, which are subject to certain obligations including minimum royalty payments, are contained in section 9 of this Prospectus.

The Company believes these alloys can deliver material benefits to customers, including a new aluminium scandium alloy that has a significant increase in operable temperature and a new titanium alloy with significant increase in shear strength. The Company believes that its rights to commercialise these alloys gives the Company an important additional potential source of revenue.

Amaero knowhow and Intellectual Property

It is broadly understood that certain alloys and metals do not perform the same when laser sintered as compared to moulding, casting, or machining. Current methods for certification of metals or metal components are designed and written for these legacy processes. As the industry matures it is likely that new quality standards will be required. Until then Amaero must meet the traditional specifications for materials, component and integration level. This can be a time consuming process, however, Amaero believes it has the resources and unique capabilities to meet these specification requirements.

In a rapidly growing industry, there is a limited supply of staff with knowledge and appropriate experience to machine and post-treat additive manufactured components. Staff with the ability to conduct new material research and equipment refinements are in even more limited supply. Amaero, through its Multi-Project Research Services Agreement with Monash University, is in a strong position to access these staff and skills.

Amaero is already qualified as an approved supplier to many of its target clients

Amaero has worked with leading aerospace and defence companies over several years and has built confidence in Amaero's ability to deliver world first results. This positions Amaero for potential expansion and deeper relationships with these companies as their appetite for 3D printed metal products increases.

Amaero can work on classified US defense projects

The USA is the largest market for additive manufacturing in the defence industry. Many US defence projects require a high level of security and are subject to International Traffic in Arms Regulations (ITAR). ITAR approval (in the form of a license or a technical assistance agreement relating to a specific project) is a US Federal Government requirement for the transfer of technical information pertaining to specific projects with USA based military companies, which encompasses a majority of Amaero's defence work.

Amaero has secured approval for three ITAR-regulated projects, beginning in November 2017.

Securing ITAR approval for each project is a time consuming process, sometimes taking up to eighteen months before information can be transmitted from the US-based client in order for a overseas service provider or manufacturer to submit a tender for the project. This makes it harder for companies outside the USA to respond quickly to opportunities from US-owned defence companies which dominate the global market (the three largest defence companies are all US owned). ITAR certification is not required for USA Persons (as defined by ITAR regulations) which is one of the reasons Amaero has created a US-based operation and hired local US staff.

3.8 Growth Strategy

The Group's growth strategy is to focus on immediately addressable commercial opportunities (such as the tooling market), whilst still providing growth optionality through assisting defence and aerospace clients to prepare for future military and aviation platforms utilising Amaero's proprietary metal 3D printing processes and licensed alloys as a method to improve performance, decrease weight and achieve mechanical enhancements not achievable via traditional manufacturing methods.

The Group's growth activities will have elements covering short, medium and longer term market engagement:

1. **Short Term** – low barrier to entry work such as the manufacture of tooling and prototyping services.
2. **Medium Term** – defence and aerospace market opportunities which involve significant qualification periods and pre-production investment potentially leading to sustained contract manufacturing.
3. **Longer Term** – R&D projects that lead to Amaero participating in the development of future platforms predominately in collaboration with its customers.

Amaero's strategy is to continue to build collaborative relationships with existing clients and to expand within the USA, to provide a more rapid response, local content and 'USA Person' compliance for ITAR purposes. These clients are early adopters within the metals additive manufacturing sector and they continue to demonstrate an increased demand for components manufactured via this method. The metals segment of additive manufacturing is the fastest growing segment within 3D printing, with annual growth in 2018 of 41.9%. This growth trend has continued over the past four years with 2017 growth at 44.6%, 2016 growth at 43.9% and 2015 growth at 80.9%.

In Amaero's experience, its defence and aerospace clients have investigated additive manufacturing with a focus on replacing existing parts designed for traditional manufacturing processes. The Company believes that, in time, manufacturing processes will move away from traditional subtractive manufacturing to designing components specifically through additive manufacturing,

3. Company Overview

transforming manufacturing systems, materials, design and processes. The Company's growth strategy is focussed on ensuring the Company's manufacturing platform is ready to leverage this change.

The Group's specific growth strategies include:

1. Expand in the USA

Amaero has recently set up a wholly owned US operation, based in El Segundo, California and hired local staff. The Amaero USA facility is strategically located near a number of large aviation customers, with many current and prospective customers having important operations in the Greater Los Angeles region. The Company believes that having a local US operation and staff will allow the Group to improve competitiveness and efficiencies in winning and delivering contracts with US based clients.

2. Expand into the Tooling market

Amaero plans to enter the market for tooling in the USA and in particular plastic injection tools and die casting moulds. Amaero believes it can outperform competing tools from existing supplier countries, with faster delivery times and similar costs.

The funds raised under this Offer will enable the Company to promote these services to tool makers and users of these tools throughout the USA and Australia. Amaero intends to provide manufacturing services to supply tooling, as well as selling AmPro equipment and consumable metal powders and service/maintenance contracts to tool makers to help them to repatriate manufacturing from current offshore locations into the USA and Australia.

3. Build a presence in the South Australian market

Through its strategic partnership with the University of Adelaide, Amaero intends to build and expand its presence in the South Australian market, to capitalise on the strong presence of defence contractors and the increasing cluster of aerospace companies and agencies in South Australia. The collaboration with the University of Adelaide supplements Amaero's strong links with Monash University and diversifies Amaero's network of R&D partners.

4. Distribute AmPro machines

Amaero will diversify its product offerings by selling AmPro 3D printers and related equipment as the exclusive distributor for North America. As part of the distribution agreement Amaero intends to sell consumable metal powders for the AmPro machines allowing the Company to generate ongoing revenue along with service and maintenance.

5. Qualify as AS9100 compliant

Amaero qualified as compliant with the ISO 9001 quality management system in April 2016. AS 9100 *(Quality Management Systems – Requirements for Aviation, Space and Defense Organizations)* is an aerospace standard based on the ISO 9001 requirements, supplemented with additional quality system requirements, which are established by the aerospace industry in order to satisfy US Department of Defence, NASA and Federal Aviation Authority quality requirements. The intent of the standard is to establish a single quality management system for use within the aerospace industry.

Many large potential customers, including Boeing, require that their suppliers who design, develop and/or produce aviation, space and defense products, and organizations providing post delivery support, including maintenance, spare parts or materials for their own products, must be AS 9100 certified.

In order to access additional opportunities with Boeing and other large clients, Amaero has begun work to transform its quality management system from its current ISO 9001 certification to AS 9100. Amaero has engaged a consultant to lead this work. The AS 9100 audits for the Melbourne and El Segundo facilities are planned for the first quarter in 2020.

6. Commercialise Monash metal alloys

Amaero will also expand its product offerings and revenue sources by commercialising two patented and proprietary alloys developed by Monash University researchers, comprising a new scandium alloy powder and a new high strength titanium alloy.

4.
Risk Factors

4. Risk Factors

4.1 Introduction

As with any share investment, there are risks involved. This Section 4 describes some of the potential risks associated with the Company's business, the industries in which it operates and an investment in the Shares. Some risks are specific to the Company's business activities, while others are more general in nature. Section 4 does not purport to list every risk that may be associated with the Company or an investment in the Shares. The occurrence or consequence of some of the risks described in Section 4 is partially or completely outside the control of the Company and its Directors.

Prior to applying for Shares, Applicants should read the Prospectus carefully and in full and satisfy themselves that they have a sufficient understanding of the risks associated with the Company and an investment in the Shares before deciding whether the Shares are a suitable investment for them, having regard to their own investment objectives, financial circumstances and taxation position. If Applicants are unclear in relation to any matter associated with an investment in the Company, they should seek professional advice from their stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Company.

4.2 Risks specific to an investment in the Company

4.2.1 Intellectual Property

General IP risks

The Company's ability to leverage its innovation and expertise in additive manufacturing depends upon its ability to protect its intellectual property and any improvements to it. This also applies to the licensors of all intellectual property that is licensed to the Company. There is a risk that the Company's intellectual property (including the intellectual property it licenses) may be the subject of unauthorised disclosure or be unlawfully infringed. The Company may also incur substantial costs in asserting or defending its intellectual property rights.

Research and collaboration agreements

Through its collaborations with Monash University and the University of Adelaide, the Company shares background intellectual property and is provided access to background intellectual property owned by Monash University and the University of Adelaide. There is a risk that these counterparties may dispute the ownership of the background intellectual property or the ownership of intellectual property that is developed during a project on which the parties are collaborating. There can be no assurance that the Company will not have to pursue legal action to protect, defend or assert its rights under these collaboration arrangements.

IP Licenses

Through its collaboration with Monash University (described further in section 9.1 of this Prospectus), the Company has been granted a licence to certain intellectual property rights. If the Company does not or cannot satisfy its obligations under the Multi Project Research Services Agreement, the Company could be deemed to be in breach of the licence conditions and these licences could potentially be revoked.

Risks associated with historical purchase orders

Historically, Amaero has agreed to purchase orders with customers that may have required it to grant a licence to certain intellectual property rights used or created in the process of manufacturing specific products for that customer, and to which Amaero may not have had a sub-licensable right. As a result, there is a risk that a previous customer of Amaero may dispute ownership of certain intellectual property by claiming that certain intellectual property was assigned to it under the purchase order.

Alloy Licences

Monash University is the owner of the Alloy Patent Applications and will be the owner of any patent granted under the Alloy Patent Application. Monash University licenses commercialisation rights to the Company subject to certain exclusions. The Alloy Licenses have various royalty obligations as described in section 9.4 of this Prospectus. If the Company does not or cannot meet the royalty obligations, then the Company could be considered to be in breach of the licence conditions and the Alloy Licenses could potentially be revoked.

There is no guarantee that the grant of a patent under the Alloy Patent Applications will provide adequate protection for the intellectual property, or that third parties will not infringe or misappropriate its patents or any other rights. In addition, there can be no assurance that the Company will not have to pursue legal action against other parties to assert its rights.

Breach of third party intellectual property rights

There is a risk that third parties may allege that the Company's products use intellectual property derived by them or from their products without their consent or permission. The Company may be the subject of claims which could lead to disputes or litigation, which could result in the payment of monetary damages, cause delays and increase costs, which in turn could have an adverse impact on the Company's operations, reputation and financial performance.

4.2.2 Loss of key contracts and arrangements

The Company's business relies on a number of key contracts and arrangements. Any failure to maintain, renew or replace key contracts and arrangements on commercially acceptable terms, or any failure by a party (including the Company) to perform its obligations under such contracts or arrangements, could have a material adverse effect on the Company's business, operations and financial performance. There is a risk that the Company may lose key contracts and arrangements for a variety of reasons. In addition, there is a risk that the Company may lose key contracts and arrangements due to a breach of contract by either the relevant counterparty or the Company.

If relationships with some or all of these parties break down, or these parties fail to perform their obligations, the Company's operational performance may be adversely affected and in some instances, the Company may lose rights to utilise the facilities, equipment and/or intellectual property of Monash University or the University of Adelaide.

The Machine Consignment Agreement (as described in section 9.6 of this Prospectus) does not provide for a process, or allocation of cost, for the return of the EOS INT 280M Machine upon termination of the Machine Consignment Agreement. Accordingly, upon termination of the Machine Consignment Agreement, the Company may be liable for costs associated with relocating the Machine to premises controlled by Amaero.

4.2.3 Reliance on key personnel

The Company's operational success will substantially depend on the recruitment, and continued employment, of senior executives, technical staff and access to sub-contractors who have substantial experience with the Company's 3D printing and additive manufacturing technology and are familiar with the Company's business and structure. There may be a negative impact on the Company if any of its key employees leave or if the Company is unable to access sub-contractors. It may be difficult to replace them, to do so in a timely manner or at a comparable expense.

The loss of the Company's key personnel could have an adverse impact on the Company's operations and financial performance given its early stage of development.

4.2.4 Melbourne facility lease

The Company has its head office and a manufacturing facility at 13 Normanby Road, Notting Hill, Victoria. This building is next door to MCAM (and AmPro) and is leased by Monash University. Amaero began occupying this site in 2015, under a licence arrangement with Monash University. The 2013 Research Services and Support Agreement and the 2016 Collaboration Agreement between Amaero and Monash University included terms giving Amaero access to the site, and requiring Amaero to pay rent to Monash University, but the parties have not entered a separate sublease agreement.

The Research Services Agreement signed in October 2019 does not cover Amaero's access to the site. Instead, Amaero and Monash University intend to enter a separate written sublease agreement. At the date of this Prospectus, this sublease agreement has been prepared by Monash University but has not been signed. While the Directors are confident the Company will be able to reach agreement with Monash University, the sublease also requires consent from the owner of the site (and potentially other parties). If the Company is unable to obtain these consents, or does not enter a written sublease agreement, there is a risk that Monash University (or the owner of the site) may terminate the Company's occupancy and require it to move from the site, in which case the Company would incur significant relocation costs.

4.2.5 Industry cycle

The Company currently operates predominantly in the defence and aerospace sectors and intends to expand its operations into the tooling sector. The level of activity in these sectors will be influenced by external factors including supply and demand, exchange rates, the competitiveness of the Company's operations and the cost of key resources including people, equipment and alloy powders. Variations to these factors, which may be beyond the Company's control, may have an adverse effect on the Company's future operating results.

4. Risk Factors

4.2.6 Product liability risk

If components or equipment manufactured by the Company do not meet required manufacturing standards or are found to be faulty, defective or unsafe, Amaero may face product liability claims which may affect the Company's brand reputation, revenue earning potential and operating results. The Company may not be able to successfully secure or renew product liability insurance, or defend itself against product liability claims. Any product liability claims may disrupt the Company's business operations and financial performance.

Under an agreement with an existing customer, Amaero is required to provide certain warranties and indemnities in respect of parts and services delivered. Another counterparty who provided services in conjunction with Amaero under the agreement was not required to provide similar warranties or indemnities. As a result, there is a risk that Amaero may be liable for any defect or liability that arises from the services provided by the counterparty.

4.2.7 Commercialisation, market and scalability risk

The Company is seeking to supply products based on historical and existing market trends and to create new markets for 3D metal printing and additive manufacturing. 3D printing and additive manufacturing is a relatively new and developing industry. There can be no assurance of the continued growth in existing markets or that the new markets that Amaero is seeking to supply will develop as targeted.

The Company's business and growth plan is predicated on executing customer agreements with large counterparties. There can be no assurance that the Company can successfully commercialise its business model or that it will be able to maintain certain certification and security standards it requires to supply some of its customers.

If the Company experiences problems at its manufacturing facilities or is unable to maintain adequate manufacturing capacity, it may be unable to ensure supply of such products in a timely manner, or deliver products that are of a sufficient quality.

3D printing is limited in its scalability and the Company's contract manufacturing business model is capital intensive. The Company believes that the AmPro printers can improve scalability on the basis that they are faster and cheaper than similar equipment from other suppliers. However, there is a risk that the AmPro printers will not perform as expected and the Company will not receive the scalability benefits that are associated with having access to faster and cheaper printers.

4.2.8 Foreign exchange

The Company operates internationally and in a number of currencies (including USD and EUR). As the Company reports in AUD, fluctuations in prevailing exchange rates may affect the Company's profitability and financial position.

For example, the Company may be required to purchase capital equipment in USD. If the AUD falls relative to the USD, those costs increase in AUD terms, potentially reducing the Company's profitability.

Currently, most of the Company's revenues are in AUD and as the Company grows its business in the US it expects to receive increased revenues in USD.

To reduce the risk of potential adverse movements in currencies the Company may engage in currency hedging transactions, including the use of financial instruments such as forward contracts, non-deliverable forwards and options. The Company considers that these strategies will only be implemented to provide certainty around the foreign currency cost for capital equipment and other substantial capital transactions. The Company will not speculate on currency movements.

The mix of currencies in which the Company pays its costs and earns its revenues may change over time. If changes in this mix occur, there may be a greater impact on profitability in AUD terms. The Company's financial statements are prepared and presented in AUD, and any appreciation in the AUD against other currencies in which the Company transacts may adversely impact its financial performance and position.

4.2.9 Competition

The 3D metal printing and additive manufacturing sector for metal products are competitive sectors that are reliant upon continual technological advancement. The development of new and superior 3D metal printer or additive manufacturing processes by a competitor could affect the Company's ability to commercialise its printers and additive manufacturing processes and have an adverse effect on the Company's business or financial position. The Company may be unable to develop further products or keep up with technological developments in its market space and, as a result, may lose its market share to its competitors.

4.2.10 Future capital requirements

As the Company's business grows it will be required to invest in additional 3D printing machines which will require substantial further financing in addition to the amounts raised pursuant to the Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the Issue Price or may involve restrictive covenants which limit the Company's activities or business strategy.

Although the Directors believe that additional capital can be obtained, there is no assurance that appropriate capital or funding can be obtained on terms favourable to the Company or at all. If the Company is unable to obtain additional funding, it may be required to reduce, delay or suspend its operations which may have a material adverse effect on the Company's activities or its ability to continue as a going concern.

4.2.11 No profit to date and limited operating history

The Company has a limited operating history and due to the fact that it has incurred losses since its inception, it is not possible to evaluate its prospects based on past performance. Since the Company intends to invest in the commercialisation of its additive manufacturing processes, the Directors anticipate that the Company will incur further losses until it is able to effectively commercialise and generate revenue from its additive manufacturing business.

While the Directors have confidence in the future revenue earning potential of the Company, there can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cashflow from its operating activities.

4.2.12 Fair Work Claim

In 2016 a former employee of Monash University who was seconded to Amaero (but was not offered a permanent role by Amaero) made a claim against Amaero (and Monash personnel) under the Fair Work Act (**Fair Work Claim**). The Fair Work Commission conducted a mediation session in late 2016 however no resolution was reached. There have been no further developments since then, however the limitation period for the Fair Work Claim has not yet expired. Amaero's insurer has confirmed that the Fair Work Claim was covered by Amaero's D&O insurance policy and have advised that it will assess any future claims against Amaero's D&O insurance policy at that time.

4.2.13 Compliance with laws and regulations

The Company's business is subject to a range of legal and industry compliance requirements particularly in relation to the defence and aerospace sectors. Many of these laws, regulations and compliance requirements are constantly evolving and are subject to change and uncertain interpretation. In addition, new laws and regulations may be implemented in the future that could impact the Company's business. While the Company is increasingly focusing attention on the development of internal compliance with legal, regulatory and industry requirements, these processes may not ensure compliance with all relevant laws and regulations across all the jurisdictions in which it operates. It is also possible that the Company's developing compliance structures may not yet be or become sufficient to enable its business to address the changing regulatory environment and any changing expectations from government regulators. Any past, current or future violations of applicable laws and regulations (whether in or outside of Australia) may have a material adverse effect on the Company's reputation, financial performance and business operations. There is also a risk that changes to the legal and regulatory environment which affects the Company's business may require it to incur additional costs in order to comply with those laws and regulations.

4.2.14 Risks associated with foreign jurisdictions

As the Company operates in foreign jurisdictions (such as North America and Europe), it will be subject to those risks associated with operating in a foreign jurisdiction. Such risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, licencing, repatriation of income or return of capital, consumer health and safety or labour relations. While North America and Europe are economically stable, there is no certainty that political and economic conditions will remain stable. Any deterioration in political or economic conditions, including hostilities or terrorist activity may adversely affect the Company's operations and profitability.

A number of the Company's contracts are governed by the laws of foreign jurisdictions. There is a risk that North American or European governments may implement new laws or regulations which affect the Company's business and the Company may incur additional costs in order to comply with those laws or regulations.

4. Risk Factors

4.3 General risks

4.3.1 Potential fluctuations in prices of Shares

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Subscription Price. There is no assurance that the price for the Shares will increase following their quotation on the ASX, even if the Company's earnings increase.

The market price and demand for shares quoted on the ASX could be volatile or fluctuate due to numerous factors including fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which the Company operates and general operational and business risks.

Other factors which may negatively affect investor sentiment and influence the Company specifically, or the share market more generally, include financial crises, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events.

4.3.2 Liquidity of shares

There is currently no public market through which the Shares of the Company may be sold. On completion of the Offer, there can be no guarantee that an active market will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares and may prevent investors from acquiring more Shares or disposing of Shares. It may also affect the prevailing market price at which the Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

4.3.3 Taxation reform

Any changes to the current rate of company income tax in the markets in which the Company operates may impact Shareholder returns. Any changes to such tax laws, the way they are interpreted and applied, or the current rate of taxes may have an adverse effect on the Company's financial performance or results. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend imputation or franking and Shareholder returns.

4.3.4 Inability to pay dividends or make other distributions

The Company's ability to pay dividends or make other distributions in the future is contingent on its profits and certain other factors, including the capital and operational expenditure requirements of the business. Therefore, there is no assurance that dividends will be paid. Moreover, to the extent that the Company pays any dividends, its ability to offer fully franked dividends is contingent on making taxable profits (net of any adjustment for refundable R&D tax offsets previously claimed). The Company's taxable profits may be difficult to predict, making the payment of franked dividends unpredictable.

The value of franking credits to an Australian tax resident Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

4.3.5 Risk of shareholder dilution

In the future, the Company may elect to issue Shares to engage in fundraisings, including financing acquisitions that the Company may decide to make, or its future strategies in general. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings.

4.3.6 Exposure to general economic conditions

The operating and financial performance of the Company is influenced by a variety of general domestic and global economic and business conditions that are outside its control, including long-term inflation rates, exchange rate movements, interest rate movements and movements in the general market for the ASX and internationally listed securities. A prolonged deterioration in general economic conditions, for example a decrease in consumer and business demand which may affect the demand for the Company's business offering, may have a material adverse impact on the financial performance, financial position, cash flows, dividends, growth prospects and share price of the Company.

4.3.7 Force majeure events may occur

Events may occur within or outside Australia that may have potential impacts on the Australian economy, the operations of the Company and the price of its Shares. These events include, but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Company's products and services and its ability to conduct business.

4.3.8 Insurance risks

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or only partially covered by insurance could have a material adverse effect activities, financial position and results of the Company.

4.3.9 Unforeseen risks

There may be other risks of which the Directors are unaware at the time of issuing this Prospectus which may impact the Company, its operations and/or the valuation and performance of Shares. This is particularly so for an early stage business such as the Company's, where there is limited operating history and experience. The above list of key risks should not be taken to be an exhaustive list of the risks faced by the Company or by investors in the Company. The above risks and others not specifically referred to above may in the future materially affect the Company, its financial performance or the value of Shares.

4.3.10 Expected future events may not occur

Certain statements in this Prospectus constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, prospective investors should not place undue reliance on forward-looking statements. In addition, under no circumstances should forward-looking statements be regarded as a representation or warranty by the Company or any other person referred to in this Prospectus that a particular outcome or future event is guaranteed.

5.

