



AML3D LIMITED
ACN 602 857 983

PROSPECTUS

For an offer of 45,000,000 Shares at an issue price of \$0.20 per Share to raise \$9,000,000 (**Offer**).



Lead Manager
Foster Stockbroking Pty Limited
(AFSL 223 687)



Corporate Advisor
Adelaide Equity Partners Limited
(AFSL 313 143)



Legal Advisor

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The Shares offered by this Prospectus should be considered highly speculative.**

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1. CORPORATE DIRECTORY

Directors

Stephen Gerlach, AM
Non-Executive Chairman

Andrew Sales
Managing Director

Sean Ebert
Executive Director

Leonard Piro
Non-Executive Director

Kevin Reid
Non-Executive Director

Company Secretary

Christine Manuel

Proposed ASX Code

AL3

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Investigating Accountant

William Buck Corporate Advisory
Services (SA) Pty Ltd
Level 6
211 Victoria Square
ADELAIDE SA 5000

Registered Office

14 Pentland Road
SALISBURY SOUTH SA 5106

Telephone: +61 8 8258 2658
Email: investor@aml3d.com
Website: www.aml3d.com

Lead Manager

Foster Stockbroking Pty Limited
AFSL 223 687
Level 25
52 Martin Place
SYDNEY NSW 2000

Corporate Advisor

Adelaide Equity Partners Limited
AFSL 313 143
Ground Floor, 70 Hindmarsh Square
ADELAIDE SA 5000

Share Registry*

Computershare Investor Services Pty
Limited
Level 5, 115 Grenfell Street
ADELAIDE SA 5000

Telephone: 1300 556 161 (within
Australia) or +61 3 9415 4000 (outside
Australia)

Patent Attorney

Phillips Ormonde Fitzpatrick
5/75 Hindmarsh Square,
ADELAIDE SA 5000

Auditor

William Buck
Level 6, 211 Victoria Square
ADELAIDE SA 5000

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

2. IMPORTANT NOTICES

This Prospectus is dated 10 February 2020 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

2.1 Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

2.2 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus. The Company shall not have any liability to the recipient or any person resulting from the reliance upon this Prospectus in determining to make an application to apply for Shares in the Company.

2.3 Electronic Prospectus and Application Form

A copy of this Prospectus can be downloaded from the website of the Company at www.aml3d.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. The Application Form may be generated by software accessible by the same means as the Prospectus. You should read this Prospectus in its entirety before completing the Application Form.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have

not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.aml3d.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.4 Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

2.5 New Zealand Mutual Recognition Warning Statements

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

The Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between Australian dollars and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

2.6 Applicants outside Australia and New Zealand

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia and New Zealand 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.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia and New Zealand. This Prospectus has been prepared for publication in Australia and New Zealand and may not be released or distributed in the United States of America.

2.7 Forwarding-looking statements

This Prospectus contains forward-looking statements that are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 11 of this Prospectus.

2.8 Photographs and Diagrams

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

2.9 Defined Terms

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 15.

2.10 No Cooling Off Rights

Prospective investors should note that cooling off rights do not apply to an investment in Shares acquired under this Prospectus. This means that in most circumstances, you cannot withdraw your application to acquire Shares under this Prospectus once it has been accepted.

2.11 Privacy

If you apply for Shares, you must provide personal information to AML3D and the Share Registry. AML3D and the Share Registry will collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. If you do not provide the information requested in the Application Form, AML3D and the Share Registry may not be able to process or accept your Application.

If an Applicant becomes a Shareholder, the Corporations Act requires AML3D to include information about the Shareholder (including name, address and details of Shares held) in its public register of members. The information contained in AML3D's register of members, must remain there even if that person ceases to be a Shareholder. Information contained in AML3D's register of members is also used to facilitate dividend payment, communicate financial results and annual reports and other information that AML3D may wish to communicate to its Shareholders, together with any requirements to comply with legal and regulatory requirements. In submitting an Application, you agree that AML3D and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer.

Under the Privacy Act, you may request access to your personal information held by AML3D or the share registry by contacting the Company Secretary by post to AML3D's registered office at 14 Pentland Road, Salisbury South SA 5106 or by email to christine.manuel@aml3d.com.

2.12 Currency

References in this Prospectus to currency are to Australian dollars unless otherwise indicated.

2.13 Industry and Market Data

A range of industry and market data is quoted and used throughout this Prospectus. For the most part, this data and accompanying photographs are obtained from surveys and studies conducted by third parties and industry publications. Such data has been used in the preparation of the Industry Overview Section in this Prospectus due to the fact that the Company believes that this provides the most comprehensive and independent insight into the additive manufacturing market.

2.14 Enquires

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer, please call the Company Secretary, Christine Manuel, on +61 8 8258 2658 or christine.manuel@aml3d.com or the Share Registry on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia).

3. KEY OFFER INFORMATION

3.1 Important Dates

Lodgement of Prospectus with ASIC	10 February 2020
Opening Date for Applications	17 February 2020
Closing Date for Applications	9 March 2020
Issue of Shares under the Offer	16 March 2020
Expected despatch of holding statements	19 March 2020
Expected date for quotation on ASX	26 March 2020

The dates shown in the table above are indicative only and may be varied. AML3D in conjunction with Foster Stockbroking, reserves the right to vary the Closing Date without prior notice. The Exposure Period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to Applicants.

3.2 Key Offer Details

The Offer	
Current Shares on issue	81,356,163
Offer Price	\$0.20 per Share
Shares offered under this Prospectus	45,000,000
Amount to be raised from the issue of Shares under the Offer	\$9,000,000
Shares issued at IPO on conversion of Converting Loans ¹	5,110,000
Shares issued to Foster Stockbroking and Adelaide Equity ²	900,000
Total Shares on issue following the completion of the Offer	132,366,163
Options on issue following the completion of the Offer	17,166,179
Market capitalisation at the Offer Price	\$26,473,233 ³

Notes:

1. Refer to Section 12.3 of this Prospectus for further details.
2. Refer to Sections 12.1 and 12.2 of this Prospectus for further details.
3. Based on the Offer Price and the total number of Shares on issue following completion of the Offer.

4. CHAIRMAN'S LETTER

Dear Investor

On behalf of the Board, it is my privilege and pleasure to invite you to become a shareholder of the Company. AML3D is a welding, robotics, metallurgy and software business which uses wire arc additive manufacturing processes to produce metal components and structures for commercial use.

AML3D specialises in providing commercial large-scale metal 3D printing services, providing solutions to defence, maritime, aerospace and resources customers.

Founded in November 2014, AML3D has commercialised its wire arc additive manufacturing technology (under the trademark WAM®), an innovative metal additive manufacturing technology for the cost-effective production of large, high performance metal components and structures.

In conjunction with its WAM® technology, AML3D has developed its own proprietary software, WAMSoft®, which combines metallurgical science and engineering design to fully automate the 3D printing process utilising advanced robotics technology. The WAMSoft® software enables a highly tailored approach to the needs of each client by enabling different pathways and welding operations for different products and materials.

AML3D's Adelaide Contract Manufacturing Centre was the first wire arc additive manufacturing facility globally to achieve 'Lloyds Certification'.

AML3D has secured commercial contracts (in the form of purchase orders for paid trial parts) with Australian, Singaporean and European clients with a focus on its contract manufacturing services as well as delivering integrated solutions for end users.

The Company is seeking to raise \$9,000,000 through the issue of 45,000,000 Shares at an issue price of \$0.20 per Share. Funds raised will be used to increase our production capacity enabling us to service significant new interest from customers without compromising our ability to deliver under current contracts. Key investments will be made to relocate and expand the Adelaide Contract Manufacturing Centre, increase our sales and marketing presence in Asia (initially targeting Singapore's marine sector through the establishment of a Singapore Contract Manufacturing Centre), develop integrated machining to improve outcomes and timeframes, commence manufacturing unique and trademarked Arcemy® mobile 3D printing modules, continue developing specialised software, obtain intellectual property protection and to provide for working capital.

This Prospectus is issued for the purpose of supporting an application to apply for the admission of the Company to the Official List of the ASX. This Prospectus contains detailed information about the Company, its business and the Offer, as well as the risks of investing in the Company, and I encourage you to read it carefully. The Shares offered by this Prospectus should be considered highly speculative.

I look forward to you joining us as a Shareholder and sharing in what we believe are exciting and prospective times ahead for the Company. Before you make your investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.

Yours faithfully



Stephen Gerlach AM
Non-Executive Chairman

5. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be carefully read and considered in its entirety.

Item	Summary	Further Information
A. Highlights of AML3D		
Who is AML3D?	AML3D is a welding, robotics, metallurgy and software business which uses wire arc additive manufacturing processes to produce metal components and structures for commercial use. AML3D was founded in South Australia in 2014 by Andrew Sales, a specialist in welding technology who has a double Master's Degree in Mechanical Engineering and Science with over 27 years' global experience in the oil & gas resources, and mining sectors.	Section 8.1
What is wire arc additive manufacturing?	<p>Wire arc additive manufacturing process is a 3D printing process that combines electric arc welding technology as a heat source and wire as a feedstock, creating high performance, industrial scale metal components and structures in a free-form environment. This process focuses thermal energy to fuse materials by melting as they are deposited layer by layer.</p> <p>Wire arc additive manufacturing can reduce material waste (by 80% or more) and can significantly reduce manufacturing time when compared to traditional subtractive manufacturing methods such as casting, forging, machining and fabrication.</p> <p>AML3D's technology fits within the "Directed Energy Deposition" (DED) segment. DED utilises focused energy (an electron beam / laser or electric-arc) to fuse materials (such as metal wire or powder) by melting as the material is being deposited.</p> <p>AML3D has developed its own proprietary software offering benefits of increased freedom of design, part complexity and customisation.</p>	Section 7.2
What is AML3D's core business and how does AML3D generate revenue?	<p>AML3D's core business model involves securing contract manufacturing orders from end users in the defence, maritime, aerospace and general manufacturing sectors. Currently, AML3D's revenue model includes contract manufacturing services which are provided through its Adelaide Contract Manufacturing Centre.</p> <p>The Company has conducted multiple trials in order to demonstrate the application of metallic parts and components made using its WAM® process including its proprietary WAMSoft® software, in the aerospace, marine, oil and gas and shipping sectors. These trials have resulted in the entry into commercial agreements (in the form of purchase orders for paid trial parts), which are anticipated to provide further opportunities for the Company.</p> <p>Following completion of the Offer, AML3D will seek to expand its revenue model through the establishment of</p>	Section 8.5

