QUARTERLY REPORT

For Period Ended 31 December 2019

31 January 2020

Highlights

During the December quarter, Amaero International Limited ("Amaero") achieved a number of significant milestones towards its strategic plan:

- **Completion of $8 million Initial Public Offering ('IPO') and successful listing on the ASX**
- **Appointment of former Vice President of The Boeing Company, Mr David Carbon, as Aviation Advisor to Amaero's newly established 'Industry Advisory Board'**
- **Establishment, approvals and fitout of El Segundo facility and installation of the EOS M400 in the USA**
- **Placement of purchase order for Ampro SP500 and Ampro SP100 and full suite of ancillary equipment for the El Segundo facility**
- **Recruitment and on boarding of additional staff in support of Amaero's Melbourne facility**
- **Execution of R&D project agreement with CSIRO on simulation of additive manufactured tooling funded through the Innovation Connections element of the Australian Government's Department of Industry, Innovation and Science Entrepreneurs' Program**
- **Completion of the handover of the Adelaide facility from the University of Adelaide**
- **Recruitment of Additive Manufacturing Engineer for Adelaide facility**

Amaero International Limited (ASX:3DA) ("Amaero" or the "Company"), a specialist in metal additive manufacturing (3D printing) for the defence, aerospace and automotive sectors, is pleased to announce that it has achieved a number of significant milestones towards its strategic plan during the December quarter.

The success of the capital raising and the listing of Amaero allows Board and Management to apply the funds towards a growth strategy incorporating short, medium and longer-term market engagement opportunities.

The funds raised by Amaero will continue to be applied to assist the execution of the Company's growth strategy, including the purchase of new 3D printers to capitalise on growth opportunities in Australia and North America, as well as research and development and working capital.

The immediate focus for Amaero since listing has been on addressing global commercial opportunities while ensuring the Company is well placed to assist current customers with future additive manufacturing platforms.

In the next quarter, Amaero will further work towards the achievement of the following milestones:

- Commissioning of the EOS M400 and the power up of the new AmPro SP500 and SP100 machines in Melbourne which are intended to be display sales models for the US market
- Commissioning of the AM400 for Ti64 (Titanium) in Adelaide

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- Proposed appointment of an industry advisor for defence industry to Amaero's Industry Advisory Board
- Proposed completion of Amaero's AS9100 certification audits for Amaero's Melbourne facility which will assist Amaero in manufacturing parts for commercial aviation
- Commencement of qualification statement of work for large aerospace manufacturer on EOS M400
- Delivery of AMPro SP500 and SP100 machines to El Segundo (USA facility)
- Commencement of R&D project with CSIRO on simulation of additive manufactured tooling
- Recruitment of additional sales staff for US operations

An Appendix 4C is attached to this announcement.

This announcement has been approved and authorised to be given to ASX by the Board of Amaero.

- ENDS -

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About Amaero International Limited

Amaero International Limited is an Australian-based company that manufactures large format complex components in metal with laser-based additive manufacturing processes, commonly known as 3D printing.

Amaero has worked with many of the world's leading manufacturers of aerospace and defence products in both an R&D and manufacturing capability and has a demonstrated ability to deliver aviation and military specification 3D printed alloy critical operation 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). Amaero is co-located with MCAM in Melbourne Australia. It operates two additional facilities, in Adelaide, South Australia, and El Segundo, California, USA.

Disclaimer and Explanatory Notes

Forward Looking Statements

This document may include forward looking statements. Forward looking statements include, but are not necessarily limited to, statements concerning Amaero's planned operational program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Amaero believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements. Amaero confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed.

Appendix 4C

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

Name of entity	
Amaero International Limited	
ABN	**Quarter ended ("current quarter")**
82 633 541 634	31 December 2019

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	9	35
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(10)	(10)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(465)	(603)
	(f) administration and corporate costs	(963)	(1,442)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	23	15
1.9	**Net cash from / (used in) operating activities**	**(1,406)**	**(2,005)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(1,509)	(1,509)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(1,509)**	**(1,509)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	11,443	13,445
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,212)	(1,271)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(30)	(30)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**10,201**	**12,144**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,514	170
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,406)	(2,005)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,509)	(1,509)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10,201	12,144
4.5	Effect of movement in exchange rates on cash held	(34)	(34)

4.6	**Cash and cash equivalents at end of period**	**8,766**	**8,766**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	8,766	1,514
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**8,766**	**1,514**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,406)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	8,766
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	8,766
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	6

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: No

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes as announced on the prospectus released on 5 December 2019.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2020

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the

[*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.