Board, Management and Corporate Governance

5. Board, Management and Corporate Governance

5.1 Board of Directors

At the time of the proposed ASX listing, the Board will comprise three members, including one executive Director and two non-executive Directors. Their biographies are set out below:

Director and Experience



David Hanna

Chairman and Non-Executive Director
Appointed 19 June 2019

David has worked as Director, Business Strategy for Monash University since 2012. In this role, he leads a small team that provides strategic support and financial advice in relation to the University's major investment decisions. In the 15 years prior to joining Monash University, David held a variety of senior management positions in the Victorian Government, these positions focused mainly around economic development policy, international policy and operations and innovation policy. Earlier David spent 15 years in the Commonwealth Government, including three years on the personal staff of then Prime Minister, Bob Hawke.

He has substantial experience in strategy development and delivery, innovation, governance and stakeholder engagement and management.

David is also Chairman of Docklands Studios Melbourne Pty Ltd (DSM), a Director of Unimutual Ltd, a Director of the Hudson Institute of Medical Research Ltd, and a Director of Springvale Monash Legal Service Ltd. He sits on the finance and risk committees of Docklands Studios, the Hudson Institute and Unimutual giving him varied experience on both commercial and not for profit Boards with particular focus on strategy, governance and financial accountability. David is a member of the Audit and Risk Committee.

David has a Bachelor of Economics and a Bachelor of Arts (Asian Studies) from The Australian National University. He is also a Graduate of the Australian Institute of Company Directors.



Kathryn Presser

Non-Executive Director
Appointed 1 September 2019

Kathryn Presser has previously served as CFO and Company Secretary for Beach Energy Limited (formerly Beach Petroleum Limited) (ASX: BPT), assisting the company from a junior explorer through numerous capital raisings as the CFO and then scaling for growth to become an ASX100 company. Kathryn has extensive experience in governance, risk and financial reporting and management. Kathryn serves as Chair of the Audit & Risk Committee to oversee the financial elements of the business as well as providing direction to the Company Secretary.

Kathryn has a Bachelor of Arts and Accounting from the University of South Australia, a MBA from the University of Adelaide and has completed a Women's Advanced Leadership Course at Harvard University. She is a Certified Practising Accountant and is a Fellow of the Australian Society of CPAs, the Institute of Company Directors, the Governance Institute of Australia and the Australian Institute of Management.



Stuart Douglas

Executive Director
Appointed 17 May 2019

Since his appointment, Stuart's role has been to prepare the Company for capital raisings and to scale its operations in preparation for the ASX listing. Stuart successfully implemented a similar strategy for Titomic Limited (ASX: TTT). Stuart has led many companies from early stage innovation through to successful multi-national organisations via the company he co-founded, Innovyz. Today Innovyz is one of Australia's leading commercialisation firms and has assisted more than 70 early stage innovations to commercialise.

Stuart is a Member of the Australian Institute of Company Directors.

5. Board, Management and Corporate Governance

	Director and Experience
	**Barrie Finnin** **CEO** **Appointed by Amaero: 1 December 2016** Barrie is an experienced executive who has created a number of spin-off ventures, co-operative research centres and start-ups and has been involved in several others through their entire lifecycle. Barrie worked at a senior management level for the CSIRO for more than 12 years and has been involved in the manufacturing industry for more than 20 years. Over this time, Barrie has been involved in many different roles including CEO, Director, general management, alloy and process development, software development, marketing management, manufacturing, engineering, quality management, R&D Management, export sales management and business development. Barrie has also been responsible for establishing international manufacturing plants and is experienced in dealing with global customers, suppliers and partners. Barrie has a Bachelor of Applied Science and MBA Tech Management from Deakin University, and a Diploma from the Australian Institute of Company Directors.

Each Director has confirmed to the Company that they anticipate being available to perform their duties as non-executive or executive Director (as the case may be) without constraints from other commitments.

The Board considers that Kathryn Presser is free from any business or any other relationship that could materially interfere with or reasonably be perceived to interfere with the independent exercise of the Director's judgement and is able to fulfil the role of an independent Director. The Board has adopted a definition of independence that is based on the definition set out in the ASX Corporate Governance Principles and Recommendations.

Stuart Douglas is not currently considered by the Board to fulfil the role of independent Director due to his executive role with the Company.

David Hanna is also not currently considered by the Board to fulfil the role of Independent Director due to his employment as Director of Business Strategy for Monash University, which was a substantial shareholder of the Company within the last 3 years.

5.2 Director disclosures

No Director of the Company has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the past 10 years which is relevant or material to the performance of their duties as a Director of the Company, or which is relevant to an investor's decision as to whether to subscribe for Shares.

Save as set out below, no Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12-month period after they ceased to be an officer.

Stuart Douglas previously held the position of director of Jobs.com.au Pty Ltd (ACN 085 316 356) (**Jobs.com.au**). Stuart was a director of Jobs.com.au from 25 November 1998 until 3 December 2009. An administrator was appointed on 21 March 2007 and the directors worked with the administrator to trade out of administration via a deed of company arrangement. A liquidator was then appointed in June 2008.

5.3 Interests and benefits

This section 5.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- Person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- Promoter of the Company,

holds at the time of lodgement of this Prospectus with ASIC, or held at any time during the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of the Company.

Under the Constitution, each Director may be paid remuneration for ordinary services performed as a Director.

5.4 Directors' interests and remuneration

Executive Director remuneration

The Company entered into a contractor agreement with Innovyz on 16 September 2019 pursuant to which Stuart Douglas will serve as an Executive Director of the Company. Pursuant to the contractor agreement, Innovyz will receive the following fees:

- $0.00 per day for work completed prior to the Company's listing;
- $1,500.00 per day (plus GST) for work completed in the six month period immediately following the Company listing on the ASX (**Early Post-IPO**); and
- $2,500.00 per day (plus GST) for work completed following Early Post-IPO.

Further details regarding the contractor agreement with Innovyz are set out in Section 9.11 of the Prospectus.

Non-Executive Director remuneration

Under the Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as a Director. However, under the Listing Rules, the total amount paid to all non-executive Directors for their services must not exceed in aggregate in any financial year the amount fixed at the Company's general meeting. This amount has been fixed by the Company and approved by Shareholders at $500,000 per annum. Under the Listing Rules the maximum fees payable to directors may not be increased without prior approval from the Company at a general meeting. Directors may seek approval from time to time as and when deemed appropriate.

Subject to the Company obtaining the relevant Shareholder approvals, the non-executive Directors are entitled to participate in the Company's Employee Incentive Plan (including the Company's employee incentive plan (**EIP**) described in Section 10.9).

The Company has entered into services agreements with each non-executive Director under which:

- David Hanna will receive an annual fixed remuneration of $60,000 (excluding superannuation); and
- Kathryn Presser will receive an annual fixed remuneration of $40,000 (excluding superannuation),

which includes non-cash benefits each non-executive Director may be entitled to receive. As Chair (and member) of the Audit and Risk Committee, Ms Presser is entitled to an additional $10,000 (excluding superannuation) per annum for these services. Further details regarding the services agreements with each non-executive Director are set out in Section 9 of the Prospectus.

5. Board, Management and Corporate Governance

Directors' interests in Securities

Based on information known to the Company as at the date of this Prospectus, on Completion of the Offer, the relevant interests in Shares held by the Directors and the CEO will be as outlined in the table below.

	Shares (#)	Relevant interest in Shares held at Completion of the Offer (%)	
Director		**Minimum Subscription**	**Maximum Subscription**
David Hanna[1]	281,250	0.17%	0.16%
Stuart Douglas[2]	20,752,995	12.59%	11.87%
Kathryn Presser[3]	112,500	0.07%	0.06%
Barrie Finnin (CEO)	572,916	0.35%	0.33%
Total	**21,719,661**	**13.18%**	**12.42%**

1. As at the date of this Prospectus, David Hanna holds 156,250 Shares and intends to subscribe for an additional 125,000 New Shares under the Offer.
2. As at the date of this Prospectus, Stuart Douglas and his wife, Kimberly Douglas, hold 1,749,999 Shares. As at the date of this Prospectus, Innovyz Investments Pty Ltd <Innovyz Investments Unit Trust> holds 18,752,996 Shares. Stuart Douglas and Kimberly Douglas hold 33% of the shares in Innovyz Investments Pty Ltd and have a beneficial interest in 33.33% of the units in the Innovyz Investments Unit Trust. Kimberly Douglas' self-managed super fund intends to subscribe for an additional 250,000 New Shares under the Offer.
3. As at the date of this Prospectus, Kathryn Presser holds 62,500 Shares and intends to subscribe for an additional 50,000 New Shares under the Offer.

Indemnification of Directors and Officers

The Company has entered into deeds of indemnity, access and insurance with each Director and the Company Secretary (each an **Indemnified Party**). Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each Indemnified Party in respect of certain liabilities which the Indemnified Party may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. These liabilities include losses or liabilities incurred by an Indemnified Party to any other person as an officer of the Company, including legal expenses. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers. Further details regarding the Deeds of Indemnity are set out in Section 10.7.

5.5 Related-party agreements

Other than as set out below or elsewhere in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest:

(a) the compensation arrangements with each Director, which are described in Section 9.11 and 9.12;

(b) the Contractor Agreement described in Section 9.11; and

(c) the indemnification arrangements with the Directors which are described in this Section 10.7.

5.6 Corporate Governance

The Board is responsible for the overall governance of the Company. Issues of substance affecting the Company are considered by the Board, with advice from external advisers as required. Each Director must bring an independent view and judgment to the Board and must declare all actual or potential conflicts of interest. Any issue concerning a Director's ability to properly act as a director will be discussed at a Board meeting as soon as practicable, and a Director may not participate in discussions or resolutions pertaining to any matter in which the Director has, or may have, a material personal interest.

The Company has adopted a system of control and accountability as the basis for the administration of corporate governance. The Board has the responsibility of ensuring the Company is properly managed to protect and enhance Shareholders' interests.

To the extent applicable, the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board will review the Corporate Governance Policies and structures on an ongoing basis to ensure that these are appropriate for the size of the Company and the nature of its activities.

Board Charter

The Board's role in risk oversight includes receiving reports from management and its auditors on a regular basis regarding material risks faced by the Company and applicable mitigation strategies and activities. These reports detail the effectiveness of the risk-management program and identify and address material business risks such as technological, strategic, business, operational, financial, human resources and legal/regulatory risks. The Board considers these reports, discusses matters with management and identifies and evaluates any potential strategic or operational risks including appropriate activity to address any such risks.

The Board has adopted a written charter to provide a framework for the effective operation of the Board, the purpose of which is to promote high standards of corporate governance, clarify the roles and responsibility of the Board, provide strategic guidance to the Company, protect the interests of its shareholders and act efficiently, honestly and fairly.

The responsibilities of the Board are set down in the Company's Board Charter, which has been prepared having regard to the ASX Corporate Governance Principles. A copy of the Company's Board Charter is available on the Company's website at http://www.amaero.com.au/investor-center/. The Company will also send you a paper copy of its Board Charter, at no cost to you, should you request a copy during the Offer Period.

Board Committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the Audit and Risk Committee that will continue to operate following listing on the ASX.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in fulfilling its responsibilities for corporate governance and oversight of the Company's financial reporting, internal control structure, risk management systems and internal and external audit functions. The Audit and Risk Committee will comprise two Directors being Kathryn Presser (Chair) and David Hanna.

The Board has adopted an Audit and Risk Committee Charter which describes the role, composition, functions and responsibilities of Audit and Risk Committee.

The Audit and Risk Committee's responsibilities include:

- reviewing the Company's financial statements and reports, and recommending such financial reports for consideration (and approval) by the Board;
- reviewing and monitoring the effectiveness of the Company's risk management strategy, policies, procedures and systems, including overseeing the Company's financial controls, systems and corporate reporting processes;
- overseeing the Company's engagement of, and the performance of, the external auditor and the external audit function, including managing the independence of the external auditor; and
- overseeing the Company's internal audit function.

The Audit and Risk Committee will comprise members who are financially literate.

Remuneration and Nomination Committee

The Board is currently not of a relevant size to justify the formation of a separate Remuneration and Nomination Committee. However, the Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration and Nomination Committee. Until such time that a separate Remuneration and Nomination Committee is constituted, the Board remains responsible for such matters and will discharge its responsibilities in accordance with the Remuneration and Nomination Committee Charter (to the extent applicable).

The Board will review this position from time to time as the Company expands and thereby may establish a Remuneration and Nomination Committee to assist it in the discharge of its responsibilities. As the operations of the Company develop, the Board will also reassess the formation of further committees.

5. Board, Management and Corporate Governance

Corporate governance policies

The Company has also adopted the following policies, each of which has been prepared having regard to the ASX Corporate Governance Principles and is available on the Company's website at http://www.amaero.com.au/investor-center/.

(a) **Code of Conduct** – This policy sets out the standards of ethical behaviour that the Company expects from its Directors, officers and employees;

(b) **Continuous Disclosure Policy** – Once the Company is listed on the ASX, it will need to comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act to ensure that it discloses to the ASX any information concerning the Company that is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. As such, this policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations;

(c) **Risk Management Policy** – This policy is designed to assist the Company to identify, assess, monitor and manage risks affecting the Company's business;

(d) **Securities Trading Policy** – This policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures and to provide guidance on avoiding any breach of the insider trading laws;

(e) **Shareholder Communications Policy** – This policy sets out practices which the Company will implement to ensure effective communication with its Shareholders;

(f) **Diversity Policy** – This policy sets out the Company's objectives for achieving diversity among its board, management and employees;

(g) **Remuneration Policy** – This policy is designed to assist the Company in implementing procedures to attract and retain desirable executive and directors, and reward such executives and directors;

(h) **Whistleblowers Policy** – This policy encourages employees to raise any concern and report instances of illegal, unacceptable or undesirable conduct;

(i) **Anti-Bribery and Corruption Policy** – This policy sets out the Company's stance in relation to bribes or other improper payments or benefits to public officials and the damage to the Company's reputation and standing in the community;

(j) **Remuneration and Nomination Committee Charter** – This policy describes the role, composition, functions and responsibilities of the Remuneration and Nomination Committee, including board competencies, composition, performance and succession planning, and reasonable remuneration across the directors, senior management and employees; and

(k) **Audit and Risk Committee Charter** – This policy describes the role, composition, functions and responsibilities of the Audit and Risk Committee, including reviewing financial reporting processes, monitoring legal and internal compliance, supervising the risk management framework and reviewing the adequacy of insurance policies.

The Company will also send you a free paper copy of any of the above policies should you request a copy during the Offer Period.

ASX Corporate Governance Principles

The Board has evaluated the Company's current corporate governance policies and practices in light of the 3rd Edition of the ASX Corporate Governance Principles. A brief summary of the approach currently adopted by the Company is set out below.

Principle 1 – Lay solid foundations for management and oversight

The Board's responsibilities are defined in the Board Charter available on the Company's website.

The Company has also established a clear delineation between the Chairman's responsibility for the Company's' strategy and activities, and the day-to-day management of operations conferred upon the Managing Director and certain other officers of the Company. The Board evaluates the performance of senior executives.

Principle 2 – Structure the Board to add value

The Company's Board includes one independent Director. The roles of Chairman and Chief Executive Officer are exercised by two separate individuals.

As the Company is still in an early stage of development, it has not yet undertaken a formal review of the Board's performance. However, the Board Charter provides for a regular self-assessment of the Board's performance.

Principle 3 – Promote ethical and responsible decision making

The Company has adopted a Code of Conduct, as well as a Securities Trading Policy and a Diversity Policy to promote ethical and responsible decision making.

Principle 4 – Safeguard integrity in financial reporting

The Board complies with the ASX Corporate Governance Principles to oversee the management of financial and internal risks in accordance with the Board Charter.

Principle 5 – Make timely and balanced disclosure

The Company is committed to providing timely and balanced disclosure to the market in accordance with its Continuous Disclosure Policy.

Principle 6 – Respect the rights of Shareholders

The Company has adopted a Shareholder Communications Policy to ensure that the Company regularly communicates with its Shareholders. The Company seeks to recognise numerous modes of communication, including electronic communication, to ensure that its communication with Shareholders is frequent, clear and accessible.

All Shareholders are invited to attend the Company's annual general meeting, either in person or by representative. The Board regards its annual general meeting as a suitable forum in which to discuss issues relevant to the Company and accordingly encourages full participation by Shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's auditors.

Principle 7 – Recognise and manage risk

In conjunction with the Company's other corporate governance policies, the Company has adopted a Risk Management Policy designed to assist the Company in identifying, evaluating and mitigating risks affecting the Company. Regular internal communication between the Company's management and Board supplements the Company's quality system, complaint-handling processes, employee policies and standard operating procedures all of which are designed to address various forms of risks.

Principle 8 – Remunerate fairly and responsibly

The Company has not yet established a Remuneration and Nomination Committee. As the operations of the Company develop, the Board will reassess the formation of a Remuneration and Nomination Committee. The Board takes ultimate responsibility for what might be dealt with by the committee, including the disclosure of its Directors' and executives' remuneration in its annual report.

Except as set out below, the Board does not anticipate that it will depart from the ASX Corporate Governance Principles and Recommendations (3rd ed.). However, it may do so in the future if it considers that such departures would be reasonable in the Company's circumstances:

Diversity Policy (Recommendation 1.5): The Company has adopted a diversity policy which requires the Board to establish measurable objectives to assist the Company to achieve gender diversity and to assess the Company's progress in achieving these objectives. As at the date of this Prospectus, the Board believes that the Company is not yet of a size where it is appropriate to implement measurable objectives to achieve gender diversity. The Company will provide updates on its progress towards achieving its diversity objectives including the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity defines "senior executives") in its future annual reports.

Board evaluation (Recommendation 1.6): As the Company is still in the early stages of development, it has not yet undertaken a formal review of the Board's performance. However, the Board will develop a process for evaluating the performance of the Board and its Senior Executives according to the Board Charter.

5. Board, Management and Corporate Governance

Nomination Committee and Remuneration Committee (Recommendations 2.1 and 8.2): The Board is of the belief that it is not currently of a relevant size to justify the formation of a Nomination Committee or a Remuneration Committee.

Furthermore, the Board does not consider that the Company is of a sufficient size to justify the appointment of additional directors for the sole purpose of satisfying these recommendations as its resources would be better utilised in other areas.

The Board has adopted a Remuneration and Nomination Committee Charter for the purpose of:

(a) addressing board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively; and

(b) implementing processes for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

However, until such time as separate committees are constituted, the Board will remain responsible for such matters and will continue to monitor the composition of the Board, the roles and responsibilities of its members and remuneration procedures.

Independent Directors (Recommendation 2.4): As at the date of this Prospectus, only one of the three directors (Kathryn Presser) is considered to be independent. The Board does not consider that the Company is of a sufficient size to justify the appointment of additional directors for the sole purpose of satisfying this recommendation.

6. Financial Information

6. Financial Information

6.1 Introduction

The financial information contained in this Section 6 includes historical financial information for the Company and Amaero for the financial years ended 30 June 2017 (**FY2017**), 30 June 2018 (**FY2018**) and 30 June 2019 (**FY2019**).

This Section 6 contains a summary of:

- statutory historical financial Information, comprising:
  - Amaero's statutory historical income statements for FY2017, FY2018 and FY2019 (**Statutory Historical Income Statements**);
  - Amaero's statutory historical cash flow statements for FY2017, FY2018 and FY2019 (**Statutory Historical Cash Flows**); and
  - the Company's statutory historical consolidated statement of financial position as at 30 June 2019 (**Statutory Historical Statement of Financial Position**),

  (together, the **Statutory Historical Financial Information**); and
- pro forma historical financial information, comprising:
  - Amaero's pro forma historical income statements for FY2017, FY2018 and FY2019 (**Pro Forma Historical Income Statements**);
  - Amaero's pro forma historical cash flow statements for FY2017, FY2018 and FY2019 (**Pro Forma Historical Cash Flows**); and
  - the Company's pro forma historical consolidated statement of financial position as at 30 June 2019 (**Pro Forma Historical Statement of Financial Position**),

  (together, the **Pro Forma Historical Financial Information**).

The Statutory Historical Financial Information and Pro Forma Historical Financial Information is together referred to as the "**Financial Information**".

The Company has a 30 June financial year end.

In addition, Section 6 summarises:

- the basis of preparation and presentation of the Financial Information (see Section 6.2);
- information regarding certain non-IFRS financial measures (see Section 6.2.3);
- the key pro forma operating and financial metrics (see Section 6.3.1);
- the pro forma adjustments to the Statutory Historical Financial Information (see Sections 6.3, 6.5 and 6.6);
- information regarding liquidity and capital resources (see Section 6.6.1);
- information regarding the Company's contractual obligations, commitments and contingent liabilities (see Section 6.6.2);
- management's discussion and analysis of the pro forma Historical Financial Information (see Section 6.7);
- a description of the Company's critical accounting policies (see Section 6.8); and
- the Company's dividend policy (see Section 6.9).

The information in Section 6 should also be read in conjunction with the risk factors set out in Section 4 and other information contained in this Prospectus.

All amounts disclosed in Section 6 and Appendix A are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest dollar. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Prospectus are due to rounding.

6.2 Basis of preparation and presentation of the Financial Information

6.2.1 Overview and preparation and presentation of the Financial Information

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to provide potential investors with information to assist them in understanding the underlying historical financial performance, cash flow and financial position of the Company and Amaero.

Given the fact that the Company is in an early, growth stage of development, there are significant uncertainties associated with forecasting the future revenues and expenses of the Company. On this basis, the Directors believe that there is no reasonable basis for the inclusion of financial forecasts in the Prospectus.

The Company was incorporated on 17 May 2019 to be the vehicle for listing the established Amaero business. 18,752,996 shares were issued on incorporation to Innovyz Institute Pty Ltd.

On 26 and 28 June 2019, two events occurred:

(1) 18,752,996 shares in the Company were issued to related parties and other investors, and

(2) the Company acquired 100% of the issued share capital of Amaero for no cash consideration. The existing Amaero shareholders exchanged their shares in Amaero for a 50% share in the Company.

On the basis that the Company was only established on 17 May 2019 as a non-trading head listing vehicle, the Statutory and Pro Forma Historical Income Statements and Statutory and Pro Forma Historical Cash Flows disclosed in this Prospectus have been based on the financial information of the trading entity Amaero.

The Statutory Historical Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) adopted by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board and the Company's and Amaero's accounting policies. The Company's and Amaero's significant accounting policies are described in Appendix A.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles of AAS, other than it includes certain adjustments which have been prepared in a manner consistent with AAS, that reflect (a) the exclusion of certain transactions that occurred in the relevant periods and (b) the impact of certain transactions as if they had occurred on or before 30 June 2019.

The Pro Forma Historical Financial Information does not reflect the actual financial results and cash flows of Amaero for the periods indicated. The Directors of the Company believe that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis.