Item	Summary	Further Information
	<p>the Singapore Contract Manufacturing Centre and the sale of its proprietary Arcemy® integrated 3D printing modules (together with the provision of related engineering design and support services and the provision of wire feedstock).</p> <p>The components of AML3D's business model are summarised in further detail below:</p> <p>Contract manufacturing – AML3D has achieved certification from Lloyds Register and ISO 9001 and is compliant with the globally accepted American Welding Society Standard that articulates specifications for fabrication of metal components using additive manufacturing.</p> <p>Fees charged for contract manufacturing will vary based on the type of metal wire required at a price per kilo basis with a margin (for staff time, overheads and equipment amortisation) and estimated build time based on review of the CAD data and complexity.</p> <p>For some items, it is anticipated that the Company's investment in integrated machining will allow additional value accretion by enabling the Company to provide manufactured products for immediate use by as opposed to a 'near form' product that requires final detail work.</p> <p>Arcemy® 3D printing modules – for customers looking to establish in-house 3D manufacturing capability, AML3D's turn-key Arcemy® solution will offer fast, flexible and inexpensive manufacture of structures. These printing modules will be sold as a complete system together with annual licensing and technical support services. Accordingly, sales of the Arcemy® printing modules are expected to create further revenue streams through annual licensing fees, training fees and the ongoing supply of wire feedstock consumables.</p>	
Who are AML3D's existing customers?	The Company has entered into commercial agreements (in the form of purchase orders for paid trial parts) with contract manufacturing customers in the aerospace, marine, oil and gas and defence sectors. The Company has also entered into a "rent to buy" agreement with ST Engineering, for delivery of its first Arcemy® printing module. ST Engineering is a global technology, defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors.	Section 12.4.1
What is AML3D's intellectual property?	Although AML3D owns the intellectual property in WAM® and WAMSoft®, its patent applications in relation to WAM® are still at the examination stage. Additionally, patent protection is often difficult to obtain for software. AML3D strives to protect its intellectual property rights through common law protections for trade secrets and copyright. AML3D has policies and procedures to address these matters, including appropriate contractual provisions regarding intellectual property rights and confidentiality for employees and third parties. Refer to	Annexure A

Item	Summary	Further Information
	the IP Report in Annexure A for further details on the Company's patent and trade mark applications and registrations.	
What is AML3D's strategy?	<p>AML3D's strategy is focused on growing market share in the rapid adoption of wire additive manufacturing. AML3D aims to achieve this through a number of means including:</p> <ul style="list-style-type: none"> (a) pursuing business opportunities globally, focusing initially on creating global customer and industry partnerships in high margin industries such as the defence sector. This will include leveraging off the Company's existing relationship with Lloyds Register and its membership of the Defence Teaming Centre; (b) expanding its contract manufacturing base to drive long-term repeat contracting revenue. This model is scalable, cost effective and provides significant automation and time to market advantages; (c) capitalising on its first mover advantage by establishing a Contract Manufacturing Centre in Singapore to provide the Company with greater exposure to the maritime service industries of Singapore and enable it to compete for contracts in South-East Asia with significantly reduced lead times; (d) capitalising on credibility built from contract manufacture to effect sales of Arcemy® modules to customers looking to establish in-house 3D printing capabilities either for stationary or remote area mobile applications. This is also expected to drive recurring revenue via annual software licencing, service and maintenance agreements and sales of wire feedstock; (e) investment in sales and marketing; and (f) research and development of new products and processes. This will focus on the application of new alloys and exotic metals to the WAM® technology, enhancing software, and robotic and finishing equipment development. This will also continue to build on the databank of metals held within the WAMSoft® production library. 	Section 8.6
Who are AML3D's competitors?	On a global basis, the metal additive manufacturing industry has been growing significantly and rapidly and, as a result, there has been commensurate growth in the number of companies which have been established to service this demand. These companies range widely in terms of size and maturity, access to capital, technology and processes employed, geographic location, types of metals used, size and finishing of printed parts and customers and industries serviced.	Section 7.5

Item	Summary	Further Information
	<p>AML3D recognises the diverse nature of the industry and, in particular, its core competencies in wire arc additive manufacturing and the market opportunity presented through technological development and partnering with industry.</p> <p>Within the 'wire additive manufacturing' space, there is only a very small subset of groups operating. More broadly, in the DED segment, competitors are predominantly located in Europe and the United States of America, although some alternative technologies to AML3D's WAM® do operate in the Australian market.</p> <p>With respect to this Australian market, there have been a number of recent initial public offerings (both completed and planned) that are targeting a similar cross section of end users. Although there are significant differences with the technology employed to deliver a product and in many cases the type of products that can be produced, these groups are likely to have similar shareholder bases and be in natural competition for investment capital.</p>	
What is AML3D's competitive advantage?	<p>AML3D considers its key competitive strengths include:</p> <ul style="list-style-type: none"> (a) proprietary software designed to optimise processes and outcomes across a variety of metals and shapes; which facilitates a highly tailored approach to the needs of each client by enabling different pathways and welding operations for different products and materials; (b) AML3D's Adelaide Contract Manufacturing Centre was the first wire arc additive manufacturing facility globally to receive an "Additive Manufacturing Facility Qualification" from Lloyds Register; (c) meets the international standards for additive manufacturing processes prescribed by ISO 9001 and the American Welding Society Standards; and (d) experienced management and highly specialised technical personnel with broad experience and skills across the fields of welding science, robotics, metallurgy and software. 	Section 8.7
What are AML3D's key dependencies?	<p>AML3D's key dependencies include:</p> <ul style="list-style-type: none"> (a) market awareness and industry education on the value proposition in terms of time, cost and flexibility of WAM® technology which will drive demand for the Company's WAM® technology; (b) favourable outcomes from several customer trials; (c) the ability to continually protect the Company's existing intellectual property rights in its products and the capacity to continue development of new intellectual property around application to new materials; 	Section 8.8

Item	Summary	Further Information
	<p>(d) retaining and maintaining the Company's existing specialised workforce and recruiting additional key personnel for expansion activities across a range of skills including expertise in robotics, software development, welding and metallurgy;</p> <p>(e) developing and maintaining national and international sales, distribution channels and partnerships;</p> <p>(f) successful completion of the Offer and access to capital to fund the Company's value proposition facilitated by R&D and securing new customer contracts; and</p> <p>(g) maintenance of its existing certifications (as summarised in Section 8.7.1).</p>	
<p>What are the key risks of an investment in the Company?</p>	<p>The Company is exposed to various risk factors that have the potential to influence the operating and financial performance of AML3D. These risks can have an impact on the value of an investment in the Shares of the Company. These risks are summarised in Section 11.</p> <p>Based on the information available, a non-exhaustive list of the key risk factors affecting the Company are as follows:</p> <p>Technology and product development – The success of AML3D is dependent on the ongoing development of technology and products offered and used by AML3D being suitable for AML3D to undertake the contract manufacturing and opportunities available in a viable and cost-effective manner. Factors which may create risk include third party suppliers, cost of production and the functioning of software and computing resources.</p> <p>Operating risks – The Company is, and will continue to be, exposed to a range of operational risks relating to current and future operations. These include equipment failures and other accidents, industrial action or disputes, lease renewals, damage by third parties, floods, fire, major cyclone, earthquake, lightning strike, terrorist attack or other disaster. In the event existing insurance arrangements do not cover an operational issue, this could have a material adverse effect on the operating and financial performance of the Company.</p> <p>More specifically, equipment breakdown at the Company's facilities may impact the Company's production rates. Any prolonged electricity supply downtime may have an impact on the Company's ability to fulfil purchase orders and have an adverse effect the Company's reputation, operating and financial performance.</p> <p>Commissioning Risks – The Company's growth strategy involves relocating and expanding the Company's existing Adelaide Contract Manufacturing Centre and establishing a new Singapore Contract Manufacturing Centre. At the date of this Prospectus, the Company has not secured a lease over premises for either of those</p>	<p>Section 11</p>

Item	Summary	Further Information
	<p>Centres. If the Company is not able to secure leases over appropriate facilities in a timely manner and commission those Centres promptly and within budget, there is a risk that the Company will not be able to meet its targeted growth plans which will have an adverse effect on the Company's operating and financial performance.</p> <p>Lack of Customers – Presently, the Company is at a paid trial stage with a number of contract manufacturing clients. There can be no guarantee that any of these paid trial customers will convert into regular commercial customer contracts. Although the Company's client base is expected to diversify as a result of the expansion of the Company's revenue streams following completion of the Offer, the Company will initially be substantially reliant on a select number of clients. The loss of any of these clients may well have a negative impact on the Company's revenues and profits unless they can be replaced with a new client or clients.</p> <p>The Company's future activities are specifically designed around further business development activities in order to grow the client base in Australia and Singapore.</p> <p>Sales and Suppliers – AML3D depends on continued relationships with its current suppliers and clients. There can be no guarantee that supplier and client relationships will continue or will continue to be successful. AML3D's contracts with suppliers and clients, as with all other contracts, allow for termination. Further, there is a risk that sales cycles are longer due to the size of client companies and new agreements formed with clients in the future may be less favourable to AML3D, such as key terms and pricing, due to unanticipated changes in the market.</p> <p>Competition – AML3D competes with other wire arc additive manufacturing companies as well as similar 3D metal printing companies which utilise other forms of technology. Some of these companies have greater financial and other resources than AML3D and, as a result, may be in a better position to compete for future business opportunities. There is no assurance that AML3D can compete effectively with these companies.</p> <p>Intellectual Property – AML3D does not currently have patent protection of its intellectual property rights in its proprietary WAM® technology. The Company has made three patent applications which are yet to undergo examination, so it is not yet known whether patent protection will be available. AML3D, however, strives to protect its intellectual property rights through common law protections for trade secrets and copyright. AML3D has policies and procedures to address these matters, including appropriate contractual provisions regarding intellectual property rights and confidentiality for employees and third parties. If AML3D fails to protect its intellectual property and trade secrets, competitors may gain access to its technology which could harm the business.</p>	

Item	Summary	Further Information
	<p>The Company may be required to spend significant resources to monitor and protect AML3D's intellectual property. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of AML3D's rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and divert the efforts of its personnel.</p> <p>International Operations – AML3D intends to apply some of the funds raised under the Offer to increase its international operations in Singapore including through the establishment of the Singapore Contract Manufacturing Centre. There is a risk that this investment may not be profitable or succeed long-term, due to poor execution or external factors beyond AML3D's control including risks in relation to obtaining appropriate licences and consents for AML3D's business, availability of appropriate premises for the establishment of Singapore Contract Manufacturing Centre, taxation, working conditions, insurance, demand for services, contractors, potential acquisitions, growth, counterparties, intellectual property, technical failure, operational failure, disputes, litigation, non-payment, currency exchange rates, debt and interest rates, financial performance, legal compliance and operational management.</p> <p>Accreditation – The continuation and grant of AML3D contract manufacturing services is dependent on retaining Lloyds Register and ISO 9001 accreditation for the certification of parts produced for its customers. The loss of these accreditations would significantly impact the demand for AML3D's contract manufacturing services and is likely to affect AML3D's other proposed revenue streams.</p> <p>Reliance on key personnel – AML3D currently employs or engages as consultants a number of key management and personnel, and AML3D's future depends on retaining and attracting suitable qualified personnel. There is no guarantee that AML3D will be able to attract and retain suitably qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects.</p> <p>No profit to date and limited operating history – The Company only has a limited operating history. Due to only incurring losses since its inception, it is not possible to evaluate the Company's prospects based on past performance. 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 sustain positive cash flow from its operations.</p> <p>Material uncertainty related to going concern – A material uncertainty paragraph in respect of the going concern assumption of AML3D was included in the auditor's report for FY2017, FY2018 and FY2019. These</p>	

Item	Summary	Further Information
	<p>determinations were made based upon references to prior year losses and the Company's total liabilities exceeding total assets in FY2017 and FY2019.</p> <p>Notwithstanding the above, in the Investigating Accountant's Report, William Buck Corporate Advisory Services (SA) Pty Ltd has confirmed that it is satisfied that the capital proposed to be raised by AML3D under the Offer is sufficient to remove this material uncertainty relating to the going concern.</p>	
B. Financial Overview		
How has the Company been performing?	<p>The abbreviated historical financial information of the Company for FY2017, FY2018 and FY2019 is set out in Section 9. AML3D's financial performance across this period includes losses of \$352,496, \$50,301 and \$680,836 for FY2017, FY2018 and FY2019 respectively. During that period, AML3D was developing and commercialising its technology with limited revenue generation.</p> <p>Please refer to the abbreviated historical financial information in Section 9 for further details. Also contained in Section 9 is the pro forma historical balance sheet as at 30 June 2019 and related notes.</p> <p>During the period of 6 months ended 31 December 2019, the Company generated \$117,392 of sales revenue (based on the Company's unaudited management accounts for that period).</p> <p>The Company had a negative equity position as at 30 June 2019, with net assets equal to -\$113,666. The Company's liabilities will be substantially reduced on completion of the Offer because the outstanding Converting Loans will convert into Shares (refer to Sections 6.9 and 12.3 for further details).</p> <p>Investors should note that historical results are not a guarantee of future performance.</p>	Section 9
What is the financial outlook for the Company?	The Directors do not intend to provide financial forecasts given the stage of commercial development. Any forecast or prospective financial information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate.	Section 13.10
Does the Company have any debt or debt facilities?	Following the completion of the Offer, the Company will have no outstanding debt facilities because the outstanding Converting Loans will convert into Shares (refer to Sections 6.9 and 12.3 for further details)	Sections 6.9 and 12.3
How will the proceeds of the Offer be used?	<p>The proceeds of the Offer will be used for:</p> <ul style="list-style-type: none"> (a) establishment of the Singapore Contract Manufacturing Centre; (b) relocation and expansion of the Adelaide Contract Manufacturing Centre and manufacture of the Arcemy® printing modules in Adelaide; (c) development of integrated machining; (d) intellectual property protection; 	Section 6.6

Item	Summary	Further Information																		
	<p>(e) working capital and administration costs; and</p> <p>(f) costs of the Offer.</p> <p>The Company intends to apply the funds raised under the Offer along with its current cash reserves in the manner detailed in Section 6.6.</p>																			
What will be the capital structure on completion of the Offer?	<p>A summary of the capital structure of AML3D on completion of the Offer is set out below:</p> <table> <tr> <th>Class of Security</th><th>Shares</th><th>Options</th></tr> <tr> <td>Current</td><td>81,356,163</td><td>16,166,179</td></tr> <tr> <td>Conversion of Converting Loans</td><td>5,110,000</td><td>Nil</td></tr> <tr> <td>Securities issued to Advisors</td><td>900,000</td><td>1,000,000</td></tr> <tr> <td>Offer</td><td>45,000,000</td><td>Nil</td></tr> <tr> <td>Total Securities on completion of the Offer</td><td>132,366,163</td><td>17,166,179</td></tr> </table>	Class of Security	Shares	Options	Current	81,356,163	16,166,179	Conversion of Converting Loans	5,110,000	Nil	Securities issued to Advisors	900,000	1,000,000	Offer	45,000,000	Nil	Total Securities on completion of the Offer	132,366,163	17,166,179	Section 6.9
Class of Security	Shares	Options																		
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Offer	45,000,000	Nil																		
Total Securities on completion of the Offer	132,366,163	17,166,179																		
Who will the substantial holders be at listing?	<p>At listing, the following Shareholders are expected to hold 5% or more of the total number of Shares on issue:</p> <table> <tr> <th>Shareholder</th><th>Shares</th><th>%</th></tr> <tr> <td>Andrew Sales¹</td><td>39,901,250</td><td>30.14%</td></tr> <tr> <td>Global Asset Solutions²</td><td>6,987,420</td><td>5.28%</td></tr> </table> <p>Note:</p> <ol style="list-style-type: none"> Mr Andrew Sales is the Managing Director and Chief Executive Officer of the Company. Global Asset Solutions is controlled by Juhee Seo, who is not a related party or associate of any of the Company, its directors or key management. 	Shareholder	Shares	%	Andrew Sales ¹	39,901,250	30.14%	Global Asset Solutions ²	6,987,420	5.28%	Section 6.10									
Shareholder	Shares	%																		
Andrew Sales ¹	39,901,250	30.14%																		
Global Asset Solutions ²	6,987,420	5.28%																		
Will any Securities be subject to escrow?	<p>Subject to the Company being admitted to the Official List, certain Securities on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. No Shares issued under the Offer will be subject to escrow under the ASX Listing Rules.</p> <p>In connection with the Company's application for admission to the Official List, the Company expects that:</p> <ol style="list-style-type: none"> approximately 48,714,301 Shares will be escrowed for a period of 24 months from the date of from the date of Official Quotation; and approximately 9,442,635 Shares will be escrowed for a period of 12 months from the respective dates of issue. <p>Certain Options on issue in the Company will also be subject to escrow restrictions.</p> <p>As at the date of this Prospectus, the ASX has not made a determination in respect 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</p>	Section 6.11																		

Item	Summary	Further Information
	<p>Securities subject to escrow restrictions prior to the commencement of Official Quotation.</p> <p>During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner. The Company confirms its 'free float', being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates) at the time of admission to the Official List will be not less than 20% in compliance with ASX Listing Rule 1.1 Condition 7.</p>	
What is the Company's dividend policy?	<p>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 the operating results and financial condition of the Company, future growth opportunities and capital requirements and general business and other factors considered relevant by the Directors.</p> <p>No assurance can be given by the Company in relation to the payment of dividends or franking credits attaching to dividends.</p>	Section 9.9

C. Directors and Senior Management, Fees and Benefits

Who are the Directors and senior technical personnel?	<table><tr><th>Person</th><th>Title/Role</th></tr><tr><td>Stephen Gerlach AM</td><td>Non-Executive Chairman</td></tr><tr><td>Andrew Sales</td><td>Managing Director</td></tr><tr><td>Sean Ebert</td><td>Executive Director</td></tr><tr><td>Leonard Piro</td><td>Non-Executive Director</td></tr><tr><td>Kevin Reid</td><td>Non-Executive Director</td></tr><tr><td>Benjamin Hodgson</td><td>Chief Financial Officer</td></tr><tr><td>Dr Paul Colegrove</td><td>Engineering Technology Manager</td></tr></table>	Person	Title/Role	Stephen Gerlach AM	Non-Executive Chairman	Andrew Sales	Managing Director	Sean Ebert	Executive Director	Leonard Piro	Non-Executive Director	Kevin Reid	Non-Executive Director	Benjamin Hodgson	Chief Financial Officer	Dr Paul Colegrove	Engineering Technology Manager	Section 10.1
Person	Title/Role																	
Stephen Gerlach AM	Non-Executive Chairman																	
Andrew Sales	Managing Director																	
Sean Ebert	Executive Director																	
Leonard Piro	Non-Executive Director																	
Kevin Reid	Non-Executive Director																	
Benjamin Hodgson	Chief Financial Officer																	
Dr Paul Colegrove	Engineering Technology Manager																	
What benefits are being paid to Directors in connection with the Offer?	<p>The Company's policy in respect of related party arrangements is:</p> <p>(a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and</p> <p>(b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.</p> <p>For each of the Directors, their annual remuneration together with their relevant interests (direct and indirect) in the Securities of the Company upon completion of the Offer is as follows:</p> <table><tr><th>Director</th><th>Remuneration¹</th><th>Shares²</th><th>Options</th></tr><tr><td>Stephen Gerlach AM</td><td>\$60,000</td><td>133,334</td><td>2,566,667</td></tr></table>	Director	Remuneration ¹	Shares ²	Options	Stephen Gerlach AM	\$60,000	133,334	2,566,667	Sections 10.2 and 10.3								
Director	Remuneration ¹	Shares ²	Options															
Stephen Gerlach AM	\$60,000	133,334	2,566,667															