The Financial Information is presented in an abbreviated form and it does not include all of the presentation and disclosures, statements or comparative information required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

In addition to the Financial Information, Section 6 describes certain non-IFRS financial measures that the Company uses to manage and report on the business that are not defined under or recognised by AAS or IFRS.

Independent Limited Assurance Report

The Financial Information (as defined above) has been reviewed by RSM Corporate Australia Pty Limited in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information as stated in its Investigating Accountant's Report set out in Section 7. You should note the scope and limitations of the Investigating Accountant's Report.

6. Financial Information

6.2.2 Preparation of the Financial Information

The Financial Information has been presented on both a statutory and a pro forma basis.

The Statutory Historical Financial Information for FY2017 for Amaero has been derived from the FY2017 audited general purpose financial statements of Amaero.

The Statutory Historical Financial Information for FY2018 for Amaero has been derived from the FY2018 audited general purpose financial statements of Amaero.

The Statutory Historical Financial Information for FY2019 for Amaero has been derived from the FY2019 audited general purpose financial statements of Amaero.

The statutory historical consolidated statement of financial position for the Company as at 30 June 2019 has been derived from the audited general purpose financial statements of the Company for the period from 17 May 2019 to 30 June 2019.

The financial statements of Amaero for FY2017, FY2018 and FY2019 were audited by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners has issued unqualified audit opinions on these financial statements.

The financial statements of the Company for the period from 17 May 2019 to 30 June 2019 were audited by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners has issued an unqualified audit opinion on these financial statements.

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus. The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of Amaero and the Company and adjusted for the effects of the pro forma adjustments.

Section 6.3 Table 6.3 sets out the pro forma adjustments made to the Statutory Historical Income Statements and a reconciliation of the Statutory Historical Income Statements to the Pro Forma Historical Income Statements.

Section 6.5 Table 6.6 sets out the pro forma adjustments to the Statutory Historical Cash Flows and a reconciliation of the Statutory Historical Cash Flows to the Pro Forma Historical Cash Flows. Pro forma adjustments were made to the Statutory Historical Cash Flows to reflect the cash impact of the pro forma adjustments to the Statutory Historical Cash Flows.

Section 6.6 Table 6.8 sets out the pro forma adjustments to the Statutory Historical Statement of Financial Position, and a reconciliation of the Statutory Historical Statement of Financial Position to the Pro Forma Historical Statement of Financial Position. Pro forma adjustments were made to the Statutory Historical Statement of Financial Position to reflect the impact of Pre-IPO Capital Raisings, the Strategic Partnership Agreement with the University of Adelaide, the issue of 5,300,000 ordinary shares in the Company to a founder, the placement of a purchase order to acquire an EOS M400 printer and the Offer as if they had occurred as at 30 June 2019.

In preparing the Financial Information, the Company's accounting policies (as set out in Appendix A) have been consistently applied throughout the periods presented.

You should note that past results are not a guarantee of future performance.

Going Concern

The Financial Information for FY2019 has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business.

The Directors believe that there are reasonable grounds that the Company will be able to continue as a going concern as a result of the proceeds raised from the Offer.

6.2.3 Explanation of certain non-IFRS financial measures

To assist in the evaluation of the performance of Amaero, certain measures are used to report on the Company that are not recognised under AAS or IFRS. These measures are collectively referred to in this Section 6 and under Regulatory Guide 230 *Disclosing Non-IFRS Financial Information* published by ASIC as "non-IFRS financial measures". The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- **Operating cash flow** is profit/(loss) after the removal of non-cash items in EBITDA (e.g. depreciation and debt defeasance) and changes in working capital. Amaero uses operating cash flow to indicate the level of operating cash flow generated from profit/(loss) for the period;
- **Free cash flow** is operating cash flows less capital expenditure cash flows;
- **Working capital** includes trade and other receivables, inventory and other current assets less trade and other payables; and
- **Other income** includes R&D tax incentives and other grants.

Although the Directors believe that these measures provide useful information about the financial performance of Amaero, they should be considered as supplements to the income statement or cash flow statement measures that have been presented in accordance with AAS and IFRS and not as a replacement for them. As these non-IFRS financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way Amaero calculated these measures may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on these non-IFRS financial measures.

6.3 Pro Forma Historical Income Statements

Table 6.1 sets out a summary of the Pro Forma Historical Income Statements of Amaero for FY2017, FY2018 and FY2019. The Pro Forma Historical Income Statements are reconciled to the respective historical income statements in Section 6.3.2.

Table 6.1: Summary of Pro Forma Historical Income Statements

$ Year ended 30 June	Notes	FY2017	FY2018	FY2019
Revenue		478,133	229,141	179,823
Cost of sales		(234,952)	(162,415)	(43,615)
Gross Profit		**243,181**	**66,726**	**136,208**
Other income	1	893,021	43,560	–
Other losses		(569)	(10,944)	(2,048)
Distribution costs		(18,532)	(6,943)	(8,592)
General and administrative expenses	2	(1,800,962)	(1,507,418)	(901,731)
Research and development expenses		(55,027)	(315,128)	(700)
Selling and marketing expenses		(70,866)	(51,965)	(44,974)
Operating Loss		**(809,754)**	**(1,782,112)**	**(821,837)**
Finance income		2,790	1,216	731
Finance expenses		(14)	(18,744)	(32,128)
Loss before income tax		**(806,978)**	**(1,799,640)**	**(853,234)**
Income tax expense		–	–	–
Loss for the period		**(806,978)**	**(1,799,640)**	**(853,234)**

Notes:

1. Other income relates to R&D tax incentive and other grants.
2. General and administrative expenses include pro forma adjustments for listed public company costs as detailed in Table 6.3.

6. Financial Information

6.3.1 Key operating and financial metrics

Table 6.2 sets out Amaero's key pro forma historical operating and financial metrics for FY2017, FY2018 and FY2019.

Table 6.2: Pro forma historical key operating and financial metrics

$ Year ended 30 June	FY2017	FY2018	FY2019
Total revenue	478,133	229,141	179,823
Gross profit	243,181	66,726	136,208
Gross profit margin	51%	29%	76%
Operating expenses (% revenue)	406.9%	821.1%	531.6%

6.3.2 Pro forma adjustments to the Statutory Historical Income Statements

Table 6.3 sets out the pro forma adjustments that have been made to the Statutory Historical Income Statements.

Table 6.3: Pro forma adjustments to the Statutory Historical Income Statements

$ Year ended 30 June	Notes	FY2017	FY2018	FY2019
Statutory other (losses)/gains		(569)	(10,944)	1,047,952
Debt defeasance	1	–	–	(1,050,000)
Pro Forma other losses		**(569)**	**(10,944)**	**(2,048)**
Statutory total operating expenses		(1,687,887)	(1,623,954)	(698,497)
Listed public company costs	2	(257,500)	(257,500)	(257,500)
Pro Forma total operating expenses		**(1,945,387)**	**(1,881,454)**	**(955,997)**
Statutory (Loss)/Profit for the period		**(597,754)**	**(1,542,140)**	**454,266**
Listed public company costs		(257,500)	(257,500)	(257,500)
Debt defeasance		–	–	(1,050,000)
Tax impact of Pro Forma adjustments	3	48,276	–	–
Pro Forma Loss for the period		**(806,978)**	**(1,799,640)**	**(853,234)**

Notes:

1. During FY2019, Amaero recognised a $1,050,000 gain on debt defeasance (loan waiver) related to a loan from Monash University. This has been excluded on the basis that this gain is not related to the ongoing operations of Amaero.
2. Listed public company costs – adjustment made to include Amaero's estimate of incremental annual costs that it will incur as a listed company. These incremental costs include annual listing costs, share registry costs, additional Director fees and additional audit and tax compliance costs.
3. Tax impact on pro-forma adjustments is limited due to unrecognised tax losses.

6.3.3 Summary of Statutory Historical Income Statements

Table 6.4 sets out Amaero's Statutory Historical Income Statements for FY2017, FY2018 and FY2019.

Table 6.4: Summary of Statutory Historical Income Statements

$ Year ended 30 June	Notes	FY2017	FY2018	FY2019
Revenue		478,133	229,141	179,823
Cost of sales		(234,952)	(162,415)	(43,615)
Gross Profit		**243,181**	**66,726**	**136,208**
Other income		893,021	43,560	–
Other (losses)/gains	1	(569)	(10,944)	1,047,952
Distribution costs		(18,532)	(6,943)	(8,592)
General and administrative expenses		(1,543,462)	(1,249,918)	(644,231)
Research and development expenses		(55,027)	(315,128)	(700)
Selling and marketing expenses		(70,866)	(51,965)	(44,974)
Operating Loss		**(552,254)**	**(1,524,612)**	**485,663**
Finance income		2,790	1,216	731
Finance expenses		(14)	(18,744)	(32,128)
(Loss)/Profit before income tax		**(549,478)**	**(1,542,140)**	**454,266**
Income tax expense		(48,276)	–	–
(Loss)/Profit for the period		**(597,754)**	**(1,542,140)**	**454,266**

Notes:

1. Other gains for FY2019 includes $1,050,000 in relation to a debt defeasance.

6.4 Segment information

In accordance with Australian Accounting Standard AASB 8 Operating Segments, Amaero has determined it operates in one reportable segment being the research, development, manufacture and sales of laser-based metal additive (3D printed) goods. The segment details are therefore fully reflected within the Statutory and Pro Forma Historical Financial Information.

6. Financial Information

6.5 Pro Forma Historical Cash Flows

Table 6.5 sets out Amaero's Pro Forma Historical Cash Flows for FY2017, FY2018 and FY2019. The pro forma cash flow information has been constructed using the indirect method (i.e. reconciling EBITDA to operating cash flows).

Table 6.5: Summary of Pro Forma Historical Cash Flows

$ Year ended 30 June	Notes	FY2017	FY2018	FY2019
Pro Forma Loss for the period		(806,978)	(1,799,640)	(853,234)
Non-cash items in Loss for the period	1	170,907	153,670	164,156
Changes in working capital	2	14,236	421,151	(46,242)
Operating cash flow		**(621,835)**	**(1,224,819)**	**(735,320)**
Capital expenditure		(103,693)	(4,160)	(29,000)
Free cash flow		**(725,528)**	**(1,228,979)**	**(764,320)**
Proceeds from borrowings	3	–	800,000	382,970
Interest paid		(14)	(865)	(7)
Interest received		2,790	1,216	731
Proceeds from share issue		233	–	–
Net cash flow		**(722,519)**	**(428,628)**	**(380,626)**

Notes:

1. Non-cash items in loss for the period mainly reflect depreciation.
2. Working capital includes trade and other receivables, inventories, other operating assets and trade and other payables.
3. Proceeds from borrowings primarily relates to loans received from Monash University. This debt was waived in FY19 as reflected in the Statutory Income Statements of Amaero in Table 6.4.

6.5.1 Pro forma adjustments to the Statutory Historical Cash Flows

Table 6.6 sets out the pro forma adjustments that have been made to the Statutory Historical Cash Flows to reflect the post-tax cash impact of the pro forma earnings adjustments. These adjustments are summarised and explained in the table below.

Table 6.6: Pro forma adjustments to the Statutory Historical Cash Flows

$ Year ended 30 June	Notes	FY2017	FY2018	FY2019
Statutory net cash flow		(513,295)	(171,128)	(123,126)
Listed public company costs	1	(257,500)	(257,500)	(257,500)
Tax impact of Pro Forma adjustments	2	48,276	–	–
Pro Forma net cash flow		**(722,519)**	**(428,628)**	**(380,626)**

Notes:

1. Adjustment to include the cash impact of the listed public company costs as described in Note 2 of Table 6.3.
2. Tax impact on pro-forma adjustments is limited due to unrecognised tax losses.

6.5.2 Summary of Statutory Historical Cash Flows

Table 6.7 sets out Statutory Historical Cash Flows for FY2017, FY2018 and FY2019.

Table 6.7: Summary of Statutory Historical Cash Flows

$ Year ended 30 June	FY2017	FY2018	FY2019
(Loss)/Profit for the period	(597,754)	(1,542,140)	454,266
Non-cash items in Loss for the period	170,907	153,670	164,156
Gain on debt defeasance		–	(1,050,000)
Changes in working capital	14,236	421,151	(46,242)
Operating cash flow	**(412,611)**	**(967,319)**	**(477,820)**
Capital expenditure	(103,693)	(4,160)	(29,000)
Free cash flow	**(516,304)**	**(971,479)**	**(506,820)**
Proceeds from borrowings	–	800,000	382,970
Interest paid	(14)	(865)	(7)
Interest received	2,790	1,216	731
Proceeds from share issue	233	–	–
Net cash flow	**(513,295)**	**(171,128)**	**(123,126)**

6.6 Statutory Historical Statements of Financial Position and Pro Forma Historical Statement of Financial Position

Table 6.8 sets out the Statutory Historical Statement of Financial Position of the Company and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position for the Company. These adjustments take into account the effect of Pre IPO Capital Raisings, the Strategic Partnership Agreement with the University of Adelaide, the issue of 5,300,000 ordinary shares in the Company to a founder, the placement of a purchase order to acquire an EOS M400 printer and the Offer as if they had occurred as at 30 June 2019.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its financial position upon Completion of the Offer or at a future date. Further information on the sources and uses of funds of the Offer is contained in Section 8.

6. Financial Information

Table 6.8: Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 30 June 2019

$	Amaero International Statutory Historical Consolidated Balance Sheet at 30 June 2019	Impact of Pre-IPO capital raisings	Other Pro Forma Adjustments	Impact of the IPO Offer – Minimum	Impact of the IPO Offer – Maximum	Amaero International Pro Forma Historical Consolidated Balance Sheet at 30 June 2019 – Minimum	Amaero International Pro Forma Historical Consolidated Balance Sheet at 30 June 2019 – Maximum
Note		1	2	3	3		
Current assets							
Cash and cash equivalents	169,991	5,136,000	(670,000)	5,100,000	6,999,000	9,735,991	11,634,991
Trade and other receivables	97,978	–	–	–	–	97,978	97,978
Inventories	61,556	–	–	–	–	61,556	61,556
Other current assets	76,630	–	–	–	–	76,630	76,630
Total current assets	**406,155**	**5,136,000**	**(670,000)**	**5,100,000**	**6,999,000**	**9,972,155**	**11,871,155**
Non-current assets							
Property, plant and equipment	538,381	–	1,070,000	–	–	1,608,381	1,608,381
Total non-current assets	**538,381**	**–**	**1,070,000**	**–**	**–**	**1,608,381**	**1,608,381**
Total assets	**944,536**	**5,136,000**	**400,000**	**5,100,000**	**6,999,000**	**11,580,536**	**13,479,536**
Current liabilities							
Trade and other payables	(394,653)	–	–	–	–	(394,653)	(394,653)
Borrowings	(30,000)	30,000	–	–	–	–	–
Employee benefit obligations	(40,682)	–	–	–	–	(40,682)	(40,682)
Total current liabilities	**(465,335)**	**30,000**	**–**	**–**	**–**	**(435,335)**	**(435,335)**
Total liabilities	**(465,335)**	**30,000**	**–**	**–**	**–**	**(435,335)**	**(435,335)**
Net assets	**479,201**	**5,166,000**	**400,000**	**5,100,000**	**6,999,000**	**11,145,201**	**13,044,201**
Equity							
Issued capital	561,542	5,166,000	1,248,000	5,541,731	7,400,815	12,517,273	14,376,357
Retained earnings	(82,341)	–	(848,000)	(441,731)	(401,815)	(1,372,072)	(1,332,156)
Total equity	**479,201**	**5,166,000**	**400,000**	**5,100,000**	**6,999,000**	**11,145,201**	**13,044,201**

Notes:

1. Represents two pre-IPO capital raisings of $2.0 million and $3.5 million respectively, net of total capital raising costs of $334,000. Part of the pre-IPO funds have been utilised to repay borrowings which amounted to $30,000 as at 30 June 2019.
2. Reflects the following transactions:
   - As consideration for entering into the Strategic Partnership Agreement, Amaero has issued the University of Adelaide ordinary shares in the Company at a value of $400,000.
   - On 9 October 2019 the Company undertook a share-based payment issue of shares to a founder of 5,300,000 shares.
   - Amaero USA has placed an order to acquire an EOS M400 Printer. The cost of the EOS M400 Printer is being invoiced (on 30-day payment terms):
     - 34% on placement of the order;
     - 33% on confirmation that the printer is ready to be shipped; and
     - 33% on delivery.

     An adjustment has been included for payment of the 34% invoiced on placement of the order which is expected to occur prior to listing. The balance of the amount payable for the EOS M400 Printer is expected to be paid after listing and has been reflected in the use of funds in this Prospectus and the contractual commitments in Section 6.6.2. The cost of the EOS M400 printer is denominated in US$ and the adjustment has been based on a US$:$ exchange rate of 0.68:1.

3. Reflects the following transactions:
   - Minimum raise of $6.0 million, less estimated costs of the Offer of $0.9 million. Costs of the Offer directly attributable to the new issue of ordinary shares of $0.5 million have been applied against Share Capital and the balance of costs of the Offer of $0.4 million has been expensed to the profit and loss; and
   - Maximum raise of $8.0 million, less estimated costs of the Offer of $1 million. Costs of the Offer directly attributable to the new issue of ordinary shares of $0.6 million have been applied against Share Capital and the balance of costs of the Offer of $0.4 million has been expensed to the profit and loss.

6.6.1 Liquidity and capital resources

Following completion of the offer, the Company will have, on a pro forma basis, cash of $9.7 million (minimum) and $11.6 million (maximum) as at 30 June 2019 arising from the Offer.

The Company expects that it will have sufficient cash to meet its short and medium term operational requirements and other business needs.

6.6.2 Contractual obligations, commitments and contingent liabilities

Table 6.9 sets out the lease commitments for offices under non-cancellable operating leases as at the date of the Offer.

Table 6.9: Lease commitments as at the Prospectus Date

$	As at the date of the Offer
Payable less than one year	348,335
Payable between one and five years	1,448,695
Payable after five years	–
	1,797,030

The above lease commitments includes a lease denominated in US$ and has been based on an exchange rate of $:US$ of 1:0.68.

The Company (or its subsidiary) has entered into material contracts that create contractual obligations in the ordinary course of business. Table 6.10 sets out the commitments for these contracts as at the date of the Offer.

Table 6.10: Contractual obligations and commitments as at the Prospectus Date

$	As at the date of the Offer
Payable less than one year	2,050,000
Payable between one and five years	–
Payable after five years	–
	2,050,000

The above contractual commitments includes amounts payable to acquire an EOS M400 Printer for which the purchase is denominated in US$ and has been based on an exchange rate of $:US$ of 1:0.68.

The Company has no contingent liabilities as at 30 June 2019.

6. Financial Information

6.7 Management discussion and analysis of the Pro Forma Historical Financial Information

This Section 6.7 includes a discussion of key factors that affected Amaero's operating and financial performance during the period of the Historical Financial Information.

The discussion in this Section focuses on the Pro Forma Historical Financial Information. The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected Amaero's historical operating and financial performance, or everything that may affect Amaero's operations and financial performance in the future. The information in this Section 6.7 should be read in conjunction with the risk factors set out in Section 4 and other information contained in this Prospectus.

6.7.1 Revenue

Amaero has historically derived revenue from the transfer of goods at a point in time and the transfer of services over time. Revenue primarily comprised of:

- Component sales
- Machine hours rental
- Engineering services

The accounting policies for revenue recognition are summarised below.

(i) Component sales

Revenue from the sale of laser-based metal additive (3D printed) goods are recognised at a point in time. The performance obligation is satisfied when the customer has access and thus control of the product. This occurs at the time of delivery of goods to the customer. Delivery occurs when the products have been shipped to the specific location, the risks and rewards have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

(ii) Machine hours rental

Revenue from the rental of metal additive manufacturing machine hours is recognised over time in the accounting period in which the machine use occurs. This is determined based on the actual machine hours spent relative to the total expected machine hours.

Some contracts include multiple deliverables. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

(iii) Engineering services

Revenue from the provision of engineering services is recognised over time in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

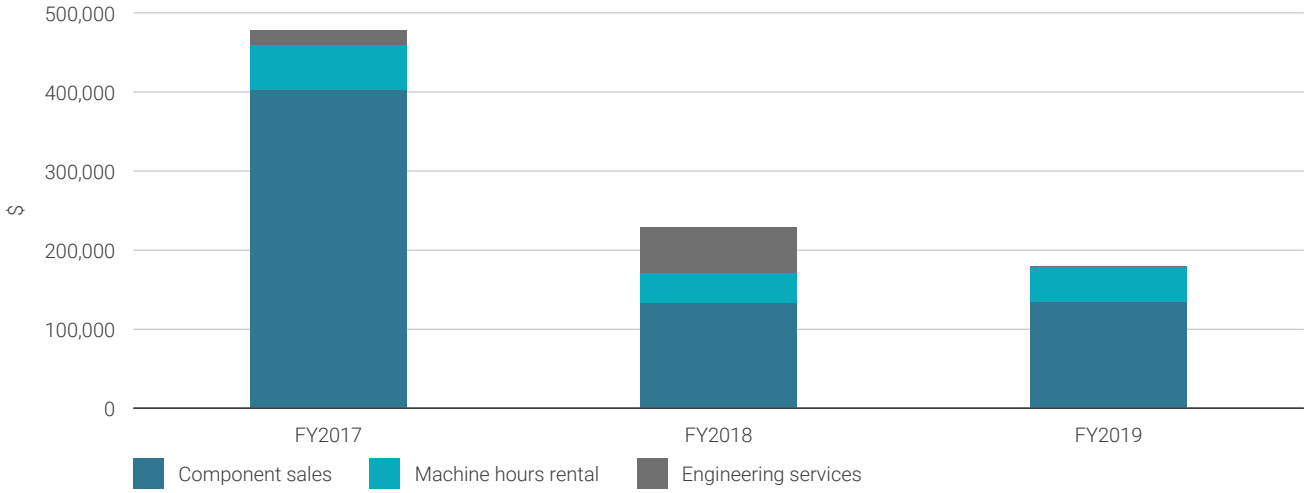
Some contracts include multiple deliverables. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised in the amount to which the company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

The figure below sets out Amaero's Pro Forma Historical revenue mix for FY2017, FY2018 and FY2019.



In late 2016, Amaero undertook to appoint a new Chair and Board in connection with a planned capital raising for the purposes of expanding the commercialisation of Amaero's intellectual property. During 2017 Amaero held discussions with several investors, without securing any investment proposal. As a result, Monash University exercised its rights as majority shareholder to reclaim control of Amaero and commenced a process to find an acquirer for Amaero's business.

In the interim, Amaero's operations and funding were significantly scaled back and limited to maintaining the assets in anticipation of a sale and consequently in FY2018 and FY2019 Amaero was unable to take advantage of new commercial opportunities, particularly those presenting themselves in the USA. This has resulted in the reduction in revenues in FY2018 and FY2019 reflected in the chart above.