Item	Summary	Further Information																				
	<table><tr><th>Director</th><th>Remuneration¹</th><th>Shares²</th><th>Options</th></tr><tr><td>Andrew Sales</td><td>\$220,000</td><td>39,701,250</td><td>Nil</td></tr><tr><td>Sean Ebert</td><td>\$40,000³</td><td>916,666</td><td>2,333,333</td></tr><tr><td>Leonard Piro</td><td>\$40,000</td><td>800,000</td><td>2,050,000</td></tr><tr><td>Kevin Reid</td><td>\$40,000</td><td>33,334</td><td>516,667</td></tr></table> <p>Note:</p> <ol style="list-style-type: none">Excludes statutory superannuation.Does not include any Shares that Directors may take up under the Offer. Subject to demand and availability, Stephen Gerlach intends to apply for up to 100,000 Shares under the Offer and Kevin Reid intends to apply for up to 25,000 Shares under the OfferComprising Mr Ebert's Non-Executive Director Fees of \$40,000 set out in Section 10.3.3. This does not include consulting fees payable to Mr Ebert's consulting company under the Ebert Agreement referred to in Section 10.3.2 as this agreement will be coming to an end shortly after the admission of the Company to the Official List.	Director	Remuneration ¹	Shares ²	Options	Andrew Sales	\$220,000	39,701,250	Nil	Sean Ebert	\$40,000 ³	916,666	2,333,333	Leonard Piro	\$40,000	800,000	2,050,000	Kevin Reid	\$40,000	33,334	516,667	
Director	Remuneration ¹	Shares ²	Options																			
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Leonard Piro	\$40,000	800,000	2,050,000																			
Kevin Reid	\$40,000	33,334	516,667																			
What benefits are being paid to other parties in connection with the Offer?	<p>In addition to the benefits referred to above, the Company will pay the following fees and benefits to related parties and other parties in connection with the Offer:</p> <p>(a) the payment of a lead manager fee of 4% and a management fee of 1% of the funds raised under the Offer to Foster Stockbroking in part consideration for lead manager services (refer to Section 6.7);</p> <p>(b) the issue of 450,000 Shares to Foster Stockbroking in part consideration for lead manager services (refer to Section 6.7);</p> <p>(c) the payment of a corporate advisor fee of 1% of the funds raised under the Offer to Adelaide Equity in part consideration for corporate advisory services (refer to Section 6.8);</p> <p>(d) the issue of 450,000 Shares to Adelaide Equity in part consideration for corporate advisory services (refer to Section 6.8); and</p> <p>(e) the payment of ongoing corporate advisory fees to Adelaide Equity (refer to Section 6.8).</p> <p>The Company has also issued 2,750,000 Shares and 2,000,000 Options to various advisors who have provided corporate advisory services to the Company. In addition, the Company has agreed to issue 1,000,000 Options to a former advisor as a facilitation and introduction fee in connection with the Converting Loan raising conducted by the Company.</p>	Sections 12.1 and 12.2																				
D. Details of the Offer and Use of Funds																						
What is the Offer?	<p>AML3D is seeking to raise \$9,000,000 by issuing 45,000,000 Shares at an issue price of \$0.20 per Share.</p> <p>The Offer is not underwritten, and no over-subscription will be accepted by the Company.</p>	Section 6.1																				

Item	Summary	Further Information
Is the Offer underwritten?	No, the Offer is not underwritten.	Section 6.3
Who is eligible to participate in the Offer?	This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand 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.	Sections 6.17 and 6.18
Opening and Closing Dates	The Opening Date is 17 February 2020 and the Closing Date is 9 March 2020. The Directors reserve the right to change either or both of these dates in their absolute discretion without prior notice. You are therefore encouraged to lodge your Application as soon as possible after the end of the Exposure Period.	Section 3.1
Is there a minimum subscription?	Yes. The minimum subscription is 45,000,000 Shares at the Offer Price of \$0.20 per Share to raise \$9,000,000.	Section 6.2
Will I be guaranteed a minimum allocation under the Offer?	The Company is not in a position to guarantee a minimum allocation of Shares under the Offer. Shares will be issued under the Offer in accordance with the allocation policy set out in Section 6.14.	Section 6.14
What is the minimum investment size under the Offer?	Applications under the Offer must be for a minimum of \$2,000 (or for 10,000 Shares), and thereafter, in multiples of \$1,000 (or 5,000 Shares).	Section 6.13
How can I apply?	If you are an eligible investor, you may apply for Shares by completing a valid Application Form in accordance with the instructions contained within it. To the extent permitted by law, an application under the Offer is irrevocable.	Section 6.13
What is the allocation policy?	The Company retains an absolute discretion to allocate Shares under the Offer and reserves the right, in its absolute discretion, to allot to an applicant a lesser number of Shares than the number for which the applicant applies or to reject an Application Form. If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded by cheque without interest as soon as practicable after the close of the Offer.	Section 6.14
Can the Offer be withdrawn?	AML3D reserves the right not to proceed with the Offer at any time before the issue of Shares to successful applicants. If the Offer does not proceed, application monies will be refunded (without interest).	Section 6.21

Item	Summary	Further Information
What rights and liabilities attach to the Shares being offered?	All Shares issued under this Offer will rank equally in all respects with the existing Shares on issue. The rights and liabilities attaching to the Shares are described in Section 13.2.	Section 13.2
What are the tax implications of investing in Shares?	<p>Shares may be subject to tax on dividends and possibly capital gains tax on a future disposal of Shares issued under this Prospectus.</p> <p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.</p>	Section 6.20
Is there any brokerage, commission or duty payable by applicants?	<p>No brokerage, commission or duty is payable by applicants on acquisition of Shares under the Offer.</p> <p>The Company reserves the right to pay a commission of up to 4% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee. Foster Stockbroking will be responsible for paying all commissions that they and the Company agree with any other licensed securities dealers or Australian financial services licensee out of the fees paid by the Company to Foster Stockbroking under the Lead Manager Mandate.</p>	Section 6.19
What are the tax implications of investing in Shares?	<p>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 from a taxation viewpoint and generally.</p> <p>To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.</p>	Section 6.20
Additional information		
Where can I find more information?	<p>(a) By speaking to your sharebroker, solicitor, accountant or other independent professional adviser.</p> <p>(b) By contacting the Company Secretary on +61 8 8258 2658 or christine.manuel@aml3d.com</p> <p>(c) By contacting the Share Registry on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia).</p>	

6. DETAILS OF THE OFFER

6.1 The Offer

Pursuant to this Prospectus, the Company invites applications for 45,000,000 Shares at an issue price of \$0.20 per Share to raise \$9,000,000.

The new Shares offered under this Prospectus will rank equally in all respects with other Shares. A summary of the material rights and liabilities attaching to the Shares is set out in Section 13.2.

6.2 Minimum Subscription

The minimum amount which must be raised under the Offer is \$9,000,000 (**Full Subscription**). If the Full Subscription has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

6.3 Oversubscriptions

No oversubscriptions will be accepted by the Company.

6.4 Underwritten

The Offer is not underwritten.

6.5 Purpose of the Offer

The primary objectives of the Offer and ASX listing are to:

- (a) allow capital investment to increase the capacity of the Company to service new customer interest;
- (b) provide AML3D with additional working capital flexibility and allow expansion into new markets; and
- (c) broaden AML3D's Shareholder base and provide a liquid market for its Shares.

AML3D intends to use the proceeds of the Offer in the manner set out in Section 6.6.

6.6 Use of Funds

The Company intends to apply the funds raised from the Offer, together with existing cash reserves, over the first two years following admission of the Company to the Official List as follows:

	Sources and Uses of Funds (\$)	Percentage of Funds (%)
Existing cash reserves (primarily from recent pre-IPO capital raising) ¹	2,060,000	18.63%
Funds raised from the Offer	9,000,000	81.37%
Total	11,060,000	100%
Allocation of funds		
Establishment of Singapore Contract Manufacturing Centre and manufacture of the Arcemy® printing modules in Singapore ²	4,270,000	38.61%
Relocation and expansion of Adelaide Contract Manufacturing Centre and manufacture of the Arcemy® printing modules in Adelaide ³	2,840,000	25.68%
Development of Integrated Machining	400,000	3.62%
Intellectual property protection ⁴	400,000	3.62%
Unallocated working capital for the Adelaide Contract Manufacturing Centre ⁵	950,000	8.59%
Unallocated working capital for the Singapore Contract Manufacturing Centre ⁵	1,100,000	9.95%
Expenses of the Offer ^{6,7}	1,100,000	9.95%
Total	11,060,000	100%

Notes:

1. In December 2019, the Company conducted a pre-IPO raising through the issue of 13,332,367 Shares at an issue price of \$0.15 per Share to raise approximately \$1,999,855 (together with one free attaching Option exercisable at \$0.30 each on or before 30 June 2021, for every two Shares issued).
2. New equipment, infrastructure, staff and premises are required to invest in the Singapore Contract Manufacturing Centre and complete an Arcemy® demonstration unit for use and marketing in Asia (refer to Section 12.4.1 for further details). Specifically, this involves investment in production cells and CNC machining, and leveraging of existing client relationships in Singapore. Arcemy® units will also be manufactured at the Singapore Contract Manufacturing Centre. This number includes estimated premises lease costs, although no specific premises have been identified and no lease agreement has been entered into as at the date of this Prospectus. The Company has begun the search for a suitable site for the Singapore Contract Manufacturing Centre and is in the process of engaging with leasing agents to secure a lease over a suitable site following completion of the Offer. There are a number of suitable sites available for lease, as a result the Company expects to finalise a lease over new premises and commission the Singapore Contract Manufacturing Centre within six months following admission of the Company to the Official List. Should there be any delay in securing a premises lease, some of these funds may be re-deployed to the Adelaide Contract Manufacturing Centre to fund the manufacture of Arcemy® units there. Refer to Section 8.5(b) for further details on how these funds will be re-deployed in the event that there is any delay in securing a premises lease.
3. The Adelaide Contract Manufacturing Centre will be relocated to a new facility to provide AML3D with greater capability to engage with global companies. The new

Adelaide Contract Manufacturing Centre will comprise of robotic, software driven WAM® 3D production cells plus finishing machinery to ensure the Company has the capacity to provide full-service finishing capability. Arcemy® units will also be manufactured at the Adelaide Contract Manufacturing Centre. This will necessitate a relocation of the Adelaide Contract Manufacturing Centre to provide AML3D with greater capability to engage and execute with global companies. This number also includes estimated premises lease costs. The Company is in discussions with a potential lessor in relation to the proposed premises for the relocated Centre, but no lease agreement has been entered into at this stage. Should there be any delay in securing a premises lease, the Company is able to move to a 24-hour production cycle at the existing Adelaide Contract Manufacturing Centre to meet capacity demands pending the relocation and expansion of the Adelaide Contract Manufacturing Centre.