Other Income

The table below sets out Amaero's other income for FY2017, FY2018 and FY2019.

$	FY2017	FY2018	FY2019
Other income	893,021	43,560	–

Other income primarily comprised of:

- "Accelerating commercialisation" grant income – FY2017 – $503,000, FY2018 – $43,000; and
- R&D Tax Incentive refund – FY2017 $390,000.

No similar grant income was received following completion of the "Accelerating commercialisation" grant scheme.

Amaero was entitled to the R&D tax incentive in FY17 which has been reflected in other Income in FY2017 and cash flows in FY2018. As a result of Monash University's acquisition of its majority ownership interest in FY17, Amaero ceased to be eligible for the R&D tax incentive in FY2018 and FY2019 (noting it may again be eligible for the R&D tax incentive following the Offer).

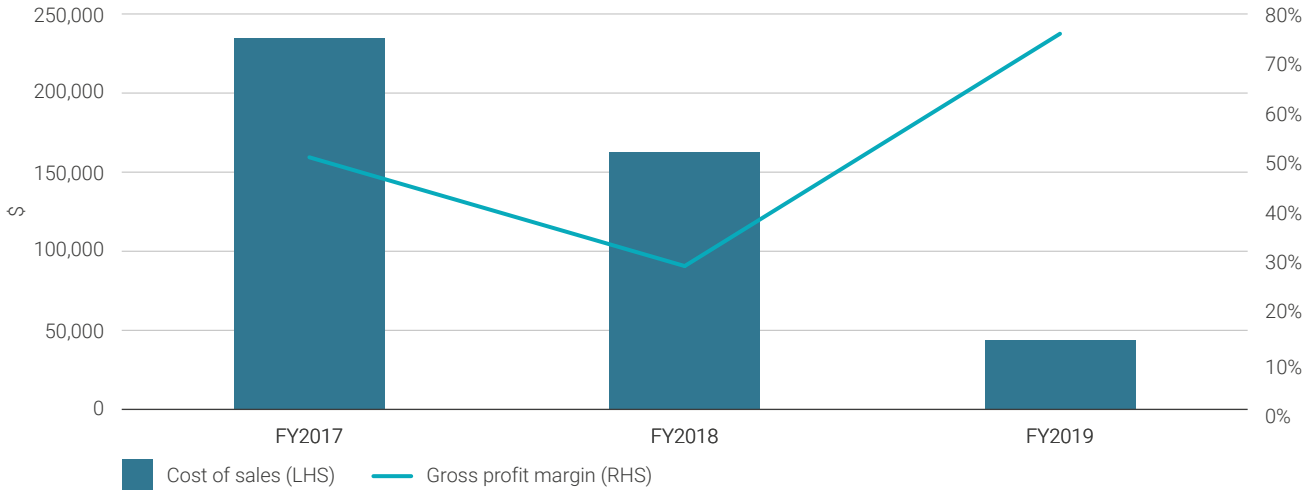
6. Financial Information

6.7.2 Cost of Sales and Gross Margins

Cost of sales is made up of expenses that have a direct link with the production of goods and the completion of providing services. Cost of sales includes:

- Machine running costs;
- Consumables used; and
- Direct labour costs.

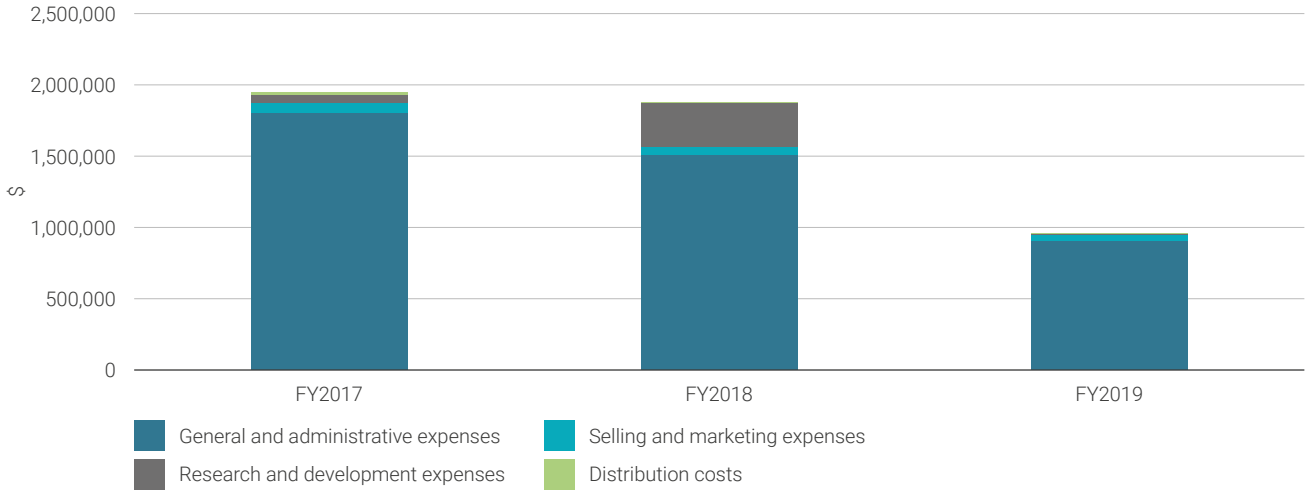
The figure below sets a breakdown of Pro Forma Historical cost of goods sold and gross margins.



The changes in profit margin from FY2017 to FY2018 reflect the changes in business mix from a high proportion of component sales to a high proportion of engineering services. The engineering services were more salary intensive and less dominated by machine depreciation expenses. The increase in gross margin in FY2019 reflects the fact that administration staff were undertaking direct sales activities during the period, with the associated costs represented in operating expenses.

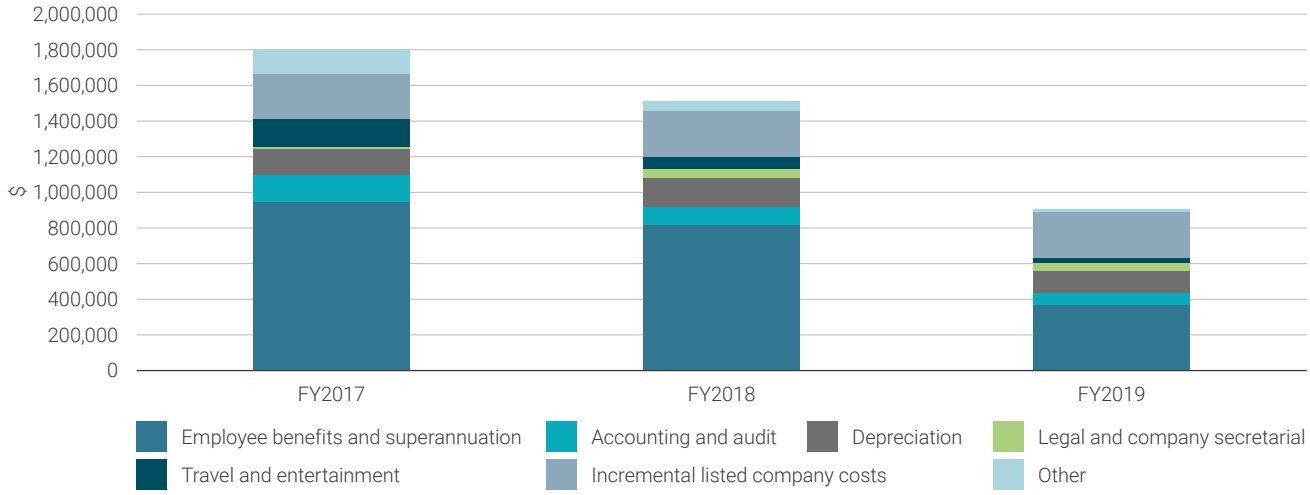
6.7.3 Operating expenses

The figure below sets out a breakdown of Pro Forma Historical operating expenses.



General and administrative expenses

The figure below sets out a breakdown of Pro Forma Historical general and administrative expenses.



The main expense is employee costs which makes up around 60% of general and administrative expenses. The year on year reduction in administration expenses reflects the reduction in staff and resourcing as previously outlined in the management discussion and analysis. Legal and company secretarial costs increased in FY2018 and FY2019 as a result of the activities undertaken to prepare the Company for capital raising.

Research and development expenses

R&D is conducted internally and also through external parties such as Monash University and CSIRO. The FY2019 figure has reduced due to a combination of a scale back in activities and funding, together with an increase in R&D being undertaken and directly funded by Monash University.

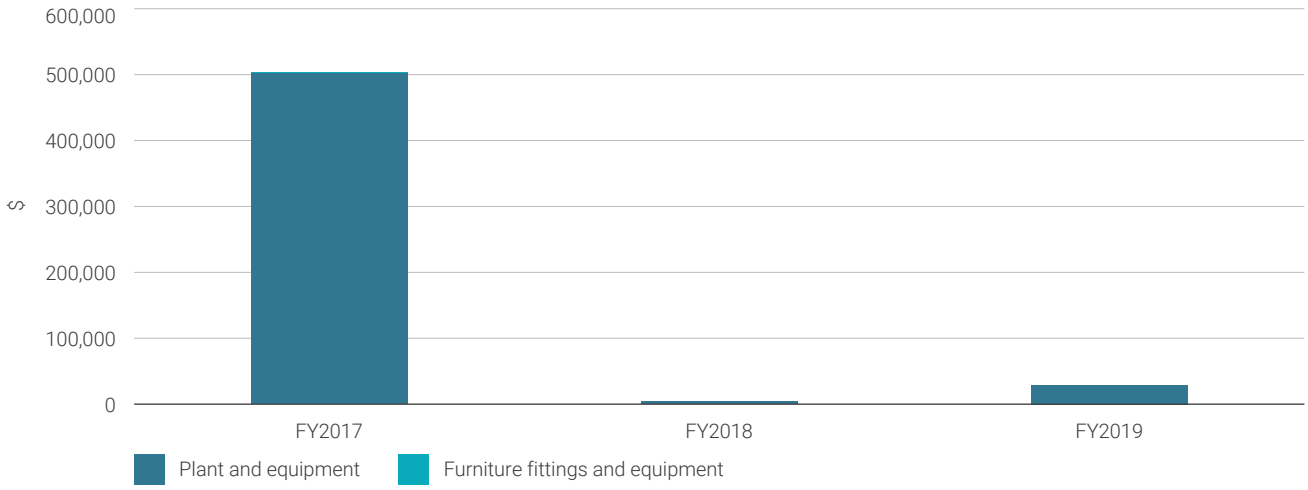
Selling and marketing expenses and distribution expenses

Selling and marketing expenses and distribution costs have remained relatively steady over the three financial years and have not represented a material component of Amaero's total operating expenses. Selling and marketing costs primarily relate to Amaero exhibiting at various trade shows.

6. Financial Information

6.7.4 Capital expenditure

The table below sets out Pro Forma Historical capital expenditure.

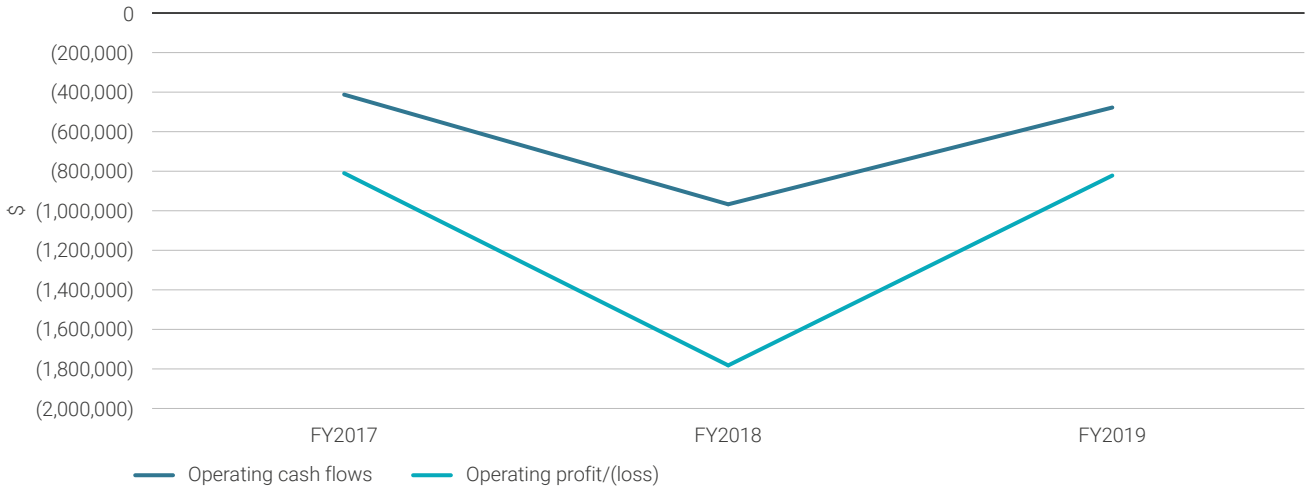


In FY2017, Amaero invested in the acquisition of an automatic powder recycler for $101,000 and also acquired an EOS M280 Laser-Based e-Manufacturing System machine in exchange for the issue of equity in Amaero with the share-based payment being recognised at $400,000.

Following the above acquisitions and the scale back of activities, no further significant acquisitions have been made, with Amaero leveraging off its partnerships with Monash University and the University of Adelaide.

6.7.5 Operating cash flows

The figure below sets out Pro Forma Historical operating cash flows



Given Amaero is an early stage company, it has generated net operating cash outflows over the last three financial years. There was a significant increase in outflows of operating cash flows in FY2018 (compared to FY2017) due to a reduction in receipts from customers and a decrease in R&D tax rebate received. Pro Forma operating cash outflows also include additional costs of being a listed entity.

A scale back of activities in FY2019 resulted in a reduction in operating cash outflows.

Operating cash flows have trended in line with operating losses for each year, albeit at a lower level due to non-cash expenses recognised in the Historical Income Statements such as depreciation and working capital movements.

6.8 Critical accounting policies

Preparing financial statements in accordance with AAS requires management to make judgements, estimates and assumptions about the application of accounting policies that affect the reported revenues and expenses, carrying values of assets and liabilities and the disclosure of contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods. Judgements Amaero and the Company have made in the application of AAS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next financial year are disclosed, where applicable, in the relevant notes to the financial statements. The key areas in which critical estimates and judgements are applied are described in the significant accounting policies outlined in Appendix A.

6.9 Dividend Policy

It is anticipated that significant expenditure will be incurred in executing the Company's business and marketing plans. These activities are expected to dominate the period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends for the foreseeable future.

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 distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

7.
Investigating Accountant's Report

7. Investigating Accountant's Report

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29 October 2019

The Board of Directors
Amaero International Limited
13 Normanby Road
Notting Hill VIC 3168

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

Independent Limited Assurance Report on Amaero International Ltd's and Amaero Engineering Pty Ltd's statutory historical financial information and pro forma historical financial information

We have been engaged by Amaero International Ltd ("Amaero International" or "the Company") to report on certain statutory historical financial information and pro forma financial information for inclusion in a Prospectus dated on or about 29 October 2019.

The Prospectus relates to the initial public offering ("IPO") of the Company to raise a minimum of $6 million and a maximum of $8 million ("Offer"). Amaero International was incorporated on 17 May 2019 for the purpose of the IPO and acquired a 100% equity interest in Amaero Engineering Pty Ltd ("Amaero") on 26 June 2019. Amaero's principal activities comprise the research, development, manufacture and sales of laser-based metal additive (3D printed) goods.

Expressions and terms defined in the Prospectus have the same meaning in this report.

Scope

Statutory Historical Financial Information

You have requested RSM Corporate Australia Pty Ltd ("RSM") to review the statutory historical financial information of the Company and Amaero included in Section 6 of the Prospectus, comprising:

- the audited statutory income statements of Amaero for the years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- the audited statutory historical cash flow statements of Amaero for the years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- the audited statutory historical consolidated statement of financial position of the Company as at 30 June 2019,

collectively "the Statutory Historical Financial Information".

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

7. Investigating Accountant's Report

The Statutory Historical Financial Information of Amaero has been extracted from the audited general purpose financial statements of Amaero for the years ended 30 June 2017, 30 June 2018 and 30 June 2019, which were audited by RSM Australia Partners. RSM Australia Partners has issued unqualified audit opinions on these financial statements.

The Statutory Historical Financial Information of the Company has been extracted from the audited general purpose financial statements of the Company for the period 17 May 2019 to 30 June 2019 which were audited by RSM Australia Partners and on which an unqualified audit opinion was issued.

The Statutory Historical Financial Information of the Company and Amaero has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's and Amaero's adopted accounting policies.

The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma Historical Financial Information

You have requested RSM to review the pro forma historical financial information included in Section 6 of the Prospectus and comprising:

- the pro forma historical income statements of Amaero for the years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- the pro forma historical cash flow statements of Amaero for the years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- the pro forma historical consolidated statement of financial position of the Company as at 30 June 2019; and
- the pro forma adjustments as described in Section 6 of the Prospectus,

collectively referred to as "the Pro Forma Historical Financial Information".

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company and Amaero, adjusted for the transactions/adjustments summarised in Section 6 of the Prospectus. The stated basis of preparation is the recognition and measurement requirements of Australian Accounting Standards and the Company's adopted accounting policies applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 6 of the Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's or Amaero's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Directors' responsibility

The directors of the Company are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information; and
- the preparation and presentation of the Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information.

This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Statutory Historical Financial Information and the Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

We made such enquiries, primarily of persons responsible for financial and accounting matters, and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a consistency check of the application of the stated basis of preparation, to the Statutory Historical Financial Information and Pro Forma Historical Financial Information;
- a review of the Company's and Amaero's work papers, accounting records and other supporting documents;
- enquiry of directors, management personnel and advisors; and
- the performance of analytical procedures applied to the Statutory Historical Financial Information and Pro Forma Historical Financial Information.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as source of the financial information.

7. Investigating Accountant's Report

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Company and Amaero as described in Section 6 of the Prospectus, and comprising:

- the audited statutory income statements of Amaero for the years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- the audited statutory historical cash flow statements of Amaero for the years ended 30 June 2017, 30 June 2018 and 30 June 2019; and
- the audited statutory historical consolidated statement of financial position of the Company as at 30 June 2019,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 6 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in Section 6 of the Prospectus, and comprising:

- the pro forma historical income statements of Amaero for the years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- the pro forma historical cash flow statements of Amaero for the years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- the pro forma historical consolidated statement of financial position of the Company as at 30 June 2019; and
- the pro forma adjustments as described in Section 6 of the Prospectus,

is not presented fairly in all material aspects, in accordance with the stated basis of preparation, as described in Section 6 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to Section 6.2, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Declaration of Interest

RSM Corporate Australia Pty Ltd does not have any interest in the outcome of this transaction other than the preparation of this report for which normal professional fees will be received.

Yours faithfully



RSM CORPORATE AUSTRALIA PTY LTD

Andrew Clifford
Director

8. Details of the Offer

8. Details of the Offer

8.1 The Offer

The Company is offering for subscription between 30 million and 40 million New Shares under the Offer at an issue price of $0.20 per New Share to raise between $6 million and $8 million (before deducting the costs and expenses of the Offer). The Offer is made on the terms, and subject to the conditions, set out in this Prospectus.

Applications for New Shares may be made in accordance with the process described in Section 8.8.

8.2 Minimum and Maximum Subscriptions

The minimum total subscription under the Offer is 30 million New Shares to raise $6 million (before associated costs).

None of the New Shares offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within four months from the date of this Prospectus, the Company will either repay the Application Amounts (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Amounts refunded to them (without interest).

The maximum total subscription under the Offer is 40 million New Shares to raise $8 million (before associated costs). Oversubscriptions will not be accepted under the Offer.

8.3 Capital Structure

On Completion of the Offer, the capital structure of the Company will be as follows:

	Minimum Subscription	Maximum Subscription	Minimum Subscription (%)	Maximum Subscription (%)
Undiluted capital				
Existing Shares	128,853,651	128,853,651	78.16	73.69
Promoter Shares	6,000,000	6,000,000	3.64	3.43
New Shares	30,000,000	40,000,000	18.20	22.88
Total	**164,853,651**	**174,853,651**	**100**	**100**

8.4 The Offer

The Offer is open to residents of Australia and such other persons to whom it would be lawful to make the Offer.

This Prospectus does not, and is not intended to, constitute an offer of, or invitation to apply for, Shares in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. 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 in order to accept the Offer.

If you are outside Australia, it is your responsibility to ensure compliance with all laws of any country relevant to, and obtain all necessary approvals for, the issue of the New Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that there has been no breach of any such laws and all relevant approvals have been obtained.

The Offer does not and will not constitute an offer of Shares in the US. Furthermore, no person ordinarily resident in the US is or will become permitted to submit an Application Form. If the Company believes that any Applicant is ordinarily resident in the US, or is acting on behalf of a person or entity that is ordinarily a resident of the US, the Company will reject that Applicant's Application.

8. Details of the Offer

8.5 Purpose of the Offer

The purpose of the Offer is:

- to achieve the business objectives described in section 8.6 of this Prospectus;
- to raise capital to fund the Company's growth and expansion and to take advantage of specific client opportunities within the US;
- for the Company to gain access to capital markets, which it expects will give it added financial flexibility to pursue growth opportunities;
- to provide national and international defence and aviation clients with confidence that the Company can support their growth ambitions for additive manufacturing;
- to provide a liquid market for the Company's Shares and an opportunity for others to invest in the Company's growth; and
- to provide the Company with the benefits that attach to the increased profile that arises from being a listed entity.

8.6 Business objectives and use of proceeds

The proceeds of the Offer will allow the Company to:

- purchase additional 3D printing machines and ancillary equipment to capitalise on growth opportunities in both Australia and North America;
- provide working capital, including to expand its North American operations; and
- further invest in research and development.

In the event that the Maximum Subscription is raised under the Offer, the Company intends to use the additional funds to purchase additional 3D printing equipment. The Company expects to fund its operations through the proceeds of the Offer, operational cash flows and existing cash reserves. The Company intends to apply the funds raised under the IPO, together with existing cash reserves, over the first 12 months following Quotation as follows:

	Minimum Subscription	Maximum Subscription
Source of proceeds:		
Estimated cash reserves on listing	2,450,000	2,450,000
Cash proceeds received for issue of New Shares	6,000,000	8,000,000
Total	**8,450,000**	**10,450,000**
Use of funds:		
Equipment Purchases	3,120,000	5,220,000
Research and Development	1,040,000	1,040,000
Working Capital	3,740,000	3,530,000
IPO Costs[1]	550,000	660,000
Total	**8,450,000**	**10,450,000**

1. These costs exclude GST. Given certain costs associated with the Offer were paid prior to the date of this Prospectus, these IPO costs are the estimated outstanding costs associated with the Offer which will be paid from existing cash reserves or funds raised under the Offer.

This table represents the Company's current intentions based upon its plans and present business conditions. The amounts and timing of the actual expenditures and investments may vary significantly and will depend on numerous factors including any changes from the expected business environment. The Directors believe that the Company's current cash reserves, and its cashflow from existing operations plus the net proceeds of the Offer will be sufficient to fund the Company's stated business objectives.

8.7 Interests of Advisors with material interests in the success of the IPO

As described in section 9.10 of this Prospectus, PAC is entitled to be paid fees which are contingent on the success of the Offer. As at the date of this Prospectus, the Company has agreed to:

- pay PAC a corporate advisory fee of:
  - $7,500 (plus GST) per month following successful completion of the seed capital raise that took place in July 2019 for a period of the earlier of 12 months or listing of the Company on the Official List of the ASX; and
  - $8,000 (plus GST) per month for a period of 24 months following listing of the Company on the Official List of the ASX;
- pay PAC a pre-IPO raising fee of 6% (plus GST) of any funds raised under the pre-IPO capital raisings;
- pay PAC a management fee equal to 6% (plus GST) of the amount raised under the Offer; and
- on completion of the Offer, issue to PAC (and/or its nominees) a success fee of 6 million Shares in the Company for nil consideration.

As at the date of this Prospectus, PAC and its associates have a relevant interest in 4,636,758 Shares. Further information surrounding the issue of these Shares is set out in the table below.

Reason for Issue	Issue Price per Share	Number of Shares
Share issue	Nil	1,875,299
Seed investment	$0.06	333,333
First Pre-IPO capital raising	$0.12	1,625,001
Pre-IPO capital raising	$0.16	803,125
Total:	**–**	**4,636,758**

All other advisers to the Company have been, or will be, paid normal professional fees for services rendered in connection with the IPO. Please see section 10.10 of this Prospectus for further details.

8.8 Applications

Applications for New Shares may only be made on an Application Form attached to or accompanying this Prospectus.

Application Forms must be completed in accordance with the instructions set out on the Application Form.

If you wish to apply for New Shares through your broker, you should:

- complete your Application Form in accordance with the instructions given to you by your broker and the instructions set out on the Application Form; and
- lodge your Application Form with your broker. Applicants must not send their Application Forms to the Company.

A completed and lodged Application Form, together with payment of the Application Amount, constitutes a binding and irrevocable offer to subscribe for the number of New Shares specified in the Application Form. The Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon allotment of the New Shares.

By submitting an Application Form, you declare that you were given access to this Prospectus, together with that Application Form. The Corporations Act prohibits any person from passing on an Application Form to another person unless it is attached to, or accompanied by, a copy of this Prospectus.

You may pay your Application Amount by cheque or such other means as may be directed by the Company or the Lead Manager in writing. If paying by cheque, your cheque must be:

- made payable to the Lead Manager;
- crossed "Not Negotiable"; and
- in Australian currency drawn from an Australian branch of a financial institution.

Your completed Application Form and cheque must be delivered to the Lead Manager directly.

8. Details of the Offer

8.9 Minimum Application amounts and allocation policy

Applications must be for a minimum of 10,000 New Shares (i.e. $2,000) and, thereafter, in multiples of 2,500 New Shares (i.e. $500). Applications for less than the Minimum Application of 10,000 New Shares will not be accepted. There is no maximum value of New Shares that may be applied for under the Offer.

The allocation of New Shares under the Offer will be determined by the Company in consultation with the Lead Manager with a view to ensuring an appropriate Shareholder base for the Company going forward.

The Company and the Lead Manager reserve the right to reject any Application or to allocate a lesser number of New Shares than the number applied for. Additionally, the Company and the Lead Manager reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregate of Applications) in their sole discretion.

8.10 Offer Period

The Offer will open on 6 November 2019 and is expected to close on 15 November 2019. The Company and the Lead Manager may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Your broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible.

8.11 Discretion regarding the Offer

The Company may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Amounts will be refunded (without interest).

The Company and the Lead Manager also reserve the right to, subject to the Corporations Act, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than the amount applied for.

8.12 Completion and Allotment

Application Amounts will be held in trust for Applicants until the allotment of the New Shares. Any interest that accrues will be retained by the Company. No allotment of New Shares under this Prospectus will occur unless:

(a) the Minimum Subscription is achieved (refer to Section 8.2); and

(b) ASX grants conditional approval for the Company to be admitted to the Official List (refer to Section 8.13).

It is expected that allocations will be determined and allotment will occur on 21 November 2019. It is expected that initial holding statements detailing the Securities allotted to each Applicant will be mailed to successful Applicants by standard post on or about 22 November 2019.

Where the number of New Shares issued is less than the number applied for, surplus Application Amounts will be refunded (without interest) as soon as reasonably practicable after the Closing Date.

Subject to the matters in Section 8.13, New Shares under the Offer are expected to be allotted on the Allotment Date. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares issued under the Offer. Applicants who sell Shares before they receive their holding statements do so at their own risk.

8.13 ASX Listing and Official Quotation

No later than seven days after the date of this Prospectus, the Company will apply to the ASX for admission to the Official List of the ASX and for its Shares to be granted Quotation by the ASX (except those Shares that may be designated by the ASX as Escrowed Shares). The Company is not currently seeking a listing of its Shares on any other stock exchange.

The fact that the ASX may admit the Company to the Official List of the ASX and grant Quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares offered for subscription under the Offer. The ASX takes no responsibility for the contents of this Prospectus. If Quotation is granted, it is expected that normal settlement trading in the Shares will commence as soon as practicable after the issue of holding statements to successful Applicants.

It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive confirmation of their allotment will do so at their own risk.

If permission for Quotation of the Shares is not granted within three months after the date of this Prospectus (or within such longer period as may be permitted by ASIC), none of the New Shares offered under this Prospectus will be allotted and issued and all Application Amounts received by the Company will be refunded (without interest) as soon as practicable.

The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time.

8.14 CHESS and issuer sponsored holdings

The Company will apply to participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with the Listing Rules and the Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Security holder Reference Number (**SRN**) for issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued in respect of any Shares.

Following distribution of these initial holding statements, an updated holding statement will only be provided after the end of any month during which changes occur to the number of Securities held by the Shareholder and as otherwise required under the Listing Rules and the Corporations Act.

Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

8.15 Settlement and trading on market

It is expected that trading of the Shares on the ASX will commence on or about 25 November 2019 on a normal settlement basis.

It is the responsibility of each person who trades in Shares to confirm their holding before trading. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Lead Manager and the Share Registry disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the Lead Manager or confirmed your allocation of New Shares through a broker.

8.16 Tax considerations

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares pursuant to the Offer, from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

8. Details of the Offer

8.17 Brokerage, commission and stamp duty considerations

No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See section 9.10 of this Prospectus for details of various fees payable by the Company to the Lead Manager.

8.18 Overseas distribution

No action has been taken to register or qualify the offer of Shares under this Prospectus, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia.

Where this Prospectus has been dispatched to persons in jurisdictions outside of Australia, in which the securities legislation or regulation requires registration or any analogous treatment, this Prospectus is provided for information purposes only. Other than Australia, this Prospectus has not been and will not be registered under any such legislation or regulation or in any such jurisdiction.

Offer only made where lawful to do so

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. This Prospectus does not constitute an offer in any place in which, or to whom, it would not be lawful to make such an offer. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on acquisition or distribution of the Prospectus. Any failure to comply with these restrictions may constitute a violation of securities laws.

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

8.19 Escrow arrangements

Chapter 9 of the Listing Rules prohibits holders of Escrowed Securities from, or agreeing to, dispose of those securities, or an interest in those securities for the relevant Escrow Periods prescribed under the Listing Rules.

In connection with the Company's application for admission to the Official List, the Company expects that the Securities set out in the table below will be subject to Escrow Restrictions:

Shareholders	# Escrowed Shares	Escrow Period
Directors, management and promoters	68,580,977	24 months from Quotation
Other	3,333,334	Expiring on 15 October 2020
	5,550,025	Expiring on 10 September 2020
	3,383,343	Expiring on 1 July 2020
	16,877,697	Expiring on 28 June 2020
Total	**97,725,376**	

New Shares will not be subject to any Escrow Restrictions.

As at the date of this Prospectus, the ASX has not made the final determination of the Escrow Restrictions to be applied to the Securities. The determination may be different from the assumptions set out in this Prospectus. The Company will announce to the ASX full details of the Shares subject to Escrow Restrictions prior to the Shares commencing trading on the ASX.

Once confirmed by the ASX, the Company will enter into appropriate restriction agreements with, or issue 'restriction notices' (as that term is defined in the Listing Rules) to, each party holding Escrowed Shares which prohibit the holder from transferring the relevant Escrowed Shares during the relevant Escrow Period.

Please Section 8.20 below for further details regarding the potential effect of the Escrow Restrictions on the free float of the Company's Securities post-Completion.

8.20 Restricted Securities and Free Float

None of the New Shares issued pursuant to the Offer will be subject to any Escrow Restrictions.

It is expected that at least approximately 97,725,376 Shares will be classified as Escrowed Securities. Accordingly, it is anticipated that the proportion of freely tradeable Shares on Quotation will be as follows:

	$6 million of Applications		$8 million of Applications	
	# Shares	% of Shares on Completion[1]	# Shares	% of Shares on Completion[1]
Unescrowed Existing Shares	37,128,275	23%	37,128,275	21%
Escrowed Existing Shares and Promoter Shares	97,725,376	59%	97,725,376	56%
Number of New Shares	30,000,000	18%	40,000,000	23%
Total Unescrowed Shares on Completion	67,128,275	41%	77,128,275	44%
Total Escrowed Shares on Completion	97,725,376	59%	97,725,376	56%
Total number of Shares on issue on Completion	**164,853,651**		**174,853,651**	

1. Percentage of total number of Shares on issue, on an undiluted basis.

Refer to Section 8.19 for further details on the number of Securities likely to be subject to Escrow Restrictions.

8.21 Further queries

If you have any questions in relation to the Offer, please call the Company Secretary on +61 3 9614 2444 (from 9.00 am to 5.00 pm AEDT) Monday to Friday during the Offer Period.

If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should consult with your stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

9. Material Contracts

9. Material Contracts

The Directors consider that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Offer.

This Section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

9.1 Arrangement with MCAM

The Company entered into 'Multi Project Research Services Agreement' with Monash University on 18 October 2019 (**Services Agreement**).

The Services Agreement continues the collaboration between the Monash Centre for Additive Manufacturing (**MCAM**) and Amaero, with the same objectives as the 2016 Collaboration Agreement entered into between Amaero and Monash University (**2016 Agreement**) and its predecessor signed in 2013 (**2013 Agreement**); i.e. "to continue collaborating on additive manufacturing R&D for the purpose of commercial exploitation of research outcomes".

The material terms of the Services Agreement are as follows:

Term

The agreement is for an initial term of 5 years and can be renewed by agreement at least 6 months before the end of the initial term.

Purpose

Each set of services (or a **Project**) to be provided under the agreement is to be defined and agreed in a Project statement (**Project Statement**). The Project Statement will set out the scope, deliverables, timeline, fees and responsibilities of each party. Neither party is obliged to provide services (or pay for them) until a Project Statement is agreed and signed.

The services to be provided by the parties under the Services Agreement are:

- the provision of suitably qualified and experienced personnel to support the other party's development of manufacturing plans, production of prototypes or research;
- services to conduct, or provide training on, the design and control software and the hardware for the production of metallic components by selective laser melting (**SLM**) and the subsequent finishing and quality testing;
- access for the other party to use SLM machines, other 3D printers and ancillary equipment located at the Amaero Melbourne or MCAM premises;
- assistance with operation of the 3D printing equipment; and
- R&D studies on potential new components and materials.

Except where expressly agreed otherwise, each party may conduct research, development and related activities within the field of a Project independently of the Project and exploit the results of that independent research, development and related activities without constraint.

The Services Agreement includes standard terms for managing the relationship and the conduct of each Project via nominated representatives.

The Services Agreement sets out the starting rates for each party to have access to the other party's 3D printing equipment. Rates can be adjusted and agreed in a Project Statement.

9. Material Contracts

Intellectual Property Rights

Existing IP

The agreement provides for the parties to develop and agree an intellectual property register (**IP Register**) which segments existing intellectual property (**IP**) into:

- background IP and background material provided by (and licensed by) Monash University to Amaero under the 2013 Agreement or 2016 Agreement;
- Project IP developed by Monash University for Amaero, and owned by Amaero, under the 2013 Agreement or 2016 Agreement; and
- background IP and background material developed by, and owned by, Amaero, which has been provided to Monash University under the 2013 Agreement or 2016 Agreement.

New IP

New IP is to be identified in each Project Statement and added to the IP Register. Any background IP and background material will be owned by the party providing it.

In addition, Monash University grants to Amaero a paid-up, royalty-free, non-exclusive licence to use, copy, modify and adapt Monash University's relevant background IP, background material and project improvements:

- to the extent needed to use, modify or commercialise the Project IP, until 1 January 2041; and
- for the purposes of the Project for the Project term.

Amaero cannot use Monash University's background IP, background material and project improvements to commercialise any new IP which Amaero may generate independently of Monash University, without the prior written consent of Monash University, with such consent not to be unreasonably withheld.

Amaero grants to Monash University a paid-up, royalty-free, non-exclusive licence to use, copy, modify and adapt Amaero's background IP, background material and project improvements for the purposes of a Project for the Project term.

If a party independently improves its background IP or background material, it may offer to licence these improvements to the other party, on commercial terms to be agreed.

Amaero will own all Project IP (that is all new IP created in the course of performing a Project, whether that IP is created by Monash University or Amaero) and grants Monash University a non-transferable, royalty free, non-exclusive right to use the Project material for the sole purpose and only to the extent necessary to:

- carry out the Project for the Project term; and
- for its internal non-commercial research, teaching and education purposes.

Confidentiality, Warranties and Indemnities

The Services Agreement contains standard terms with respect to confidentiality, privacy, publication approvals, audit rights, warranties and liability, unexpected events and dispute resolution.

Termination

Each party may terminate for breach or insolvency but there are no rights to terminate for convenience (unless agreed in a Project Statement for a specific Project, but this will not result in a termination of the Services Agreement itself).

9.2 Transaction with University of Adelaide

The University of Adelaide (**UoA**) and Australian Advanced Materials Manufacturing Pty Ltd (**AAMM**) entered into a Funding Deed with the South Australian State Government and Innovative Manufacturing CRC in October 2017 as amended by a Deed of Variation dated 13 July 2018 (**Funding Deed**) to establish a South Australian Additive Manufacturing Applied Research Network (**AMARN**). Under the Funding Deed, UoA received a grant to purchase certain 3D printing equipment.

On 4 October 2019 Amaero agreed to take over the rights and obligations of AAMM under the Funding Deed by entering into a Deed of Novation and Variation. The Company, Amaero and UoA have also entered into a Strategic Partnership Agreement (**SPA**) to develop a close relationship under which the parties can co-operate to further the objectives of AMARN and explore opportunities to work together on projects including research and development collaborations.

The 3D printing equipment purchased with funding advanced under the Funding Deed (**Equipment**) is located in Edinburgh, South Australia (**Premises**). UoA has leased the Premises from Century Engineering Pty Ltd.

To give effect to the arrangements described above, the Company (or Amaero) has entered into the following suite of agreements with the University of Adelaide:

- Deed of Novation & Variation to Funding Deed;
- Strategic Partnership Agreement;
- Equipment Lease;
- Facility Access Agreement;
- Sub-lease for the Premises; and
- Share Subscription Agreement.

(a) Funding Deed and Deed of Novation & Variation

On 4 October 2019, Amaero agreed to take over the rights and obligations of AAMM under the Funding Deed described above, by entering into a Deed of Novation and Variation.

The material terms of the Funding Deed and Deed of Novation are as follows:

Term

The Funding Deed expires on 30 June 2021 (**Term**).

Obligations

By 30 November 2019, UoA and Amaero must establish:

- an Advisory Group; and
- a Network Support Group.

The parties must use their best efforts to create at least four new full time equivalent positions during the Term.

Amaero must use its best endeavours to:

- contract with at least 10 companies to use the Premises for commercial additive manufacturing purposes;
- achieve machine utilisation of at least 25% (60% of which should be commercial, 40% research). At least 60% of this utilisation should be with South Australian businesses; and
- deliver 5 or more projects which lead to new products using additive manufacturing.

Amaero is required to provide half-yearly and annual reports including Equipment utilisation and usage statistics, and performance against KPIs.

If UoA defaults under the Funding Deed or becomes insolvent, the Minister can take ownership of the Equipment.

9. Material Contracts

(b) Strategic Partnership Agreement

The Company and Amaero entered into a Strategic Partnership Agreement with the University of Adelaide (**UoA**) on 14 October 2019 (**SPA**).

The SPA is the overarching document that describes the relationship between UoA, the Company and Amaero. It is designed to address certain requirements of the Funding Deed and Deed of Novation & Variation and describes how UoA and Amaero will work together to achieve the objectives of the AMARN project.

The material terms of the SPA are as follows:

Term

The term of the SPA is 5 years.

Committees

The Company and UoA will establish a Governing Committee that will be responsible for:

- reviewing activities, progress and outcomes from the strategic partnership at least once a year and other times as required; and
- resolving issues and addressing areas for decision under the SPA.

The Company and UoA will also establish a management committee. The management committee will be responsible for:

- providing an overview of the activities and outcomes of Projects;
- resolving problems or disputes; and
- reporting on activities, progress and outcomes to the Governing Committee.

Intellectual Property (IP)

It is agreed that an IP register will be created and maintained by the Company under the review and direction of the management committee for each Project. The IP register will include a list of background IP made available to a specific Project and all Project IP created or developed under a specific Project agreement.

Obligations

Amaero's obligations during the term are to:

- prepare a business plan (**Plan**) describing plans for development and growth of the Adelaide facility within 6 months of signing the agreement;
- invest sufficient funds and resources over the next 3 years to meet KPIs identified in the Deed of Novation and the Plan;
- allocate at least 10% of Amaero's Australian research budget to UoA for collaborative projects;
- be responsible for the operation, management, maintenance and repair of the Equipment;
- follow a protocol to classify the activities requested by industry into research and development projects or commercial manufacturing projects;
- use best endeavours to market the 3D metal printing capabilities to Industry locally, nationally and internationally;
- maintain Equipment usage log time sheets to record the usage of the Equipment by Amaero; and
- enter into a collaboration agreement with UoA with the following goals:
  - with sufficient demand/need, provide a printer to UoA for teaching and research; and
  - work with UoA to establish a joint PhD program.

In addition, Amaero must remain 100% owned by the Company during the term of the Funding Deed.

In the event UoA transfers ownership of the equipment to Amaero under the Equipment Lease, Amaero is required to comply with additional obligations until October 2027 (discussed below).

In return, UoA has certain obligations to support the objectives of the SPA, including, subject to the terms of the Funding Agreement and Equipment Lease, transferring ownership of the Equipment to Amaero on 29 April 2023.

Indemnities

The parties are required to indemnify each other for breach of the SPA.

Termination

The parties may terminate the SPA for breach or insolvency.

(c) Equipment Lease

The material terms of the Equipment Lease are as follows:

Purpose

UoA agrees to lease three 3D Renishaw AM400 metal additive manufacturing machines and ancillary equipment (**Equipment**) to Amaero. Amaero is required to ensure that the Equipment is only used at the Premises for the purposes intended by the Funding Deed, to include materials manufacturing by 3D printing and advanced manufacturing, related training services and related research undertakings.

Amaero is responsible for the operation, management, preventative maintenance and repair of the Equipment during the Term, except as provided under the warranties offered by the Equipment supplier. Only Amaero authorised personnel, the Equipment supplier and UoA authorised personnel are permitted to operate and perform preventative maintenance to the Equipment during the Term.

Amaero is not entitled to sub-lease or grant any security interest over the Equipment without the prior consent of UoA.

Amaero must take out insurance over the Equipment for replacement value.

Rent

UoA will lease the Equipment to Amaero for a peppercorn rent.

Term and Transfer of Ownership

The lease will expire on 29 April 2023. At the end of the term, UoA will transfer ownership of the Equipment to Amaero for no cost. UoA can refuse to effect the transfer if:

- Amaero has breached a material term of the Equipment Lease (or some related agreements);
- UoA has given Amaero written notice of a breach within one month of UoA becoming aware of the breach; and
- Amaero has not cured that breach within a reasonable time of the notice.

In the event UoA transfers ownership of the Equipment to Amaero, Amaero is required to comply with the following obligations until October 2027:

- ensure the Equipment remains in Adelaide;
- provide support to ensure ongoing 3D metal printing capability in Adelaide; and
- ensure UoA has at least 25% access to the Equipment (on a non-priority basis for the charges and on the terms agreed under a facility access agreement).

9. Material Contracts

(d) Facility Access Agreement

The material terms of the Facility Access Agreement are as follows:

Purpose

To provide to UoA access to the Premises and Equipment to conduct research projects to fulfil the requirements of the Funding Deed and SPA. Amaero agrees to provide UoA with access to the Premises during the term of the Equipment Lease and to provide UoA with access to the Equipment for up to 25% of the total time the Equipment is available for use.

Access Fees

UoA is required to pay Amaero an access fee which comprises:

- Equipment overhead costs; and
- Equipment operating fees.

Termination

The Facility Access Agreement may be terminated at any time by mutual agreement by the parties (subject to the parties taking into account the terms and conditions of the Funding Deed, Equipment Lease, and the SPA).

Either party may immediately terminate the agreement by giving written notice to the other if any of the following occur:

- the Funding Deed, Sublease or SPA is terminated;
- the Equipment Lease expires or is terminated (except where it is terminated in circumstances where UoA has transferred ownership of the Equipment to Amaero); or
- the Minister for Industry and Skills takes ownership of the Equipment under the Funding Deed.

UoA is also entitled to immediately terminate the agreement if Amaero transfers possession of the Equipment to a third party or disposes of the Equipment without the prior consent of UoA during the term of the Equipment Lease or if Amaero suffers an insolvency event.

(e) Share Subscription Agreement

On 14 October 2019, UoA and the Company entered a Share Subscription Agreement under which the Company agreed to issue 3,333,334 fully paid ordinary shares (**Shares**) to UoA, for a deemed issue price of 12 cents each. The issue of the Shares was subject to a number of conditions precedent, which were satisfied, and the Shares issued, on 15 October 2019.

9.3 AmPro Distribution Agreement

The Company entered into a Distribution Agreement with Ampro Innovations Pty Ltd (ACN 618 243 548) (**AmPro**) on 9 October 2019.

The material terms of the Distribution Agreement are as follows:

Term

The initial term expires on 30 November 2022 and is automatically renewed for successive 12-month periods unless a party terminates by giving at least three months' notice before the end of the initial term or any renewal date.

Appointment

Amaero is appointed as the exclusive distributor of AmPro's 3D printing machines (and ancillary equipment) in North America.