4. Includes estimated legal and patent attorney fees and application and registration fees for the Company's existing patent and trade mark applications and other applications the Company is considering.
5. Working capital encompasses the administration cost of running the business, the costs of paying staff salaries and general corporate costs including rent and the provision of professional services to the Company. Funding will also ensure AML3D can engage in marketing, awareness raising and market education.
6. Refer to Section 13.8 for further details.
7. The expenses of the Offer include a lead manager fee of \$360,000 and a management fee of \$90,000, which are payable to Foster Stockbroking in part consideration for the provision of their services as lead manager to the Offer, and a corporate advisory fee of \$90,000 which is payable to Adelaide Equity. Further details of these fees payable to Foster Stockbroking and Adelaide Equity are set out in Sections 6.7 and 6.8.

The Directors consider that the amount sought to be raised by this Offer, in conjunction with existing cash reserves, will provide sufficient capital to achieve the objectives of AML3D following its listing on the ASX as set out in this Prospectus. It should, however, be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 11.

This Section has been prepared based on AML3D's current intentions for the use of the funds raised from the Offer. AML3D's actual allocation and use of funds may change based on changes in the circumstances of AML3D's business, changes in its strategy and/or for other reasons. The Board reserves the right to alter the way funds are applied on this basis.

The Board will consider further equity or debt funding if appropriate to further accelerate growth or fund a specific project, transaction or opportunity.

6.7 Lead Manager

The Company has entered into a mandate to appoint Foster Stockbroking Pty Limited (ACN 088 747 148) (AFSL 223 687) (**Foster Stockbroking**) as lead manager to the Offer (**Lead Manager Mandate**).

Foster Stockbroking is a stockbroking and corporate finance organisation specialising in research, wealth management, broking, and developing investment opportunities for institutions, strategic investors, hedge funds, family offices and high net worth individuals.

Under the Lead Manager Mandate the Company has agreed to:

- (a) pay a lead manager fee of 4% of the funds raised under the Offer;
- (b) pay a management fee of 1% of the funds raised under the Offer; and

- (c) issue Foster Stockbroking (or its nominee) 450,000 Shares on completion of the Offer.

Foster Stockbroking also received a corporate advisory fee of \$47,250 (ex GST) in respect of the recent pre-IPO raising undertaken by the Company.

Foster Stockbroking and its associates do not have a relevant interest in the Company and have not received any Securities under the seed raisings conducted by the Company.

Further details of the Lead Manager Mandate are set out in Section 12.1.

6.8 Corporate Advisor

The Company has entered into a mandate to appoint Adelaide Equity Partners Limited (ACN 119 059 559) (AFSL 313 143) (**Adelaide Equity**) as corporate advisor to the Company (**Corporate Advisory Mandate**).

Adelaide Equity is an independent investment bank specialising in corporate advisory services, investor relations and creating investment opportunities and capital solutions for ASX listed and non-listed businesses.

Under the Corporate Advisory Mandate, the Company has agreed to:

- (a) pay a corporate advisor fee of 1% of the funds raised under the Offer;
- (b) issue Adelaide Equity (or its nominee) 450,000 Shares on completion of the Offer; and
- (c) pay Adelaide Equity a monthly retainer of \$20,000 from 1 October 2019. Adelaide Equity will be retained for a minimum period of six months following completion of the Offer.

Adelaide Equity also received a corporate advisory fee of \$72,750 (ex GST) in respect of the recent pre-IPO raising undertaken by the Company.

Adelaide Equity and its associates currently have a relevant interest in 133,334 Shares and 66,667 Options on issue in the Company, which were acquired under the seed raising conducted by the Company. In addition, employees of Adelaide Equity currently have a relevant interest in 179,900 Shares and 89,950 Options on issue in the Company, which were acquired under the seed raising conducted by the Company. Further details of the pre-IPO raising are set out Section 6.9.

Further details of the Corporate Advisory Mandate are set out in Section 12.2.

6.9 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below¹:

	Shares ^{1,2}	Options ^{2,3}
Current	81,356,163	16,166,179 ^{2,3}
Conversion of Converting Loans ⁴	5,110,000	Nil
Securities issued to Advisors ⁵	900,000	1,000,000
Offer	45,000,000	Nil
Total Securities on completion of the Offer	132,366,163	17,166,179

Notes:

- 1 The rights attaching to the Shares are summarised in Section 13.2.
- 2 In December 2019, the Company conducted a pre-IPO capital raising through the issue of 13,332,367 Shares at an issue price of \$0.15 per Share to raise approximately \$1,999,855 (together with one free attaching Option exercisable at \$0.30 each on or before 30 June 2021, for every two Shares issued).
- 3 Comprising 2,000,000 Options which are exercisable at \$0.30 each on or before 30 July 2023, 7,500,000 Options which are exercisable at \$0.30 each on or before 4 December 2024 and 6,666,179 Options which are exercisable at \$0.30 each on or before 30 June 2021.
- 4 Between October 2018 and May 2019, AML3D entered into 46 converting loan agreements with various parties (**Lenders**) to raise \$1,726,000 (before costs) (**Converting Loans**). As at the date of this Prospectus, the Company has issued 12,150,000 Shares to the Lenders in conversion of \$1,215,000 worth of Converting Loans. The Company will issue 5,110,000 Shares to the Lenders in conversion of \$511,000 worth of outstanding Converting Loans immediately prior to the issue of Shares under the Offer. Further details of the agreements with the Lenders are set out in Section 12.3.
- 5 Comprising 450,000 Shares which will be issued to Foster Stockbroking (or its nominee) in part consideration for lead manager services (refer to Sections 6.7 and 12.1), 450,000 Shares which will be issued to Adelaide Equity (or its nominee) in part consideration for corporate advisory services (refer to Sections 6.8 and 12.2) and 1,000,000 Options exercisable at \$0.30 each on or before 30 June 2021 that will be issued to an advisor as a facilitation and introduction fee in connection with the Converting Loan raising conducted by the Company referred to in Note 4 above.

6.10 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer are set out in the respective tables below.

Substantial shareholdings as at the date of Prospectus

Shareholder	Shares	%
Andrew Sales ^{1,2}	39,901,250	49.05%
Global Asset Solutions ³	6,987,420	8.59%

Substantial shareholdings on completion of the Offer if Full Subscription is achieved⁴

Shareholder	Shares	%
Andrew Sales ^{1,2}	39,901,250	30.14%
Global Asset Solutions ³	6,987,420	5.28%

Notes:

- 1 Mr Andrew Sales is the Managing Director and Chief Executive Officer of the Company.
- 2 Includes 200,000 Shares held by Mr Andrew Sales' mother.
- 3 Global Asset Solutions is controlled by Juhee Seo, who is not a related party or associate of any of the Company, its directors or key management.
- 4 Assuming no existing substantial Shareholder subscribes for and receives additional Shares pursuant to the Offer.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offers) prior to the Shares commencing trading on the ASX.

6.11 Escrow Arrangements

Subject to the Company's admission to the Official List and completing the Offer, certain Securities on issue may be classified by ASX as restricted securities and would therefore be required to be held in escrow for up to 24 months from the date of Official Quotation.

The Board does not expect that any Shares issued under the Offer will be subject to escrow under the ASX Listing Rules.

In connection with the Company's application for admission to the Official List, the Company expects that:

- (a) approximately 48,714,301 Shares will be escrowed for a period of 24 months from the date of Official Quotation; and
- (b) approximately 9,442,635 Shares will be escrowed for a period of 12 months from the respective dates of issue.

Certain Options on issue in the Company will also be subject to escrow restrictions.

At the Full Subscription, the Company's 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates) at the time of admission to the Official List) will be approximately 56.06%, comprising 74,209,227 Shares.

As at the date of this Prospectus, the ASX has not made a determination in respect 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 Securities subject to escrow restrictions prior to the commencement of Official Quotation.

The Company will announce to ASX full details (quantity and duration) of the securities required to be held in escrow prior to the Shares commencing trading on ASX.

6.12 Offer Period

The proposed opening date for acceptance of the Offer will be 17 February 2020 or such later date as may be prescribed by ASIC.

The Offer is expected to remain open until 5:00 pm AEDT on 9 March 2020. However, AML3D, in consultation with Foster Stockbroking, reserves the right to vary the Closing Date without prior notice.

Please refer to Section 3.1 for a summary of the key dates for the Offer.

6.13 Applications

Applications for Shares under the Offer must be made using the Application Form. The Application Form contains detailed instructions on how it is to be completed.

Applications for Shares must be for a minimum of \$2,000 (10,000 Shares) and thereafter in multiples of \$1,000 (5,000 Shares) and payment for the Shares must be made in full at the issue price of \$0.20 per Share.

Applications may be lodged using the attached Application Form or online. A link to the online application is available at www.aml3d.com. BPAY® payment is only available for online applications.

Completed Application Forms and accompanying cheques, made payable to "AML3D Limited" and crossed "Not Negotiable", must be mailed to the address set out on the Application Form (see below) in sufficient time to ensure the valid Application Form and cheque are received by no later than 5:00pm (AEDT) on the Closing Date to the following address:

Mailing address
Computershare Investor Services Pty Limited GPO Box 52 MELBOURNE VIC 3001

An original, completed and lodged Application Form, together with a cheque for the Application Monies or a BPAY® payment, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque or BPAY® payment for the Application Monies.

BPAY® payments must be made from an Australian dollar account of an Australian institution by following the instructions on the online Application Form. Using the BPAY® details, Applicants must:

- (a) access their participating BPAY® Australian financial institution either via telephone or internet banking;
- (b) select to use BPAY® and follow the prompts; enter the biller code and unique customer reference number that corresponds to the online Application;
- (c) enter the amount to be paid which corresponds to the value of Shares under the online Application;
- (d) select which account payment is to be made from;
- (e) schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and
- (f) record and retain the BPAY® receipt number and date paid.

Investors should confirm with their Australian financial institution:

- (a) whether there are any limits on the investor's account that may limit the amount of any BPAY® payment; and
- (b) the cut off time for the BPAY® payment.

If such payment is not made via BPAY®, the Application will be incomplete and will not be accepted. The online Application Form and BPAY® payment must be completed and received by no later than the Closing Date.