Payment Terms

Amaero is responsible for setting the prices at which it offers products for sale to its own customers.

The Distribution Agreement sets out the prices Amaero is required to pay AmPro for various items of equipment. AmPro's prices are fixed for the first 12 months of the term. After this period, AmPro may adjust the prices payable by the Amaero for the products once in each year, by giving Amaero at least two months' advance notice and, where AmPro proposes to increase the prices, after providing reasonable transparency to Amaero about the reasons for the price changes (such as evidence of input cost increases).

The purchase price for each item of equipment is payable as follows:

- 30% after receipt of an order acknowledgement by AmPro;
- 45% prior to dispatch; and
- 25% on receipt of the products in the territory by Amaero.

Title and Risk

Risk passes to Amaero when the products are loaded onto Amaero's carrier at the AmPro warehouse. Title to the equipment passes when Amaero has paid in full.

KPIs

Amaero is required to meet key performance indicators that are agreed between the parties from time to time. Where Amaero fails to meet the KPIs on the anniversary of the KPI year, AmPro may, by giving two months' notice demand that Amaero take remedial action to achieve the outstanding KPIs. If the remedial action does not result in completion of the outstanding KPIs, AmPro may give notice to immediately revoke Amaero's exclusivity in the territory.

The KPIs are as follows:

Year	KPI
KPI Year 1	Sale or acquisition of at least two SP500 3D Printers and at least three items of Ancillary Equipment. Orders for two or more SP500 3D Printers may not occur within a three month period without prior written approval of AmPro.
KPI Year 2	Sale or acquisition of at least five SP500 3D Printers, and at least nine items of Ancillary Equipment. Orders for three or more SP500 3D Printers may not occur within a three month period without prior written approval of AmPro.
KPI Year 3	Sale or acquisition of at least eight SP500 3D Printers, and at least 12 items of Ancillary Equipment. Orders for three or more SP500 3D Printers may not occur within a three month period without prior written approval of AmPro.
Each subsequent year	Sale or acquisition of at least eight SP500 3D Printers, and at least 12 items of Ancillary Equipment. Orders for three or more SP500 3D Printers may not occur within a three month period without prior written approval of AmPro.

KPI Year means:

KPI Year 1: 1 December 2019, to 30 November 2020.

KPI Year 2: 1 December 2020 to 30 November 2021.

KPI Year 3: 1 December 2021 to 30 November 2022.

Amaero shall provide AmPro with a record of all orders, sales and quotations for each quarter (3 months) within each KPI Year.

First rights for EU

In the event Amaero exceeds KPI Year 2 by an additional two 3D printers, the parties agree to negotiate in good faith for Amaero to become exclusive distributor for Europe and the United Kingdom, with new KPIs to be agreed. If Amaero becomes the exclusive distributor in Europe and the United Kingdom, all of AmPro's pre-existing distributors in those markets become sub-distributors to Amaero (where the terms of existing distribution agreements permit).

During the initial term, AmPro will not grant an exclusive distribution agreement to anyone else for any period longer than three years.

Demonstration Machine

Amaero must order a SP500 3D Printer and three items of Ancillary Equipment within three months of signing the Agreement to use for marketing purposes within the Territory.

9. Material Contracts

Marketing

The Distribution Agreement contains standard obligations in respect of marketing the products. AmPro's marketing intellectual property is licensed to Amaero for the term of the agreement and AmPro is required to provide five days free product training per year.

Warranties

AmPro is required to provide a 12 month default warranty after title passes to Amaero. This warranty is extended to 24 months for laser protection.

Termination

Either party may immediately terminate the agreement if the other party suffers an insolvency event or commits a material breach which it does not remedy.

9.4 Monash IP Licence Agreements

On 18 October 2019, the Company entered into two Intellectual Property Licence Agreements with Monash University, one for high-strength titanium alloys (**Titanium Licence**) and one for scandium alloy powder (**Scandium Licence**). Monash has applied for patents of each of these alloys.

Titanium Licence

The material terms of the Titanium Licence are as follows:

Licence

Monash University grants the Company exclusive rights to globally use the licensed technology and a non-exclusive right to use associated technical information (including know-how)) for commercialisation of products (**Products**). Monash University retains a right to use the licensed technology for non-commercial internal education, teaching or research purposes.

The field in which the licence is granted is unrestricted.

Term

The term of the licence continues until the expiration or revocation of the last valid claim of any patent.

Royalties

Amaero agrees to pay Monash University:

- royalties on annual gross sales of Products. If Amaero is required to pay any 3rd party licence fee, the royalty to Monash University reduces by up to 50% of the royalty payable to the 3rd party; and
- a royalty on any sub-licence agreements where Amaero receives a licence fee rather than income from gross sales.

These payments are subject to Amaero paying Monash University a minimum fee of $50,000 per annum commencing in the financial year ending 30 June 2023.

Licence to named Customer

It has been agreed that Monash University may grant rights to use the licensed technology to one customer (named in the agreement), solely to make Products for internal use, if that customer wishes to purchase Products or procure a sub-licence from Amaero and Amaero is unable to supply the Products or enter into a sub-licence with that customer.

Options to Purchase and acquire licence to IP Improvements

Amaero has the option (not the obligation) to purchase the licensed technology if it experiences a 'sale event' (which includes an IPO) within five years of execution of the Licence Agreement. Amaero is required to pay Monash University $150,000 for the purchase of the licensed technology. If Amaero exercises this option (and pays the fee) Monash University will assign the licensed technology to Amaero and Amaero will continue to pay the licence fees described above.

Amaero has the first option to acquire an exclusive licence over new improvements to the patented Intellectual Property developed by the MCAM staff who developed the patented Intellectual Property. The commercial terms of any such licence will be agreed at the time. The option period is four years from execution of the Titanium Licence.

Commercialisation of IP

Amaero must use diligent efforts to commercialise the licensed technology and develop and sell Products or enter into sub-licences in respect of the licensed technology.

Amaero is required to prepare and provide Monash University with annual reports on its commercialisation efforts and royalties that are payable. Amaero is required to pay all royalties and other fees at the end of each financial year. The agreement contains standard audit terms.

Patent Protection

The parties will co-operate in the patent protection of the licensed technology, including any infringement claims against third parties. Amaero is responsible for paying all patent costs.

Confidentiality, Warranties and Indemnities

The Titanium Licence contains customary terms in respect of confidentiality and the liability of each party. Amaero agrees to indemnify Monash University for any claims arising from Amaero's exploitation of the licensed technology.

Termination

Except where Amaero is in breach of the agreement, Amaero may terminate the agreement for convenience on one month's notice. The agreement also contains standard mutual rights to terminate for breach or insolvency. Monash University may also terminate the agreement if the patent is found to be invalid.

Scandium Licence

The material terms of the Scandium Licence are the same as the Titanium Licence described above, except that the licence is non-exclusive (as another party already has the rights to use the material).

9.5 Purchase of EOS M 400

The Company's US-based subsidiary, Amaero USA, agreed to a purchase order with EOS of North America, Inc. (**EOS Inc**) for the supply of the additive manufacturing system for industrial production of high-quality large metal parts EOS M 400 (**EOS M 400**) and various material and process products, accessories, consumables, services and transport (**Associated Equipment and Ancillaries**) on 23 September 2019 (**Purchase Order**).

The material terms of the Purchase Order are as follows:

Purchase Price and Payment Terms

The purchase price of the EOS M 400 and the Associated Equipment and Ancillaries is USD$1,337,623.16 (**Purchase Price**) payable in three (3) instalments as follows:

- 34% of the Purchase Price was paid following receipt of the Purchase Order acknowledgement from EOS Inc;
- 33% of the Purchase Price is payable following notification of readiness for dispatch from EOS Inc to Amaero USA; and
- 33% of the Purchase Price is payable within 30 days from delivery of the EOS M 400 to Amaero USA.

Intellectual Property Ownership and Licensing

EOS Inc grants Amaero USA a:

- limited, fully paid up, non-exclusive, inalienable and non-transferable licence to use EOS Inc's intellectual property to the extent necessary to operate the EOS M 400; and
- non-exclusive, limited licence to use the software embedded into the EOS M 400.

9. Material Contracts

Representation and Warranties

EOS Inc provides a warranty for a period of 24 months from the date of delivery of the EOS M 400 (**Warranty Period**) in respect of any claims regarding material defects in the EOS M 400 provided that:

- the defects are discovered within the Warranty Period;
- EOS Inc is notified within 14 days of discovery of the defects; and
- Amaero USA returns or makes the defective EOS M 400 available to EOS Inc.

Any warranty claims or claims for damages based on actual or alleged defects are subject to the applicable statutory limitation period or a limitation period of 1 year after the cause of action accrued (whichever is shorter).

Indemnities and Limitations of Liability

Amaero USA has agreed to a broad indemnity in favour of EOS Inc (and its parents, subsidiaries and affiliates, directors, members, officers, managers, attorneys, employees and agents) from and against any claims asserted by third parties for damages or other relief arising out of the Purchase Order.

Under the Purchase Order, EOS Inc's liability is capped at the total value of the Purchase Order and EOS Inc is not liable for:

- interruption of use, for loss, inaccuracy or corruption of data or cost of procurement by Amaero USA of substitute products, services or technology;
- indirect, incidental, consequential or special damages (including damages from lost contracts or business); and
- any matter beyond its reasonable control.

9.6 Machine Consignment Agreement

Amaero has entered an agreement with one client under which Amaero has delivered and commissioned a 3D printing machine (**Machine**) to the client's facility, for the client to use exclusively (while Amaero retains ownership of the Machine) (**Machine Consignment**).

The client's personnel operate, maintain and repair the Machine (as required). In consideration for the Machine Consignment, the client agrees to pay Amaero for use of the Machine on a usage basis, at an agreed hourly rate (**Usage Fees**).

While the Company does not consider the Usage Fees which may be payable to Amaero to be material, due to the value of the Machine (which remains an asset of Amaero notwithstanding the client's possession of it), the material terms of the agreement relevant to the Machine Consignment are as follows:

Obligations to maintain the Machine

The client must:

- operate and provide appropriate environmental controls of the area in which the Machine is installed;
- provide various equipment to operate the Machine, including all safety equipment;
- ensure that the Machine is maintained in full working order and without modifications; and
- pay all costs associated with consumables, maintenance and repairs.

Liabilities, Indemnities and Insurance

The client will be liable for, and indemnify Amaero against, any damage to the Machine while the Machine is at the client's facility or at the risk of the client, except to the extent caused as a result of the actions or omissions of Amaero personnel.

Amaero will be liable for, and indemnify the client against, any damage incurred or claims arising out of the selective manufacture of the components (and the design of the associated support structures), except to the extent caused as a result of the actions or omissions of client personnel in failing to fulfil their obligations under the agreement.

Each party must obtain and maintain appropriate insurance at its own cost and expense, to ensure any liability of that party's obligations under the agreement.

Termination Rights

The term of the agreement is unclear and otherwise subject to French law.

The client may immediately terminate the agreement by written notice if:

- Amaero enters into bankruptcy or liquidation proceedings; or
- Amaero is in breach of any of its obligations under the agreement, and such breach is not remedied within 60 days of written notice.

Amaero or Monash University may immediately terminate the agreement by written notice if:

- The client enters into bankruptcy or liquidation proceedings or is unable to pay its debts as they come due; or
- The client is in breach of its material obligations under the agreement, and such breach is not remedied, or corrective actions are not demonstrated, within 60 days of written notice.

The parties may also immediately terminate the agreement in writing without incurring any liability if a party remains effected by a force majeure event for more than 120 days.

Upon termination or expiration of the agreement, all licences to intellectual property rights granted by one party to another immediately cease and any outstanding debts must be paid in full within 30 days. Unless otherwise agreed, all work still in process must be completed.

9.7 Commonwealth Grant Agreements

Amaero has entered agreements to participate in several projects which have received funding from the Commonwealth Government. One of these, the CSIRO project, is still active. The other projects have been completed, but some terms of the agreements continue.

CSIRO GIL Project

Amaero has entered a contract with Commonwealth Scientific and Industrial Research Organisation (**CSIRO**) for a project on 'non-destructive quality evaluation of additive-manufactured components'. The Project is part funded by the Commonwealth of Australia (represented by the Department of Industry, Innovation and Science) (**DIIS**) under the Global Innovation Linkages program. The project is referred to below as the **GIL Project**.

There are two relevant agreements for the GIL Project:

- A Grant Agreement between DIIS and CSIRO signed on 22 June 2017 (**Grant Agreement**); and
- A Participation Agreement between CSIRO and Amaero signed on 20 April 2018 (**Participation Agreement**).

Under the Grant Agreement, DIIS agrees to provide grant funding of $995,342 for CSIRO to conduct the GIL Project. In addition to CSIRO, there are five industry project partners, including Amaero. (Amaero participates in the project but does not receive DIIS funding.)

The GIL Project starts when the Grant Agreement is executed and ends on 1 September 2020. The Grant Agreement provides for the grant to be paid on milestones, over the financial years ending 30 June 2017 to 30 June 2020 (with the final payment due 1 June 2020), and includes customary terms requiring the recipients to provide milestone reports, evidence that the participants have provided their contributions and assurance that the grant funds have been properly spent. These records must be maintained for five years after the project ends.

The material terms of Amaero's Partnership Agreement are as follows:

Term

The agreement starts on 20 October 2017. The end date for Amaero to deliver the final deliverable is 21 April 2020.

Termination

Either party may terminate the agreement by giving 30 days written notice to the other party, or immediately for the other party's breach or insolvency. CSIRO may terminate the agreement at any time if the Grant Agreement is terminated.

9. Material Contracts

Contribution

Amaero agrees to provide in-kind (i.e. non cash) contribution of $150,000 for the GIL Project during the financial years ending 30 June 2018 to 30 June 2020, comprising:

- $30,000 equivalent to 0.2 FTE total salary plus on-cost over three years for senior engineer(s);
- $30,000 over three years for company overhead;
- $90,000 over three years for preparing quality certified AM parts with an estimated machine time of 15 days of EOS M280 or eight days of Xline 2000R (without consumables); and
- Documents demonstrating the agreed expenditure (when requested by CSIRO).

Amaero's Obligations

Under the agreement Amaero agrees to:

- Perform the services with due care and skill and in a safe matter;
- Not subcontract any part of the services except with the written consent of CSIRO;
- Deliver the Deliverables by the agreed delivery dates;
- Provide reports on progress when required by CSIRO, particularly to enable CSIRO to meet its reporting obligations under the Grant Agreement;
- Not do anything that would place CSIRO in breach of its obligations under the Grant agreement; and
- maintain proper accounts and records in relation to the services provided and participate in any audits of the GIL Project.

Intellectual Property

Each party retains ownership of any intellectual property that has been developed independently of the agreement (**Background IP**). Each Party grants the other party a royalty-free, non-exclusive, non-transferable, licence to use the party's Background IP to the extent necessary to provide the services and to conduct the GIL Project, subject to any agreed conditions. (CSIRO Background IP may incorporate computer programs developed and made available by third parties to the public for research and development purposes. Amaero is responsible for obtaining from the relevant third parties all the necessary rights to use such public software.)

CSIRO owns all intellectual property rights in materials created by Amaero in the course of performing the GIL Project, including all discoveries, inventions, improvements, engineering or other processes and innovations, or deliverables (**Project Technology**). CSIRO grants Amaero a world-wide, non-exclusive, royalty-free licence to use the Project Technology to the extent required to carry out the services under the agreement.

CSIRO grants Amaero a non-exclusive, non-transferable licence to use the final software package developed as part of the GIL Project (**Software**) in binary form only to evaluate quality of additive-manufactured components subject to some restrictions, including:

- Amaero may not sub-license, sell, rent, or distribute the Software or release it on the internet or any other public communication network;
- Amaero may only allow two concurrently executing copies of the Software; and
- Software support is Amaero's responsibility.

Amaero's licence to use the Software continues after the end of the GIL Project; however if Amaero breaches the terms of its licence to use the Software (and does not remedy the breach within 20 days) CSIRO can terminate the licence.

Liability

Both parties exclude liability for indirect or consequential damages. Amaero's liability for loss or damages is capped at the value of the services or contributions made by Amaero in the 12 months up to the event for which Amaero is liable.

2013 Commercialisation Australia Program Funding Agreement

In August 2013 Amaero entered a Commercialisation Australia Program Funding Agreement (**2013 CA Funding Agreement**) under which the Commonwealth of Australia provided grant funding of $1.1 million for a project related to the *Commercialisation of Laser-based Additive Manufacturing*. The project began on 1 July 2013 and ended on 30 June 2015.

The 2013 CA Funding Agreement contains customary terms for government funded projects, including requiring Amaero to hold the grant funds in a separate bank account and only use the funds for the agreed purpose and to provide audited project reports.

Some terms of the 2013 CA Funding Agreement continue for five years after the project ends, that is until 30 June 2020. These include requiring Amaero to keep records relating to the project, and to acknowledge the financial assistance received from the Commonwealth Government in public statements about the project. Restrictions on Amaero dealing in, assigning or creating security over its rights under the agreement, including a change of control in Amaero, also continue for this period; however the Commonwealth has agreed that these restrictions no longer apply to Amaero.

The 2013 CA Funding Agreement does not contain any terms assigning or licensing intellectual property. Accordingly, Amaero retains ownership of any intellectual property it creates under this project. There are no terms in the contract limiting or excluding Amaero's liability for breach of the agreement or losses caused to the Commonwealth.

2016 Accelerating Commercialisation Funding Agreement

Amaero also received Commonwealth Government funding under an Accelerating Commercialisation Funding Agreement signed in February 2016 (**2016 AC Funding Agreement**). The Government provided grant funding of $858,000 for a project relating to the *Commercialisation of Laser-based Additive Manufacturing for Aerospace*.

This project started on 1 January 2016 and ended on 30 June 2017. As with the 2013 CA Funding Agreement, some terms continue for five years after the project ends.

The 2016 AC Funding Agreement contains terms similar to the 2013 CA Funding Agreement, including requiring Amaero to hold the grant funds in a separate bank account and only use the funds for the agreed purpose and to provide audited project reports. For this project, Amaero must keep records relating to the project for seven years after the project ends.

Under the 2016 AC Funding Agreement, Amaero owns all intellectual property rights in material it creates during the project. Amaero grants the Commonwealth a perpetual licence to use any material Amaero gives to the Commonwealth under the agreement, for the purposes of reporting on, administering and evaluating the agreement and the funding program (subject to confidentiality obligations).

Amaero indemnifies the Commonwealth for losses arising in connection with the project.

The 2016 AC Funding Agreement also has restrictions on how Amaero may deal with its rights under the agreement (including a change of control), however these restrictions expired on 1 January 2018.

9.8 US Lease

The Company's US-based subsidiary, Amaero USA has entered into a commercial lease (**Lease**) for the premises containing its US-based office, showroom and light manufacturing facility at 445 S. Douglas Street, Suite 200, El Segundo, CA, USA 90245 (**Premises**). The Company is committed to the Lease until the end of the term in October 2024. Pursuant to the terms of the Lease, Amaero USA is liable to pay the following rent for the remainder of the term:

- USD$17,902.50 per month from 1 November 2019;
- USD$18,439.58 per month from 1 September 2020;
- USD$18,992.76 per month from 1 September 2021;
- USD$19,562.54 per month from 1 September 2022;
- USD$20,149.42 per month from 1 September 2023; and
- USD$20,753.90 per month from 1 September 2024.

Amaero USA is also responsible for a percentage of common operating expenses and has paid a security deposit in the amount of USD$132,153.

The Lease is governed by the laws of California. The Lease allows the landlord to terminate the Lease in the event of certain unremedied breaches of the Lease. Except for the landlord's gross negligence or wilful misconduct, Amaero USA has indemnified the landlord and its agent from any liability arising out of, involving, or in connection with Amaero USA's breach of the Lease, the use or occupancy of the Premises, or any project by Amaero USA and its employees, contractors or invitees.

The Lease has not been reviewed by US legal counsel and, accordingly, the Company is not able to confirm whether any risks or additional liabilities may exist under applicable US laws.

9. Material Contracts

9.9 Restriction Agreements

Further to the disclosure in Section 8.19 of this Prospectus, in relation to those Shares which will be subject to Escrow Restrictions, the Company will seek that each of the parties holding Escrowed Shares enters into appropriate restriction agreements in the form of Appendix 9A of the Listing Rules (or subject to obtaining the ASX waiver referred to in Section 10.13 of this Prospectus, provide them with a restriction notice in the form of Appendix 9C of the Listing Rules which are to be implemented by the ASX on 1 December 2019) which restrict them from selling, creating a security interest in or otherwise dealing in Escrowed Securities for the applicable 12 or 24 month Escrow Period.

9.10 Lead Manager and Corporate Advisor Mandate

On 10 June 2019, the Company entered into an agreement to appoint PAC as Lead Manager for the IPO process and pre-IPO capital raisings (**Pre-IPO Raising**) (**Mandate**).

The terms of the mandate are customary for the size and risk associated with the transaction proposed under the Offer. PAC has agreed to provide the following services to the Company:

- providing advice on the appropriate timing, structure and pricing of the Offer and Pre-IPO Raising;
- assisting with dealings with ASIC and ASX;
- assisting with due diligence processes;
- providing input on the framework and content of this Prospectus;
- liaising with the Company's advisors;
- determining share allocations under the Offer;
- assisting with the preparation of marketing material and organising roadshow presentations;
- managing the Offer and Pre-IPO Raising bookbuilds; and
- advising on M&A, equity capital markets and corporate advisory work for 24 months following IPO.

The Company has agreed to:

- pay PAC a corporate advisory fee of:
  - $7,500 (plus GST) per month following successful completion of the seed capital raise that took place in July 2019 for a period of the earlier of 12 months or listing of the Company on the Official List of the ASX; and
  - $8,000 (plus GST) per month for a period of 24 months following listing;
- pay PAC a pre-IPO raising fee of 6% (plus GST) of any funds raised under the Pre-IPO Raising;
- pay PAC a management fee equal to 6% (plus GST) of the amount raised under the Offer; and
- on Completion of the Offer, issue to PAC (and/or its nominee) 6 million Shares in the Company for nil consideration.

If the Company terminates the Mandate for any reason other than pursuant to the negligence, recklessness, breach of the Mandate, wilful misconduct or fraud of the Lead Manager after this Prospectus is lodged with ASIC, the Company will be required to pay the full amount of the capital raising fee that would have been payable to the Lead Manager by the Company had the Offer completed.

The Company has given various representations, warranties and undertakings to PAC including in respect of the Company's valid incorporation, ability to enter into the Mandate and ability to issue Shares under the Offer free from encumbrances.

The Company has agreed to a broad indemnity in favour of PAC and directors, officers, employees and agents against all claims, demands, damages, losses, costs, expenses, liabilities or damages incurred by them in connection with the Offer, Pre-IPO Raising and the Offer documents (subject to limited exclusions).

Each of PAC and the Company may terminate its obligations under the Mandate by giving 7 days' written notice to the other at any time. Upon termination the Lead Manager will retain all accrued rights and liabilities pertaining to its accrued fees, costs and expenses and payment of the withdrawal fee referred to above.

Subject to successful completion of the Offer, the Company has agreed to give PAC a first right of refusal to be appointed as lead manager of any financing on agreed and competitive arms-length terms within 24 months of completion of the IPO.

9.11 Innovyz Contractor Agreement

The Company has entered into a contractor agreement (**Contractor Agreement**) with Innovyz on 16 September 2019 pursuant to which Stuart Douglas, as the specified personnel, will:

- undertake business planning, strategy and development advisory services up to a maximum of 2 days per week;
- serve as an Executive Director of the Company; and
- assist with the Company's capital raising activities, including in respect of the Offer.

Pursuant to the Contractor Agreement, Innovyz will receive the following fees:

- $0.00 per day for work completed prior to the Company's listing on the ASX;
- $1,500.00 per day (plus GST) for work completed in the six-month period immediately following the Company listing on the ASX (**Early Post-IPO**); and
- $2,500.00 per day (plus GST) for work completed following Early Post-IPO.

The term of the Contractor Agreement is from 17 May 2019 until 31 August 2020 (**Term**).

During the Term, either party may terminate the Contractor Agreement on not less than one month's written notice. The Company may also immediately terminate the Contractor Agreement if:

- Mr Douglas or Innovyz commits an act of bankruptcy or insolvency;
- Mr Douglas, Innovyz or its representative are convicted of any criminal offence of dishonesty;
- Mr Douglas is disqualified from serving, or is removed from office, as a director of the Company;
- Mr Douglas is unable to continue to provide the Services (including due to death or serious injury); or
- Innovyz fails to perform the Services to a standard acceptable to the Company.

All intellectual property in anything created by Innovyz in the course of performing the services under the Contractor Agreement is assigned to the Company. Intellectual property created before the Contractor Agreement remains the property of the relevant party.

As Mr Douglas is not an employee of the Company, Innovyz remains responsible for all remuneration, leave and employee entitlements, workers' compensation and other insurances, superannuation and any other employee entitlements.

Innovyz is an entity that is associated with one of the Company's directors, Stuart Douglas and as a result the Contractor Agreement is deemed to be a related party agreement.

9.12 Non-Executive Director Appointment Letters

The Company has entered into non-executive director appointment letters with each of David Hanna and Kathryn Presser on the following key terms:

- the non-executive directors will receive the following annual remuneration from Listing for their services as non-executive Director:
  - in respect of David Hanna, $60,000 (exclusive of superannuation); and
  - in respect of Kathryn Presser, $40,000 (exclusive of superannuation);
- Ms Presser will be entitled to receive an additional $10,000 per annum (exclusive of superannuation) as remuneration for her services as Chair of the Audit & Risk Committee; and
- the non-executive directors will be expected to devote the following time to the Company, including participation in board and committee meetings:
  - in respect of David Hanna, approximately 5 days per month; and
  - in respect of Kathryn Presser, approximately 3 days per month.

9. Material Contracts

9.13 Employment Agreement with Barrie Finnin

Amaero entered into an employment agreement with the chief executive officer, Barrie Finnin, on 15 August 2019 to govern the terms of Mr Finnin's employment from his commencement on 1 December 2016. Mr Finnin will receive an annual fixed remuneration of $275,000 (exclusive of superannuation). Mr Finnin may also be entitled to:

- a short term incentive payable in cash and/or equity in the Company for achieving certain KPIs as agreed by the Board; and
- participate in the Company's employee incentive plan as a long-term incentive.

Either party may terminate Mr Finnin's employment with Amaero Engineering by giving three months' notice with Amaero having the right to make a payment in lieu of all or part of this notice period. Amaero may also immediately terminate Mr Finnin's employment for cause.

Mr Finnin is also subject to intellectual property and confidentiality obligations which are considered appropriate to protect the interests of the Group.

Upon the termination of Mr Finnin's employment contract, he will be subject to (a) a restraint against solicitation of the Group's clients, directors, managers and employees, (b) a restraint against conducting any business in competition with Group's business or a material part of it and (c) a restraint against disparaging the Group, making statements that may injure the commercial reputation of the Group or interfering with the relationship between the Group and its customers, employees or suppliers. The restraints will apply for a maximum period of 6 months following the termination of employment. Enforceability of these restraints is subject to all usual legal requirements.

9.14 Acquisition of Amaero Engineering Pty Ltd

Since late 2018, Amaero has been working with Innovyz to pursue a strategic growth plan to expand and commercialise its business on a global scale. Amaero required recapitalisation to progress these growth plans and, accordingly, in December 2018, Amaero and Innovyz entered into a non-binding terms sheet to implement the recapitalisation and restructure. The former shareholders of Amaero (**Former Holders**) formally documented their agreement in a document dated 6 June 2019 as follows:

- Innovyz would incorporate a new company for the purposes of becoming Amaero's parent company and to pursue an IPO and admission to the Official List of ASX (ie. the Company);
- Amaero would become a wholly owned subsidiary of the Company;
- 50% of the shares in the Company would be owned by Innovyz and other investors introduced by Innovyz;
- 50% of the shares in the Company would be owned by the Former Holders in the same proportions as their prior interests in Amaero (**Consideration Shares**); and
- Innovyz would raise approximately $12.4 million for the Company between June to December 2019.

In anticipation of the restructure, Innovyz incorporated the Company in May 2019. Upon incorporation, Innovyz was issued 18,752,996 fully paid ordinary shares in the Company. Investors introduced by Innovyz were issued another 18,752,996 Shares on 28 June 2019.

Between 26 June 2019 and 28 June 2019, the Former Holders transferred all of their shares in Amaero to the Company and were issued their respective Consideration Shares in the Company, thereby completing the Restructure.

10. Additional Information

10. Additional Information

10.1 Incorporation

The Company was incorporated on 17 May 2019 as a public company limited by shares (ABN 82 633 541 634).

10.2 Balance date and company tax status

The financial accounts for the Company will be drawn up to 30 June annually.

10.3 Company tax status

The Company will be taxed as an Australian tax resident public company in Australia for the purposes of Australian income tax law.

10.4 Corporate structure

The Company is the parent company of Amaero and Amaero USA each of which are wholly owned subsidiary companies of the Company.

10.5 Dividend Policy

It is anticipated that significant expenditure will be incurred in executing the Company's business and marketing plans. These activities are expected to dominate the period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends for the foreseeable future.

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 distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

10.6 Substantial Shareholders

As at the date of this Prospectus, the Company is aware that the following Existing Shareholders will hold greater than 5% of the Shares on issue on Completion of the Offer (assuming these parties do not apply for additional New Shares under the Offer). These parties are expected retain an ongoing equity interest in the Company:

Registered Holder	Shares (number)	Interest (%) (Minimum Subscription)	Interest (%) (Maximum Subscription)
Rosewood Engineering Pty Ltd	20,900,000	12.68%	11.95%
Innovyz Investments Pty Ltd <Innovyz Investments Unit Trust>	18,752,996	11.38%	10.72%
Monash Investment Holdings Pty Ltd	18,315,178	11.11%	10.47%
PAC[1]	10,636,758	6.45%	6.08%

1. As at the date of this Prospectus, PAC and its associates hold 4,636,758 Shares. As detailed in Section 9.10 of this Prospectus, on Completion of the Offer, the Company must issue to PAC (and/or its nominees) an additional 6 million Shares.

10.7 Deed of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each Director and the Company Secretary pursuant to which:

(a) the Company indemnifies, to the extent permitted by law and otherwise subject to the terms of these deeds, each Director and the Company Secretary for certain liabilities which the Director or the Company Secretary may incur as an officer of the Company. These liabilities include losses or liabilities incurred by the Director to any other person as an officer of the Company, including legal expenses;

(b) the Company agrees to provide each Director and the Company Secretary with access to certain Company Records to defend proceedings until the end of seven years after the retirement of the Director or the Company Secretary; and

(c) the Company agrees to procure (at its cost) directors and officers insurance for the benefit of each Director and the Company Secretary (and use commercially reasonable endeavours to maintain any policy for the period that they are officers and for seven years after they cease to act as officers).

10.8 Rights attaching to the Shares

Immediately after issue and allotment, the New Shares will be fully paid Shares and will rank pari passu (equally in all respects) with the Shares currently on issue.

Detailed provisions relating to the rights attaching to the Shares are set out in the Constitution and the Corporations Act. A copy of the Constitution can be inspected during office hours at the registered office of the Company and Shareholders have the right to obtain a copy of the Constitution, free of charge.

The provisions relating to the rights attaching to Shares under the Constitution are summarised below. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

Each Share will confer on its holder:

(a) the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Constitution and the Corporations Act;

(b) the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);

(c) the right to receive dividends (to the extent dividends are declared by the Board), according to the amount paid up on the Share. The dividend is payable at a time determined in the Board's discretion. No dividend may be declared or paid except as allowed by the Corporations Act and no interest is payable in respect of unpaid dividends. The Directors may set aside from the Company's profit any amount that they consider appropriate. This amount may be used in any way that profits can be used, and can be invested or used in the Company's business in the interim;

(d) the right to receive, in kind, the whole or any part of the Company's property on a winding up, subject to priority given to holders of Shares that have not been classified by the ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and

(e) the right to transfer or dispose of the Share, subject to formal requirements, the registration of the transfer not resulting in a contravention of, or failure to observe the provisions of, a law of Australia and the transfer not being in breach of the Corporations Act, the Listing Rules, any Escrow Restrictions or the Employee Incentive Plan.

10. Additional Information

In respect of Escrowed Securities:

(a) a holder of Escrowed Securities must not dispose of, or agree or offer to dispose of, the Escrowed Securities during the Escrow Period applicable to those Securities except as permitted by the Listing Rules or the ASX;

(b) if the Escrowed Securities are in the same class as quoted securities, the Securityholder will be taken to have agreed in writing that the Escrowed Securities are to be kept on the Company's issuer sponsored subregister and are to have a holding lock applied for the duration of the Escrow Period applicable to those Escrowed Securities;

(c) the Company will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of Escrowed Securities during the Escrow Period applicable to those Escrowed Securities except as permitted by the Listing Rules or the ASX;

(d) a Holder of Escrowed Securities will not be entitled to participate in any return of capital on those Restricted Securities during the Escrow Period applicable to those Escrowed Securities except as permitted by the Listing Rules or the ASX; and

(e) if a Holder of Escrowed Securities breaches a restriction deed or a provision of the Constitution restricting a disposal of those Escrowed Securities, the Holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those Escrowed Securities for so long as the breach continues.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

10.9 Employee Incentive Plan

The Company has adopted an Employee Incentive Plan to reward, retain and attract certain employees, consultants and directors of the Company.

No securities have been offered under the Employee Incentive Plan to date. As noted below, subject to the Company obtaining all requisite shareholder approvals, Directors are entitled to participate in the Employee Incentive Plan. However as at the date of this Prospectus no offer (or other agreement) has been made in respect of the future participation of any of the Directors in the Employee Incentive Plan.

Participation

Carefully designed, performance linked, equity plans are widely considered to be effective in providing long term incentives to staff. They are also used to attract and retain staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the Company.

As part of the Company's strategy, the Board wishes to be in a position to grant Employee Incentives under the Employee Incentive Plan to employees to achieve the objectives outlined above.

The Board is aware of general Shareholder concern that long-term equity based rewards for staff should be linked to achievements by the Company. Employee Incentives granted under the Employee Incentive Plan to eligible participants may be subject to exercise conditions or performance criteria for each participating employee as determined by the Board from time to time.

Pursuant to the Employee Incentive Plan, the Company may offer Plan Shares, Employee Options or Employee Performance Rights on the terms and conditions summarised below.

(a) Eligibility

Any employee, consultant or Director of the Company may be declared by the Board, in its sole and absolute discretion, to be eligible to participate in the Employee Incentive Plan (**Eligible Participant**).

(b) Offer

The Board may from time to time in its absolute discretion make a written offer to Eligible Participants to apply for or be issued a specific number of Employee Incentives, upon the terms set out in the Employee Incentive Plan and upon such additional terms and conditions as the Board determines.

(c) Consideration

Unless the Board otherwise determines, an Eligible Participant will not be required to make any payment in consideration for the grant of an Employee Incentive under the Employee Incentive Plan.

(d) Maximum allocation

The Employee Incentive Plan provides a limit on the number of Employee Incentives that can be issued under the plan such that an issue of an Employee Incentive must not result in the number of Plan Shares, Employee Options or Employee Performance Rights, in aggregate, in the previous three years exceeding 10% of the total number of Shares on issue.

(e) Employee Loans

The Employee Incentive Plan also provides that the Board may, in its discretion, elect to provide an Eligible Participant with a limited recourse, interest free loan for an amount equal to the issue price of any Plan Share to enable the Eligible Participant to subscribe for Plan Shares. These loans are repayable:

- upon the Employee ceasing to be employed by the Company; or
- 30 days after the Company elects (by act or omission) not to buy back the relevant Shares where it has the right to do so.

In the event the Eligible Participant defaults on their obligation to repay the loan, the Company's only recourse is to sell the relevant Plan Shares or dispose of any number of Plan Shares to repay the outstanding amount and the costs of the sale or disposal.

(f) Minimum Holding Period

A legal or a beneficial interest in a Share issued under the Employee Incentive Plan may not be Disposed of until the earlier of:

- the Relevant Person in respect of those Shares ceasing to be an Eligible Employee;
- three (3) years after the date the Shares are issued to the Participant;
- a Disposal under an arrangement which meets the requirements in section 83A-130 of the Tax Act; and
- such time as the Commissioner of Taxation allows in accordance with section 83A-45(5) of the Tax Act.

The Board may specify, in its absolute discretion, a specific holding period and/or Restrictions that apply to some or all of the Shares, Plan Shares, Employee Options or Employee Performance Rights offered to a person in any Offer (**Holding Period**).

Terms of Plan Shares

The rights attaching to the Plan Shares are the same as the Shares as summarised in Section 10.8. The terms of the Employee Incentive Plan will prevail to the extent of any inconsistency with those rights.

Terms of Employee Options and Performance Rights

(a) Employee Options

Exercise Price, Expiry Date and Entitlement

Each Employee Option shall have an exercise price (**Exercise Price**) and expiry date (**Expiry Date**) determined by the Company at the time of issue of the Employee Options.

Each Employee Option entitles the holder (**Employee Optionholder**) to subscribe for one Share on payment of the Exercise Price.

Vesting Conditions and Exercise Period

The Employee Options may be subject to vesting conditions (**Vesting Conditions**), including time elapsed from the date of Quotation.

Each Employee Option is exercisable from the date of satisfaction or of waiver by the Board of the relevant Vesting Conditions and before the Expiry Date (**Exercise Period**).

(b) Employee Performance Rights

Performance Condition and Performance Period

Each Employee Performance Right will entitle an Eligible Participant (**Performance Rightsholder**) to be automatically issued one Share upon the satisfaction of the Performance Criteria.

The Employee Performance Rights may be subject to performance criteria (**Performance Criteria**) which must be satisfied during a period specified by the Board of the Company (**Performance Period**).

Notice of Performance Criteria

At the end of the Performance Period the Board will determine and notify the Performance Rightsholder if a Performance Criteria has been satisfied.

10. Additional Information

(c) Shares issued on exercise

Shares issued upon exercise of an Employee Option or an Employee Performance Right will rank equally with the Shares of the Company and third party interests and the Company will apply to ASX for quotation of the Shares.

(d) Participation in new issues, voting rights and dividends

There are no participation rights or entitlements inherent in the Employee Options nor the Employee Performance Rights and Employee Optionholders and Performance Rightsholders will not be entitled to vote, receive any dividends or participate in new issues of capital offered to Shareholders during the currency of the Employee Options and the Employee Performance Rights unless and until the Employee Options have been exercised or the Performance Criteria has been satisfied and the Performance Rightsholder is issued Shares.

(e) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- the number of Shares which must be issued on the exercise of an Employee Option will be increased by the number of Shares which the Holder would have received if the Holder of Employee Options had exercised the Employee Option before the record date for the bonus issue; and
- no change will be made to the Exercise Price.

(f) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Employee Option will be reduced according to the formula in Listing Rule 6.22 so that the Holder does not suffer any detriment as a result of the pro rata issue.

(g) Adjustment for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Holders of Employee Options will be varied to comply the Listing Rules which apply to the reorganisation at the time of the reorganisation.

The number of Employee Performance Rights held by an Employee may, in the discretion of the Board, be determined to be such number as appropriate and so that the Employee does not suffer any material detriment following any variation in the share capital of the Company arising from a reorganisation of the share capital.

(h) Non-Transferable and No Quotation

The Employee Options are non-transferable but the Employee may nominate a Related Party of the Employee Optionholder to hold the Options subject Board approval. Employee Options will not be quoted.

The Employee Performance Rights are non-transferable and are unquoted securities.

(i) Takeovers and Reconstruction

The Board of the Company must give the Eligible Participant notice (**Notice**) of:

- any takeover bid or other offer to acquire all of the Shares of the Company; or
- under Part 5.1 of the Corporations Act, a Court sanctions a compromise or arrangement proposed for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies which, if implemented, would result in a change in the control of the Company.

An Eligible Participant is entitled upon receiving a Notice:

- in the case of Employee Options, in the offer period referred to in the Notice or in the Notice period for the shareholders' meeting the subject of the notice to exercise all or any of their Employee Options; and
- in the case of Employee Performance Rights, to make a request to the Board of the Company to determine that all existing Employee Performance Rights vest immediately and Plan Shares in respect of all such Employee Performance Rights be issued to the Eligible Participant, in which case:
  - the Board of the Company must process such a request as soon as possible with reference to the Performance Criteria relating to those Employee Performance Rights; and
  - the Board of the Company may determine at its discretion the number (if any) of Employee Performance Rights which shall vest and must provide that number of Shares to the Eligible Participant.

(j) Lapse of Employee Performance Rights and Options

Unless otherwise determined by the Board, any Employee Options and Employee Performance Rights automatically lapse if:

- the Eligible Participant ceases employment or hold office with the Company;
- the Eligible Participant becomes a Good Leaver and does not exercise all vested Employee Options for 90 days after the Eligible Participant becomes Good Leaver;
- a Performance Criteria has not been satisfied within the Performance Period or Vesting Conditions are not achieved by the relevant time;
- if the Board determines in its reasonable opinion that the Performance Criteria or Vesting Conditions have not been met and cannot be met within the Performance Period or prior to the Exercise Period;
- where the Board has determined that the Eligible Participant has, by any act or omission, brought the Company into disrepute;
- the receipt by the Company of notice from the Eligible Participant that the Eligible Participant has elected to surrender the Employee Options or Employee Performance Right; or
- any other circumstances specified in the offer made to the Eligible Participant pursuant to which the Employee Options or Employee Performance Rights were issued.

US Addendum

Any offer made by the Board under the Employee Incentive Plan to Eligible Participants who are citizens or residents of the United States of America (**US Participants**) will be covered by the additional terms of the US Appendix to the Employee Incentive Plan (**US Appendix**).

Any offer made by the Board to US Participants will be subject to the terms of the Employee Incentive Plan as specifically amended by the US Appendix and any relevant laws, including the US Code and, in the case of US Participants who are residents of the State of California, the California Corporations Code which will precede over the Employee Incentive Plan to the extent there are any inconsistencies.

The US Appendix specifically stipulates the following:

- The maximum aggregate number of Shares that may be issued under the Employee Incentive Plan pursuant to the exercise of Incentive Stock Options (as defined in the US Appendix) shall not exceed 8 million (the **ISO Share Limit**).
- The US Appendix (and each amendment to the US Appendix), the total cap and the ISO Share Limit are subject to approval of a majority of the outstanding Securities of the Company entitled to vote within a period beginning twelve (12) months before and ending twelve (12) months after the date on which the US Appendix (or any such amendment) is adopted by the Board.
- The US Appendix has a term of ten years.
- The specific requirements in respect of Options granted to US Participants, including in respect to:
  - the Exercise Price of Options which must not be less than the fair market value of a Share determined on the date of grant of the Options; and
  - Incentive Stock Options are exercisable for a period of then (10) years from the date of grant of the Incentive Stock Options.
- The specific requirements in respect of time periods applicable to the issue of Shares upon the exercise of a vested Performance Right.

10. Additional Information

10.10 Interests of experts and advisers

Other than as set out below, no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

(a) has or had at any time during the two years preceding the date of the Prospectus, any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or the Offer; or

(b) has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or the Offer.

PAC has acted as the Lead Manager to the Offer. As described in section 9.10 of this Prospectus, the Company agreed to:

- pay PAC a corporate advisory fee of:
  - $7,500 (plus GST) per month following successful completion of the seed capital raise that took place in July 2019 for a period of the earlier of 12 months or listing of the Company on the Official List of the ASX; and
  - $8,000 (plus GST) per month for a period of 24 months following listing of the Company on the Official List of the ASX;
- pay PAC a pre-IPO raising fee of 6% (plus GST) of any funds raised under the pre-IPO capital raisings;
- pay PAC a management fee equal to 6% (plus GST) of the amount raised under the Offer; and
- on Completion of the Offer, issue to PAC (and/or its nominees) 6 million Shares in the Company for nil consideration.

Frost & Sullivan provided the Industry Report in Section 2. The Company has paid or agreed to pay an amount of $20,500 (exclusive of GST) in respect of these services.

RSM Corporate Australia Pty Ltd has acted as the Australian Investigating Accountant and provided the Investigating Accountant's Report in Section 7. The Company has paid or agreed to pay an amount of approximately $32,500 (plus disbursements and exclusive of GST) in respect of these services. Further amounts may be paid to the Australian Investigating Accountant in accordance with time-based charges.

Coghlan Duffy + Co Lawyers has acted as the legal adviser to the Company and performed work in relation to due diligence inquiries on legal matters. The Company has paid or agreed to pay an amount of approximately $175,000 (plus disbursements and exclusive of GST) up to the date of this Prospectus in respect of these services. Further amounts may be paid to Coghlan Duffy + Co Lawyers in accordance with time-based charges.

10.11 Offer expenses

The Company has paid, or will pay, all of the costs associated with the Offer. If the Offer proceeds, the total estimated cash expenses in connection with the Offer (including advisory, legal, accounting, tax, listing and administrative fees as well as printing, advertising and other expenses) are estimated to be approximately:

(a) $900,000 (excluding GST) assuming that only the Minimum Subscription; and

(b) $1.01 million (excluding GST) assuming that the Maximum Subscription is reached.

As at the date of this Prospectus, approximately $350,000 (excluding GST) of these costs have already been paid.

10.12 Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent.