The Company reserves the right to close the Offer early.

6.14 Allocation Policy

The Company retains an absolute discretion to allocate Shares under the Offer and reserves the right, in its absolute discretion, to issue to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application Form. If the number of Shares issued is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable.

No Applicant under the Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by Directors will be influenced by the following factors:

- (a) the number of Shares applied for;
- (b) the overall level of demand for the Offer;
- (c) the desire for spread of investors, including institutional investors; and
- (d) the desire for an informed and active market for trading Shares following completion of the Offer.

The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

6.15 ASX Listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

6.16 Issue

Subject to the Full Subscription of the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List, issue of the Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the recipients of the issued Shares in their sole discretion, in accordance with the allocation policy set out in Section 6.14. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded by cheque without any interest to the Applicant as soon as practicable after the Closing Date.

6.17 Applicants outside Australia and New Zealand

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand 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 and New Zealand. Applicants who are resident in countries other than Australia and New Zealand 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.

If you are outside Australia and New Zealand it is your responsibility to obtain all necessary approvals for the issue of the 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 all relevant approvals have been obtained.

The Company's decision on the number of Shares to be allocated to an Applicant will be final.

Holding statements for Shares issued to the issuer sponsored subregister and confirmation of issue for Clearing House Electronic Subregister System (**CHES**) holders will be mailed to Applicants being issued Shares pursuant to the Offer as soon as practicable after their issue.

6.18 New Zealand mutual recognition warning statements

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

The Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between Australian dollars and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market

and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

6.19 Commissions payable

The Company reserves the right to pay a commission of up to 4% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee. Foster Stockbroking will be responsible for paying all commissions that they and the Company agree with any other licensed securities dealers or Australian financial services licensee out of the fees paid by the Company to Foster Stockbroking under the Lead Manager Mandate.

6.20 Taxation Implications

The acquisition and disposal of Shares will have tax consequences, which will vary depending on the circumstances of each individual investor, the particular circumstances relating to his or her holdings of securities, and the taxation laws applicable to investors as residents of different jurisdictions.

All potential investors in the Company are urged to obtain independent financial advice about the tax consequences of acquiring Shares. It is solely the responsibility of individual applicants to inform themselves of their taxation position resulting from participation in the Offer.

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

6.21 Withdrawal of Offer

The Offer may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

7. INDUSTRY OVERVIEW

7.1 Additive Manufacturing

Additive manufacturing is a process that manufactures three-dimensional (3D) objects a layer at a time. This process is synonymous with 3D printing which involves the use of software technologies (such as computer-aided-design or CAD) and hardware (such as robotic arms) to deposit material in precise geometric shapes.

Additive manufacturing technology can use many different materials to create 3D printed objects:

(a) **Metals**

Various metals and metal alloys (including metal powders) are used in additive manufacturing, typically these include metals like stainless steel, aluminium and titanium.

(b) **Plastics**

Polymers are the most popular type of additive manufacturing materials. These include Acrylonitrile butadiene styrene (ABS), filament and polylactic acid (PLA) among various others.

(c) **Ceramics**

Typically includes inorganic or non-metallic materials such as alumina and zirconia..

(d) **Biochemicals**

Primarily in healthcare applications involving the use of materials such as silicon and zinc to support bone structures, among other applications

The use of additive manufacturing is now widespread from mainstream manufacturing to health and medical, aerospace oil and gas and marine. The wider application of the technology has been facilitated by innovation, introducing new materials.

The two main categories of additive manufacturing materials are polymers and metals. While polymers have been the initial area of worldwide commercial focus, metals are predicted to grow rapidly due to their application in mainstream manufacturing. There are a variety of additive manufacturing processes differing from the raw materials used to the energy processes employed to deposit those materials. A summary of these processes (as set out in the global standard ISO 52900) is set out below. ¹

Binder Jetting	Process in which a liquid bonding agent is selectively deposited to join powder materials.
Directed energy deposition	Process in which focused thermal energy is used to fuse materials by melting as they are being deposited.

¹ The International Organisation for Standardisation, ISO ASTM 52900 (9 August 2017)
www.iso.org/obp/ui/#iso:std:iso-astm:52900:dis:ed-2:v1:en

Material extrusion	Process in which material is selectively dispensed through a nozzle or orifice.
Material jetting	Process in which droplets of feedback material are selectively deposited.
Powder bed fusion	Process in which thermal energy selectively fuses regions of a powder.
Sheet lamination	Process in which sheets of material are bonded to form a part.
Vat photopolymerization	Process in which liquid photopolymer in a vat is selectively cured by light-activated polymerization.

AML3D's technology fits within the "Directed Energy Deposition" (**DED**) segment. DED utilises focused energy (an electron beam / laser or electric-arc) to fuse materials (such as metal wire or powder) by melting as the material is being deposited.

The key differences between wire-arc and powder-based DED processes in metallic additive manufacturing are:

(a) **Wire DED**

Involves wire fed through a nozzle that is melted by a heat source (e.g., laser / electron beam or electric-arc), and can be undertaken in either free-form open environment or incorporate inert gas shielding.

(b) **Powder DED**

Involves blown powder or powder bed processes, resulting in the fusing or melting of the metal powder particles to form a solid. The build chamber is completely sealed as it is necessary to maintain an inert gas environment to shield the melting powder from oxygen contamination and to better maintain the temperature during the process specific to the melting point of the powdered material of choice.

Compared to powder, wire offers advantages in reduction in material waste; higher deposition rate; lower manufacturing costs; potentially no limitation on part size; possibility of in-process machining; and possibility of creating functionally graded material, and fully dense parts.

Metal deposition rates are an order of magnitude higher with wire arc additive manufacturing than with powder processes and therefore, offer speed, flexibility of materials and size build advantages.

7.2 Wire Arc Additive Manufacturing

Wire arc additive manufacturing is a 3D printing process that combines electric arc welding technology as a heat source and wire as a feedstock, creating high performance, industrial scale metal components and structures in a free-form environment. It combines welding science, robotics and metallurgy to produce an automated 3D printing system, enabling fast, efficient and cost-effective manufacture of complex structures compared with traditional fabrication methods, such as casting, forging, machining and fabrication.

Wire arc additive manufacturing can reduce material waste (by 80% or more) and can significantly reduce manufacturing time when compared to traditional

subtractive manufacturing methods such as casting, forging, machining and fabrication.

This process disrupts traditional subtractive manufacturing and brings a value proposition to manufactured parts and components based on:

- (a) a reduction in waste from traditional machining operations as wire arc additive manufacturing builds the product up sequentially layer by layer with the need for either no machining or only a low level of machining depending on surface finish requirements, representing a significant cost saving where exotic and high cost materials (such as titanium and bronze alloys) are used;
- (b) an increase in the speed of manufacture due to higher deposition rates of wire compared to powders;
- (c) the ability to utilise a wide range of material types (including titanium, nickel, stainless steel, aluminium, bronze alloys and invar) in contrast to powder-based systems that have a smaller range of available standardised metal raw materials; and
- (d) the use of a free-form environment that does not limit the size or shape of the component or product.

As such, it has a value proposition in terms of cost, time savings and adaptability in specific niche markets, particularly medium to large-scale industrial applications that need to be built in a free form environment.

7.3 Key Sectors and Markets

Wire arc additive manufacturing has the potential to enhance metal manufacturing across a range of industries. An example of the various parts that may be manufactured using wire arc additive manufacturing technology include:

Marine	Shafts, propellers, housings, short-term replacement items, valve parts, pump casings, bulkhead structures, galley and bearing components.
Mining, Oil & Gas	Mining hardware such as bucket teeth and edges, replacement of cast and forged components for underground and drilling equipment, valves and connectors, and in-situ repairs.
Defence & Aerospace	Seat frames, cabin frames, shields, connectors, brackets, cargo frame structures, bulkheads and support frames.
General Manufacturing	Machine tool dies, rail rolling stock, wheels and wear components, pump castings and impellers, shafts, valves, food machinery components and farm equipment parts (both original and replacement).

7.4 Forecast Market Trends

Market consensus sourced from an independent market report by Wohlers indicates that the sector is likely to grow significantly over the next five years, stating that:

*"It took the AM industry 20 years to reach \$US 1 billion in size. Five years later, the industry generated its second \$US 1 billion. Over the past 9 years, (2010-2018), the industry grew by nearly \$US 8.5 billion. At \$US 9.795 billion in 2018, the industry is expected to grow by nearly 3.6 times to \$US 35.6 billion in 2024."*²

A PWC and US Manufacturing Institute Survey (April 2016) reported that 3D printing will be extended in industrial application and disrupt supply chains over the next few years, with the major applications being manufacturing older obsolete parts and operating in aftermarket production. Importantly, the Survey notes that industrial 3D printing in particular (AML3D's target market) will grow rapidly together with the scope of materials.

Use of wire arc additive manufacturing equipment for commercial products is emerging in terms of global production. Growth in this space is clearly trending up as evidenced by:

- (a) Norsk Titanium's (Norway) key contract with Boeing over titanium wire arc additive manufacturing components for the 787 Dreamliner series;
- (b) RAMLAB's move into the Port of Rotterdam producing marine grade components including large shipping propellers;
- (c) MX3D's capabilities being displayed in building structures in the Netherlands; and
- (d) Cranfield University, through the Welding, Engineering and Laser Processing Centre, has recently established a £35 million WAAM® facility at Bedfordshire, UK in conjunction with industry partners Airbus and Rolls Royce to "boost the UKs growing flight design and engineering ecosystem".

A recent review by Rodrigues et al. in April 2019 by independent global academic publishing authority MDPI, termed "Current Status and Perspectives on Wire and Arc Additive Manufacturing (WAAM)", concluded that "Combined with the development of certification procedures and effective non-destructive inline methods, it can be expected that WAAM will become one of the most used additive manufacturing technologies in the near future."³

7.5 Key Competitors

On a global basis the metal additive manufacturing industry is expected to continue to grow significantly and rapidly and as a result there has been commensurate growth in the number of companies that have been established to service this demand. These companies range widely in terms of size and maturity, access to capital, technology/processes employed, geographic location, types of metals used, size and finishing of printed parts and customers and industries serviced.

AML3D recognises the diverse nature of the industry and in particular its core competencies in wire arc additive manufacturing and the market opportunity presented through technological development and partnering with industry.