(a) PAC has consented to being named as the Lead Manager to the Offer, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by PAC;

(b) Frost & Sullivan has consented to being named in this Prospectus and to the inclusion of the Industry Report in Section 2 in the form and context in which it appears;

(c) RSM Corporate Australia Pty Ltd has consented to being named in the Corporate Directory of this Prospectus as the Company's Investigating Accountant, and to the inclusion of its Investigating Accountant's Report in Section 7 in the form and context in which it appears;

(d) RSM Australia Partners has consented to being named in the Corporate Directory of this Prospectus as the Company's and Amaero's Auditor;

(e) Coghlan Duffy + Co Lawyers has consented to being named in the Corporate Directory of this Prospectus as the Australian corporate legal adviser to the Company (other than in relation to intellectual property, taxation and stamp duty), but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Coghlan Duffy + Co Lawyers;

(f) Automic Pty Ltd has consented to being named in this Prospectus as the Company's share registry provider; and

(g) the Company has consented to being named in the Corporate Directory.

Each of the parties referred to above other than the Company, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described above.

10.13 ASX and ASIC waivers, modifications and confirmations

The Company has applied to the ASX for customary confirmations in relation to mandatory escrow and has also sought from the ASX:

(a) confirmation that it can take advantage of the amendments to the Listing Rules (proposed to take effect on 1 December 2019) as they relate to escrowed securities; and

(b) a waiver of Listing Rule 9.1.3 (look through relief) to allow the Shares issued to the original unrelated shareholders of Amaero (pursuant to the restructure described in Section 9.15 of this Prospectus) to be unrestricted.

10.14 Working Capital Statement

The Directors believe that on Completion of the Offer, the Company will have sufficient working capital available from the cash proceeds of the Offer and its operations to meet its stated business objectives.

10.15 Legal proceedings

Subject to the following paragraph, as far as the Directors are aware, as at the Prospectus Date, there are no current or threatened legal proceedings to which the Company is a party that it believes are likely to have a material adverse impact on the future financial results of the Company, and the Directors are not aware of any such legal proceedings that are pending or threatened.

As noted in section 4.2, in 2016 a former employee of Monash University who was seconded to Amaero made a claim against Amaero (and Monash personnel) under the Fair Work Act (**Fair Work Claim**). The Fair Work Commission conducted a mediation session in late 2016 however no resolution was reached. There have been no further developments since then, however the limitation period for the Fair Work Claim has not yet expired. Amaero's insurer has confirmed that the Fair Work Claim was covered by Amaero's D&O insurance policy and have advised that it will assess any future claims against Amaero's D&O insurance policy at that time.

Investor considerations

Before deciding to participate in this Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in the share market. The value of Shares listed on the ASX may rise or fall depending on a range of factors beyond the Company's control.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional advisor.

The potential tax effects relating to the Offer will vary between investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

10. Additional Information

10.16 Governing law

This Prospectus and the contracts that arise from the acceptance of Applications under the Offer are governed by the law applicable in Victoria, Australia and each Applicant submits to the exclusive jurisdiction of the courts of Victoria, Australia.

10.17 Statement of Directors

Other than as set out in this Prospectus, the Directors report that after due inquiries by them there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

10.18 Authorisation

This Prospectus is authorised by the Company and lodged with ASIC pursuant to section 718 of the Corporations Act. Each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:



David Hanna

Dated: 29 October 2019

11. Defined Terms

11. Defined Terms

Terms used in this Prospectus and their meanings are defined in the following table.

Term	Meaning
AAS or **Australian Accounting Standards**	Australian Accounting Standards or other authoritative pronouncements adopted by the AASB and Urgent Issues Group Interpretations.
AASB	Australian Accounting Standards Board.
ABN	Australian Business Number.
ACN	Australian Company Number.
AEDT	Australian Eastern Daylight Time.
AIFRS	Australian International Financial Reporting Standards.
Allotment Date	The date on which the New Shares are expected to be allotted under the Offer, as detailed in the Important Dates section of this Prospectus.
Alloy Licences	The Titanium Licence and Scandium Licence as further detailed in Section 9.4.
Alloy Patent Application	The patent applications filed by Monash University in respect of the alloys which are the subject of the Alloy Licences.
Amaero USA	AM Aero, Inc., a wholly owned US subsidiary of the Company.
Amaero	Amaero Engineering Pty Ltd ACN 162 732 649.
AmPro	AmPro Innovations Pty Ltd ACN 618 243 548.
Applicant	A person who submits a valid Application Form and payment for the required Application Amount pursuant to this Prospectus.
Application	An application for New Shares under this Prospectus.
Application Amount	Money submitted by Applicants under the Offer.
Application Form	An application form attached to or accompanying this Prospectus for investors to apply for Shares under the Offer.
ARC Industrial Transformation Research Hub Program or **ITRH**	The funding scheme provided by the Australian Research Council (Australian Government).
ASIC	The Australian Securities and Investments Commission.
Associate	Has the meaning ascribed to this term in the Corporations Act.
ASX	ASX Limited (ABN 98 008 624 691) or the securities market that it operates, as the context requires.
ASX Corporate Governance Principles and Recommendations	The Corporate Governance Principles and Recommendations (3rd Ed.) of the ASX Corporate Governance Council.
ATO	The Australian Taxation Office.
AUD or **$**	Australian Dollar(s).
Board	The board of directors of the Company.

Term	Meaning
Broker	Any ASX participating organisation selected by the Lead Manager in consultation with the Company to act as a broker to the Offer.
CAD	Computer-aided design.
CHESS	The ASX's Clearing House Electronic Sub-register System.
Closing Date	The date that the Offer closes.
Commercialisation Australia Program	The commercialisation Australia Program established by the Australian Government.
Company	Amaero International Ltd ACN 633 541 634.
Company Secretary	The company secretary of the Company as at the date of this Prospectus.
Completion	Completion in respect of the issue of Shares pursuant to the Offer.
Constitution	The constitution of the Company.
Contractor	(a) an individual with whom a Group Company has entered into a contract for the provision of services under which the individual performs work for a Group Company; or (b) a company with whom a Group Company has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for a Group Company.
Corporations Act	The *Corporations Act 2001* (Cth).
Corporations Regulations	The *Corporations Regulations 2001* (Cth).
CSIRO	The Commonwealth Scientific and Industrial Research Organisation.
Date of Quotation	The date of commencement of Quotation of the Shares on the Official List of the ASX.
Directors	The executive and non-executive directors of the Company as at the date of this Prospectus.
Eligible Participant	(a) Directors and Employees (whether full time, part time or casual) who are declared by the Board in its sole and absolute discretion to be eligible to receive grants of Plan Shares, Employee Options or Employee Performance Rights under the Employee Incentive Plan; (b) any other person including any Contractor, who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Plan Shares, Employee Options or Employee Performance Rights under the Employee Incentive Plan; or (c) any person, being a person to whom an Offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under paragraphs (a) or (b) above.
Employee	An employee of any Group Company or director of a Group Company or other consultants to the Company.
Employee Incentive	A Plan Share, Employee Option or Employee Performance Right.
Employee Incentive Plan	The Company's employee incentive plan as summarised in Section 10.9.
Employee Optionholder	The holder of Employee Options.

11. Defined Terms

Term	Meaning
Employee Performance Rights	A performance right issued pursuant to the Employee Incentive Plan.
Employee Option	An option issued pursuant to the Employee Incentive Plan.
Escrow Period	The period during which an Escrowed Security is subject to Escrow Restrictions.
Escrow Restrictions	The restrictions imposed on Securities by ASX under Chapter 9 of the ASX Listing Rules.
Escrowed Securities	Securities which are subject to Escrow Restrictions from Completion, further details of which are set out in Section 8.19 of this Prospectus.
Escrowed Existing Shares	Existing Shares which will be subject to Escrow Restrictions on Quotation.
Escrowed Share	A Share which is subject to Escrow Restrictions from Completion, further details of which are set out in Section 8.18 of this Prospectus.
Escrowed Shareholder	A registered holder of an Escrowed Share.
EUR	Euros, the official currency of the European Union.
Exercise Period	The period up to the Expiry Date during which a vested Employee Option or Employee Performance Right may be exercised, and as otherwise determined by the Board.
Exercise Price	The price at which an Option may be exercised in accordance with its terms.
Existing Shareholders	The holders of all of the Shares on issue prior to Completion of the Offer.
Existing Shares	The Shares which were on issue immediately prior to Completion of the Offer.
Expiry date	The date after which no Shares will be allotted or issued, being 13 months after the date of this Prospectus.
Exposure Period	The seven day period after the date of lodgement of the Prospectus with ASIC (as extended by ASIC (if applicable)).
Fair Work Act	The *Fair Work Act 2009* (Cth).
Fair Work Commission	The Australian workplace relations tribunal created by the Fair Work Act.
Frost & Sullivan	Frost & Sullivan Australia Pty Ltd ABN 35 096 869 108.
Good Leaver	An Eligible Participant who ceases employment of the office with the Company in any of the following circumstances: (a) as a result of resignation because the Eligible Participant has taken absence from his or her employment in excess of three months (whether in one continuous period or otherwise) for compassionate reasons resulting from personal tragedy or ill health; (b) retirement at the applicable statutory age; or (c) if the Eligible Participant is made redundant by the Company, or whom the Board otherwise determines, in its sole and absolute discretion, to be a Good Leaver for the purposes of the Employee Incentive Plan.
Group	The Company and its Related Bodies Corporate.

Term	Meaning
GST	Has the meaning given to this term by the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) (as amended from time to time).
HIN	The Shareholder's Holder Identification Number.
Holder	A holder of a Security.
Holding Period	The holding period applicable to Shares, Plan Shares, Employee Options or Employee Performance Rights as determined by the Board.
Indemnified Party	Each Director and Company Secretary.
Incentive Stock Option	An Employee Option granted to a US Participant that is intended to be and which qualifies as an "incentive stock option" within the meaning of Section 422 of the US Code.
Industry Report	The industry report prepared by Frost & Sullivan in section 2 of this Prospectus.
Innovyz	Innovyz Institute Pty Ltd ACN 158 283 688.
Investigating Accountant	RSM Corporate Australia Pty Ltd ACN 050 508 024.
IPO	The initial public offering of securities by the Company under this Prospectus.
ISO Share Limit	8 million Incentive Stock Options.
ISO 9001	International standard of quality management developed by the International Organisation for Standardisation.
ITAR	International Traffic in Arms Regulations of the USA.
Lead Manager	PAC Partners Securities Pty Ltd ACN 623 653 912.
Listing Rules	The official Listing Rules of ASX as amended or waived from time to time.
Maximum Subscription	The maximum amount to be raised under the Offer, being $8 million.
MCAM	Monash Centre for Additive Manufacturing.
Minimum Application	The minimum value of an Application that may be submitted under the Offer, being $2,000.
Minimum Subscription	The minimum aggregate value of Applications which must be received as a condition to the Offer, being $6 million.
Monash University	Monash University ABN 12 377 614 012.
Multi-Project Research Agreement	The Multi-Project Research Services Agreement between Monash University and Amaero.
New Share	A Share issued under this Prospectus on the terms set out in Section 10.8.
Notice	The notice given by the Board to the Eligible Participant in respect of a takeover bid, other offer to acquire the Shares of the Company or a scheme for the reconstruction of the Company or its amalgamation.
Offer	The offer of New Shares to raise up to a maximum of $8.0 million under this Prospectus.
Offer Period	The period during which investors may subscribe for Shares under the Offer.

11. Defined Terms

Term	Meaning
Official List	The official list of entities that ASX has admitted to, and not removed from, listing on the ASX.
PAC	PAC Partners Securities Pty Ltd ACN 623 653 912.
Performance Criteria	Any minimum performance requirements (as specified in the offer letter and determined by the Board in its sole and absolute discretion) which must be met prior to Employee Performance Rights, Employee Options or Plan Shares (as applicable) vesting and becoming eligible to be exercised into Plan Shares (as applicable).
Performance Period	The period in which the Performance Criteria must be satisfied in respect of an Employee Performance Right, Plan Share or Employee Option.
Performance Rightsholder	The holder of Employee Performance Rights.
Plan Share	A Share issued pursuant to the Employee Incentive Plan.
Promoter Shares	The 6,000,000 Shares to be issued to the Lead Manager (or its nominee) on Completion of the Offer, as further detailed in Section 9.10 of this Prospectus.
Prospectus	This Prospectus for the issue of Shares to raise between $6 million and $8 million (including the electronic form of this Prospectus).
Quotation	Quotation of the Company's securities on the Official List of the ASX.
R&D	Research and development.
Related Party	Has the meaning given to it under the Corporations Act.
Safran	Safran Power Units SAS.
Science and Industry Endowment Fund or **SIEF**	The Science and Industry Endowment Fund established under the *Science and Industry Endowment Act* (Cth) 1926.
Securities	Means securities issued in the capital of the Company from time to time, including, Shares, options and performance rights.
Settlement Operating Rules	ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ABN 49 008 504 532).
Share	A fully paid ordinary share in the issued capital of the Company.
Shareholder	A registered holder of a Share.
Share Registry	Automic Pty Ltd ACN 152 260 814.
SLM	Selective laser melting.
SRN	The Shareholder's Securityholder Reference Number.
Subscription Price (or **Issue Price**)	The amount payable by Applicants to the Company for the issue of New Shares under the Offer, being $0.20 per New Share.
Substantial Shareholder	An Existing Shareholder who holds a relevant interest in at least 5% of the issued capital of the Company.

Term	Meaning
Unescrowed Existing Shares	Existing Shares which will be freely tradeable on Quotation.
Unescrowed Shares	Shares which are freely tradeable on Quotation.
University of Adelaide	The University of Adelaide ABN 61 249 878 937.
US Appendix	The US Appendix to the Employee Incentive Plan.
US Code	The United States Internal Revenue Code of 1986, as amended, and any applicable regulations and administrative guidelines thereunder.
US Participants	Eligible Participants who are citizens or residents of the United States of America.
US Securities Act	US Securities Act of 1933.
USA or **United States of America**	The United States of America, its territories and possessions, any State of the United States of America and the District of Columbia.
USD	United States Dollars.
Vesting Conditions	Any time or performance based requirement or condition (as specified in an offer under the Employee Incentive Plan and determined by the Board in its sole and absolute discretion) which must be met prior to Employee Options vesting or Employee Performance Rights becoming eligible to convert into Plan Shares.

APPENDIX A:
Summary of Significant Accounting Policies

Appendix A: Summary of Significant Accounting Policies

(a) Basis of preparation

The Financial Information has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

(i) Compliance with IFRS

The financial statements of Amaero and the consolidated financial statements of the Company group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The Financial Information has been prepared on a historical cost basis.

(iii) Going Concern

The Financial Information has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title	Nature of change	Impact	Application date
AASB 16 *Leases*	AASB 16 requires almost all leases to be recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.	The Group entered into a lease agreement after 30 June 2019 and expects to recognise a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment will be allocated between the liability and finance cost. The finance cost will be charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset will be depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.	Mandatory for financial periods commencing on or after 1 January 2019.

There are no other new standards and interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Appendix A:
Summary of Significant Accounting Policies

(v) Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Recognition of revenue and allocation of transaction price
- Estimation of other grants income accrual
- Estimation of employee benefit obligations

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. This has been identified as the chief executive officer.

(d) Revenue from contracts with Customers

(i) Component sales

Revenue from the sale of laser-based metal additive (3D printed) goods are recognised at a point in time. The performance obligation is satisfied when the customer has access and thus control of the product. This occurs at the time of delivery of goods to the customer. Delivery occurs when the products have been shipped to the specific location, the risks and rewards have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

(ii) Machine hours rental

Revenue from the rental of metal additive manufacturing machine hours is recognised over time in the accounting period in which the machine use occurs. This is determined based on the actual machine hours spent relative to the total expected machine hours.

Some contracts include multiple deliverables. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

(iii) Engineering services

Revenue from the provision of engineering services is recognised over time in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Some contracts include multiple deliverables. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised in the amount to which the company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Critical judgements in allocating the transaction price

Revenue relating to the provision of services is recognised based on managements' best estimate of forecast final costs required to complete the service and the forecast final margin. Management reviews these forecasts on a regular basis and adjusts revenue recognised when there are material changes.

(iv) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Appendix A:
Summary of Significant Accounting Policies

(f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

(h) Impairment of assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 4(b) for further information about the Group's accounting for trade receivables and note 9(b) for a description of the Group's impairment policies.

(k) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in note 5(a).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 19(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Appendix A:
Summary of Significant Accounting Policies

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(o) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(p) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

AMAERO INTERNATIONAL LTD
ACN 633 541 634

Applicants who received this Offer from their broker must return their Application Form and application monies back to their broker

Broker Code | | | | | |

Adviser Code | | | | | | |

Application Options:

Option A: Apply Online and Pay Electronically (Recommended)

Apply online at: https://investor.automic.com.au/#/ipo/amaero

- ✓ **Pay electronically:** Applying online allows you to pay electronically, for Australian residents through BPAY®.
- ✓ **Get in first, it's fast and simple:** Applying online is very easy to do, it eliminates any postal delays and removes the risk of it being potentially lost in transit.
- ✓ **It's secure and confirmed:** Applying online provides you with greater privacy over your instructions and is the only method which provides you with confirmation that your application has been successfully processed.

To apply online, simply scan the barcode to the right with your tablet or mobile device or you can enter the URL above into your browser.

Option B: Standard Application and Pay by Cheque

Enter your details below (clearly in capital letters using pen), attach cheque and return in accordance with the instructions on the reverse.

1. **Number of Shares applied for**

			,			,			

Application payment (multiply box 1 by $0.20 per share)

A$		,				,				.	

Applications under the Public Offer must be for a minimum of 10,000 Shares ($2,000) and then in increments of 2,500 Shares ($500).

2. **Applicant name(s) and postal address: refer to naming standards for correct form of registrable title(s) overleaf**

Name of Applicant 1

Name of Applicant 2 or <Account Designation>

Name of Applicant 3 or <Account Designation>

Postal address

Unit / Street Number / Street name or PO Box

Suburb/Town | State | Postcode

3. **Contact details**

Telephone Number ( )

Contact Name (PLEASE PRINT)

Email Address

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

4. **CHESS Holders Only - Holder Identification Number (HIN)**

X										

Note: if the name and address details in sections 2 do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

5. **TFN/ABN/Exemption Code**

Applicant 1 | Applicant #2 | Applicant #3

If NOT an individual TFN/ABN, please note the type in the box C = Company; P = Partnership; T = Trust; S = |

AUTOMIC

YOUR PRIVACY

Automic Pty Ltd (ACN 152 260 814) trading as Automic advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website - www.automic.com.au

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John Richard Sample	J R Sample
Joint Holdings	Mr John Richard Sample & Mrs Anne Sample	John Richard & Anne Sample
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Health Club A/C>	Food Health Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

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This is an Application Form for Fully Paid Ordinary Shares (**Shares**) in Amaero International Ltd ACN 633 541 634 (**the Company**), made under the terms of the Public Offer set out in the prospectus dated 29 October 2019 (as supplemented by the supplementary prospectus dated 5 November)(together, the Prospectus). The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus being 29 November 2020.

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in or accompanied by the Prospectus and any Supplementary Prospectus. While the Prospectus is current, the Company will send paper copies of the Prospectus and any Supplementary Prospectus and an Application Form, on request and without charge.

1. **Shares applied for & payment amount** - Enter the number of Shares you wish to apply for. Your application must be for a minimum of 10,000 Shares ($2,000) and then in increments of 2,500 Shares ($500), next enter the amount of the application monies payable. To calculate this amount, multiply the number of Shares applied for by the Offer price, which is A$0.20 per share.
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3. **Contact Details** - Please provide your contact details for us to contact you between 9:00am AEDT and 5:00pm AEDT should we need to speak to you about your application. In providing your email address, you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at https://investor.automic.com.au/#/home
4. **CHESS Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold securities allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.
5. **TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.
6. **Payment** - Payments for applications made through this Application Form can only be made by cheque. Payment can be made by BPAY but only by making an online application, which can be accessed by following the web address provided on the front of the Application Form. **Do not forward cash with this Application Form as it will not be accepted.**

   Your cheque must be made payable to "Amaero International Ltd" and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

DECLARATIONS

BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, YOU DECLARE THAT:

- you have received a paper or electronic copy of the Prospectus that accompanies this Application Form and have read the Prospectus in full and agree to be bound by the terms and conditions of the Public Offer as declared in the Prospectus;
- all details and statements made on the Application Form are complete and accurate;
- where information has been provided about another individual, that individual's consent has been obtained to transfer the information to the Company;
- the Company and their respective officers and agents are authorised to do anything on your behalf (including the completion and execution of documents) to enable the Shares to be allocated to you;
- you agree to be bound by the constitution of the Company; and
- neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital.

LODGEMENT INSTRUCTIONS

The Public Offer opens at 9:00am (AEDT) on 6 November 2019 and is expected to close at 5:00pm (AEDT) on 15 November 2019. The Company may elect to extend the Public Offer or close it (after the Public Offer is open) at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible. Completed Application Forms and cheques must be:

POSTED TO:	DELIVERED TO (during business hours only - 9am to 5pm (AEDT):
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Your Application Form must be received by Automic no later than 5:00pm (AEDT) on 15 November 2019.

If you have any enquiries in respect of this Application, please contact Automic by either phone on **1300 288 664 (within Australia), +61 8 9324 2099** (**outside Australia**) or at corporate.actions@automic.com.au.

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ACN 633 541 634

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If you have any enquiries in respect of this Application, please contact Automic by either phone on **1300 288 664 (within Australia), +61 8 9324 2099** (**outside Australia**) or at corporate.actions@automic.com.au.

Corporate Directory

Company

Amaero International Ltd

13 Normanby Road
Notting Hill VIC 3168

Telephone: +61 3 9905 9847
E-mail: Info@Amaero.com.au
Web: www.amaero.com.au
Post: 13 Normanby Road,
Notting Hill, VIC, 3168
Australia

Proposed ASX Code

Shares: 3DA

Directors

David Hanna

Chairman and Non-Executive Director

Stuart Douglas

Executive Director

Kathryn Presser

Non-executive Director

Company Secretary

Carolin Darmanin

Lead Manager

PAC Partners Securities Pty Ltd

Level 10, 330 Collins Street
Melbourne VIC 3000

Share Registry

Automic Pty Ltd

Level 5, 126 Phillip Street
Sydney NSW 2000
Australian telephone: 1300 288 664
International telephone: +61 2 9698 5414

Auditors

RSM Australia Partners

Level 21, 55 Collins Street
Melbourne VIC 3000

Investigating Accountant

RSM Corporate Australia Pty Ltd

Level 21, 55 Collins Street
Melbourne VIC 3000

Legal Adviser

Coghlan Duffy + Co Lawyers

Level 42, 525 Collins Street
Melbourne VIC 3000

AMAERO
ADDITIVE MANUFACTURING