² Terry Walters et al, *Wolhers Report 2019* (Wolhers Associates, 24th ed, 2019) p 341.

³ Tiago A Rodrigues et al, 'Current Status and Perspectives on Wire and Arc Additive Manufacturing (WAAM)' [2019] MDPI *Materials* 2019 33.

Within the 'wire additive manufacturing' space, there is only a very small subset of groups operating in this area. More broadly, in the DED segment, competitors are predominantly located in Europe and the United States of America, although some alternative technologies to AML3D's WAM® do operate in the Australian market.

With respect to this Australian market, there have been a number of recent initial public offerings (both completed and planned) that are targeting a similar cross section of end users. Although there are significant differences with the technology employed to deliver a product and in many cases the type of products that can be produced, these groups are likely to have similar shareholder bases and be in natural competition for investment capital.

8. COMPANY OVERVIEW

8.1 Background

AML3D is an Australian public company incorporated on 14 November 2014. AML3D is a welding, robotics, metallurgy and software business which uses automated wire-fed 3D printing in a large freeform environment to produce metal components and structures for commercial use.

8.2 Overview of AML3D's Business

AML3D has commercialised its wire arc additive manufacturing technology (under the trademark **WAM®**), an innovative metal additive manufacturing technology for the cost-effective production of large, high performance metal components and structures.

AML3D's proprietary WAM® process is part of the spectrum of 3D metal printing that focuses on larger industrial applications with flexibility across multiple classes of metals including titanium alloys, nickel alloys and steel alloys.



Figure: Managing Director, Andrew Sales inspecting a part produced at AML3D's Adelaide Contract Manufacturing Centre using the WAM® technology.

AML3D's WAM® technology combines electric arc as a heat source with wire as a feedstock and welds sequential layers of metal to produce near net-shape metal components. The WAM® technology provides an alternative manufacturing and fabrication method for the production of components in industry sectors such as aerospace, marine, defence, oil and gas, mining and general manufacturing which vary from high-end aerospace parts to general engineering, with the value proposition being significant in the case of larger scale industrial grade and complex parts.



Figure: Operator using AML3D's WAM® technology at the Adelaide Contract Manufacturing Centre.

In conjunction with its WAM® technology, AML3D has developed its own proprietary software, WAMSoft®, which combines metallurgical science and engineering design to automate the 3D printing process utilising advanced robotics technology. The WAMSoft® software enables a highly tailored approach to the needs of each client by enabling different pathways and welding operations for different products and materials. Depending on material type, thickness of part, geometry and final size, the software identifies optimal path models using an extensive library of weld bead geometries. This information is combined with CAD “slicing” and build path models to create a unique robotic code which then combines robot and welding hardware that has the ability to build parts with accuracy of +/- 0.5mm.

8.3 Intellectual Property

Although AML3D owns the intellectual property in WAM® and WAMSoft®, its patent applications in relation to WAM® are still at the examination stage. Additionally, patent protection is often difficult to obtain for software. AML3D strives to protect its intellectual property rights through common law protections for trade secrets and copyright. AML3D has policies and procedures to address these matters, including appropriate contractual provisions regarding intellectual property rights and confidentiality for employees and third parties. Refer to the IP Report in Annexure A for further details on the Company's patent and trademark applications and registrations.

8.4 History of the Business

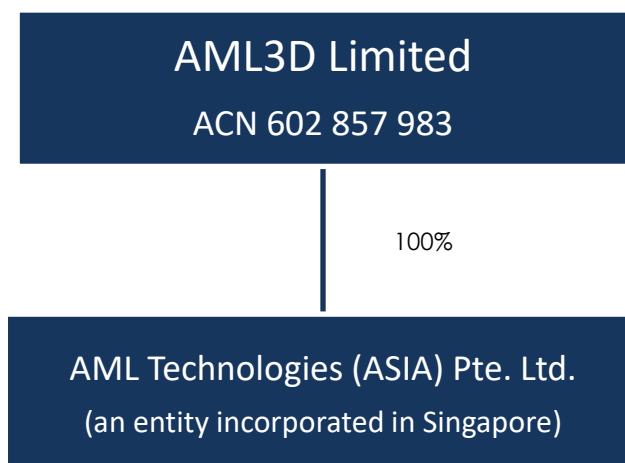
AML3D was incorporated on 14 November 2014, to research, develop and commercialise wire arc additive manufacturing processes for commercial use with a range of different metals.

The Company's development was supported by a Commonwealth Government Accelerating Commercialisation grant of \$495,000 awarded in June 2017, to assist

with the establishment of an operational and sustainable contract service bureau which offers the full spectrum of services from design optimisation to post delivery services, including product testing and evaluation. The grant also provided funding to enable the Company to conduct trials to demonstrate the application of its WAM® process including its proprietary WAMSoft® software in the aerospace and defence industries.

The Company established a Singaporean wholly owned subsidiary, AML Technologies (Asia) Pte Ltd, in February 2019. This company has yet to commence trading.

The Company's corporate structure is set out below:



Adelaide Contract Manufacturing Centre

On 10 July 2017, the Company established its initial operations in Adelaide, signing a 2-year lease (with two options to renew for a further two years each) on a 345m² office and manufacturing facility (the **Adelaide Contract Manufacturing Centre**) in Salisbury South to accommodate the Company's equipment and staff.

In January 2018, AML3D commissioned its first commercial 3D printing machine at the Adelaide Contract Manufacturing Centre and completed its first commercially funded contract in March 2018, printing a part for defence application on jet engine trials.

The Adelaide Contract Manufacturing Centre now consists of two production cells, secure wire storage facilities and an office for DfAM CAD design optimization service and administration.

Industry Trials

The Company has conducted multiple trials in order to demonstrate the application of metallic parts and components made using its WAM® process including its proprietary WAMSoft® software, in the aerospace, marine, oil and gas and shipping sectors. These trials have resulted in the entry into commercial agreements (in the form of purchase orders for paid trial parts), which are anticipated to provide further opportunities for the Company.

Lloyds Register Qualification

On 2 August 2018, AML3D's Adelaide Contract Manufacturing Centre received an "Additive Manufacturing Facility Qualification" from Lloyds Register International for the certification of metallic parts made by additive

manufacturing, becoming the first wire arc manufacturing facility globally to achieve this qualification. Further details of this qualification, together with other certifications held by the Company are set out in Section 8.7.1.

8.5 Key Features of the Business Model

AML3D's core business model involves securing contract manufacturing orders from end users in the defence, maritime, aerospace and general manufacturing sectors. Currently, AML3D's revenue model includes contract manufacturing services which are provided through its Adelaide Contract Manufacturing Centre.

Following completion of the Offer, AML3D intends to expand its revenue model through:

- (a) establishing a Contract Manufacturing Centre in Singapore; and
- (b) expanding its Adelaide based sales and distribution network for the Company's Arcemy® 3D printing modules (together with the provision of related engineering design and support services and the provision of wire feedstock).

The components of AML3D's business model are summarised in further detail below:

(a) Contract Manufacturing Services

AML3D's Adelaide Contract Manufacturing Centre has received ISO 9001 certification and became the first wire arc manufacturing facility globally to receive an "Additive Manufacturing Facility Qualification" from Lloyds Register. As the Company expands its manufacturing footprint, site-based approval processes will be required to ensure these certifications are retained. Further details on these certifications are set out in Section 8.7.1.

AML3D's priority markets, in respect of the provision of contract manufacturing services include the marine, aerospace, defence, mining and oil and gas sectors. Through the provision of contract manufacturing services, AML3D is able to manufacture components including, but not limited to, those listed in the table below.

Target Market	
Marine	Shafts, propellers, housings, short-term replacement items, valve parts, pump casings, bulkhead structures, galley and bearing components.
Mining, Oil & Gas	Mining hardware such as bucket teeth and edges, replacement of cast and forged components for underground and drilling equipment, valves and connectors, and in-situ repairs.
Defence & Aerospace	Seat frames, cabin frames, shields, connectors, brackets, cargo frame structures, bulkheads and support frames.
General Manufacturing	Machine tool dies, rail rolling stock, wheels and wear components, pump castings and impellers, shafts, valves, food machinery components and farm equipment parts (both original and replacement).

Fees vary based on the type of metal wire required at a price per kilo basis with a margin (for staff time, overheads and equipment

amortisation) and estimated build time based on review of the CAD data and complexity.

For some items, it is anticipated that the Company's investment in integrated machining will allow additional value accretion by enabling the Company to provide manufactured products for immediate use by as opposed to a 'near form' product that requires final detail work.



Figure: Panama Chock printed from medium strength carbon steel using AML3D's proprietary WAM® process. Traditionally these components are cast from low strength cast steel. The WAM® printed medium strength carbon steel version offers more than 1 ½ times more strength than the cast version. The WAM® printed version provides the opportunity to redesign a reduced wall thickness, providing up to 30% weight reduction without compromising the in-service loads of 250 tons (1,400 kgs, reduced to 950 kgs).

(b) Establishment of Additional Contract Manufacturing Centres

The Company is now seeking to increase its production capability and systems to capture major opportunities in Australia and Singapore through the relocation and expansion of the Adelaide Contract Manufacturing Centre and the establishment of a Singapore Contract Manufacturing Centre.

These Contract Manufacturing Centres will contain robotic, software driven WAM® 3D production cells. The Arcemy® printing modules will also be manufactured at each of the Contract Manufacturing Centres.

Adelaide Contract Manufacturing Centre

Following completion of the Offer, the Company intends to relocate and expand the Adelaide Contract Manufacturing Centre. This will provide AML3D with greater capability to engage with global companies. The new Adelaide Contract Manufacturing Centre will comprise of robotic, software driven WAM® 3D production cells plus finishing machinery to ensure the Company has the capacity to provide full-service finishing capability. In addition, the Company will have the capability to manufacture Arcemy® printing modules at the new Adelaide Contract Manufacturing Centre.

The Company is in discussions with a potential lessor in relation to the proposed premises for the relocated and expanded Adelaide Contract Manufacturing Centre, but no lease agreement has been entered into at this stage. The Company expects to finalise a lease over new premises and commission the relocated Adelaide Contract Manufacturing Centre within six months following admission of the Company to the Official List.

Should there be any delay in securing a premises lease, the Company is able to move to a 24 hour production cycle at the existing Adelaide Contract Manufacturing Centre to meet capacity demands pending the relocation and expansion of the Adelaide Contract Manufacturing Centre.

Singapore Contract Manufacturing Centre

Following completion of the Offer, the Company intends to establish a Singapore Contract Manufacturing Centre in order to provide a rapid response to customers located within the Asia-Pacific region.

The establishment of the Singapore Contract Manufacturing Centre will involve purchase, installation and commissioning of core equipment (welding rotator machines, robotics, machining equipment together with CAD software and appropriate quality management systems) and include the provision of training and subsequent supply of metal materials.

The Company has begun the search for a suitable site for the Singapore Contract Manufacturing Centre and is in the process of engaging with leasing agents to secure a lease over a suitable site following completion of the Offer. There are a number of suitable sites available for lease, as a result the Company expects to finalise a lease over new premises and commission the Singapore Contract Manufacturing Centre within six months following admission of the Company to the Official List.

Should there be any delay in securing a premises lease, the Company:

- (i) will seek to meet capacity demands for contract manufacturing in Singapore by utilising the ST Engineering demonstration model Arcemy® unit (see below for further details) and any excess capacity at the Adelaide Contract Manufacturing Centre; and
- (ii) may utilise some of the funds allocated for establishing the Singapore Contract Manufacturing Centre, and manufacturing Arcemy® printing modules there, to the Adelaide Contract Manufacturing Centre as the components required to build production cells for the Singapore Contract Manufacturing Centre can be utilised in the manufacture of Arcemy® printing modules in Adelaide.

(c) **Arcemy® 3D Printing Modules**

Following completion of the Offer, the Company intends to expand its business model to include the sale or hire of full-service mobile 3D printing modules.

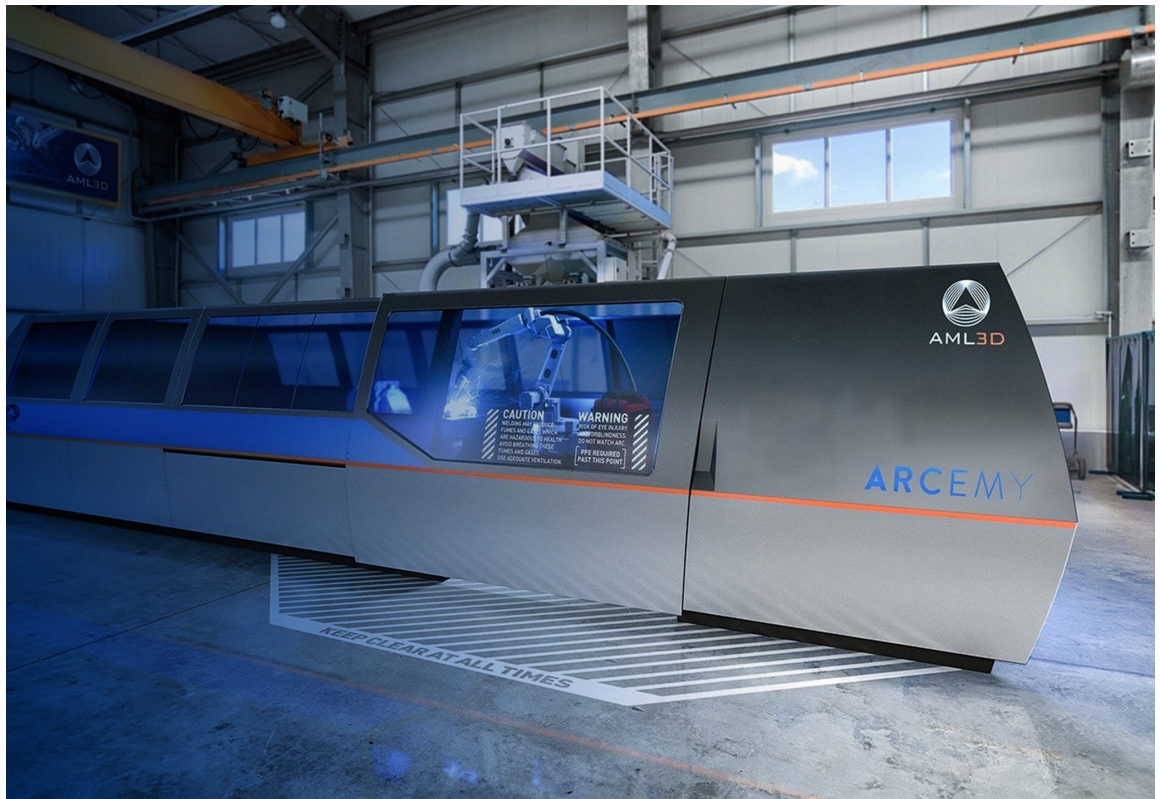


Figure: Computer generated drawing of proposed design of the Arcemy® printing module.

AML3D has designed a portable wire arc additive manufacturing printing module which can produce components at the same capacity and specification as the printing modules which are currently located at the Adelaide Contract Manufacturing Centre. These printing modules (trademarked as Arcemy®) will offer fast, flexible and inexpensive parts manufacture and will be sold as a complete system together with annual licensing and technical support services. Accordingly, sales of the Arcemy® printing modules are expected to create further revenue streams through annual licensing fees, training fees and the ongoing supply of wire feedstock consumables.

The Arcemy® printing modules will be marketed to companies operating within the defence, marine, mining and oil and gas sectors which are looking to establish in-house wire arc additive manufacturing capability, including companies who are operating in remote locations. The Company anticipates that the acquisition of an Arcemy® printing module will enable such companies to reduce operating losses resulting from component breakdown, whilst replacement parts are sought.

As part of the Company's offering to clients who purchase an Arcemy® printing module, the Company will assist the client in developing the necessary systems and processes to obtain their own Lloyds Register certification (if required) leveraging off the Company's experiences and intellectual property in obtaining its own certification. Refer to Section 8.7.1(a) for further information on this certification.

AML3D is seeking to appoint specialist consulting firms, including in-country engineering firms, to assist with sales and marketing of the Arcemy® printing modules to the marine, mining, oil and gas, defence and aerospace sectors outside of Australia. These firms will be paid on a successful commission basis.

The Company has entered into a “rent to buy” agreement with ST Engineering, for delivery of its first Arcemy® printing module. ST Engineering is a global technology, defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors. The agreement is to deliver an Arcemy® printing module in Singapore. AML3D has retained the right to utilise this Arcemy® printing module for 50% of the time, initially for use as a demonstration model for potential customers. See Section 12.4.1 for further details of this agreement.

(d) **Integrated Machining**

AML3D is seeking to enhance the commercial application of its WAM® technology with integrated CNC Machining options. Integrated machining will be contained in the same working area of an Arcemy® unit or a production cell, and works simultaneously under the same WAMSoft® software. This will provide additional value accretion by enabling AML3D to provide manufactured products for immediate use by as opposed to a ‘near form’ product that requires final detail work.

8.6 Growth Strategy

The Company has generated limited revenue from customer sales to date. The Company has made a loss in each of the past three financial years while it has been in the development and commercialisation stages for its technology.

AML3D’s strategy is focused on growing market share in wire arc additive manufacturing. The Directors believe the Company is well positioned to execute identified growth and expansion initiatives in its priority markets (as set out in Section 8.5), supporting a drive for increased market share and uplift in revenue and earnings.

The Company’s growth strategy involves:

- (a) pursuing business opportunities globally, focusing initially on customers and industry partnerships in high margin industries such as the marine and defence sectors. This will include leverage of the Company’s existing relationship with Lloyds Register and its membership of the Defence Teaming Centre;
- (b) expanding its contract manufacturing customer base to drive long-term repeat contracting revenue. This model is scalable, cost effective and provides significant automation and time to market advantages. The growth will be underpinned by hiring of additional workshop and business development staff and purchasing of auxiliary post-finishing equipment, which will enable the Company to complete end-to-end solutions to customers;
- (c) capitalising on its first mover advantage by establishing the Singapore Contract Manufacturing Centre to provide the Company with greater exposure to the maritime service industries of Singapore and enable it to

compete for contracts in South-East Asia with significantly reduced lead times;

- (d) capitalising on credibility built from its contract manufacturing services to effect sales of Arcemy® printing modules to customers looking to establish in-house 3D printing capabilities either for stationary or remote area mobile applications. This is also expected to drive annual software licencing, service and maintenance and wire feedstock maintenance agreements;
- (e) investment in sales and marketing; and
- (f) research and development of new products and processes. This will focus on the application of new alloys and exotic metals to the WAM® technology, enhancing software to incorporate machining capabilities, and robotic and finishing equipment development. This will continue to build on the databank of metals held within the WAMSoft® production library.

8.7 Competitive Advantages

8.7.1 Global Certification and First Mover Advantage

AML3D's Adelaide Contract Manufacturing Centre has received ISO 9001 certification and became the first wire arc manufacturing facility globally to receive an "Additive Manufacturing Facility Qualification" from Lloyds Register. As the Company expands its manufacturing footprint, site-based approval processes will be required to ensure these certifications are retained. Further details on these certifications are set out below.

(a) Lloyds Register



As noted above, AML3D achieved the "Additive Manufacturing Facility Qualification" from Lloyds Register on 2 August 2018. By selecting a pre-certified manufacturer such as AML3D, customers can reduce the cost and lead times involved in the certification of parts for marine use.

Accreditation by Lloyds Register is based on ongoing compliance with a standard audit occurring on an annual basis. AML3D's current accreditation is valid until August 2021, when renewal will be sought. The accreditation has assisted in the generation of leads with large marine companies and is expected to provide a competitive advantage to AML3D in the international marine sector.

The Company's current certification applies to the first production cell which was commissioned at the Company's Adelaide Contract Manufacturing Centre. The Company expects the audit process to finalise certification for the Company's second production cell at the Company's Adelaide Contract Manufacturing Centre to be completed in the first quarter of 2020.

As part of the Company's offering to clients who purchase an Arcemy® printing module, the Company will assist the client in developing the necessary systems and processes to obtain their own Lloyds Register certification (if required) leveraging off the Company's experiences and intellectual property in obtaining its own certification.

(b) **ISO 9001**

AML3D has been certified as compliant with ISO 9001 (the international standard that specifies requirements for a quality management system). This certification demonstrates AML3D's ability to consistently provide products and services that meet customer and regulatory requirements.



(c) **American Welding Society**



AML3D complies with the globally accepted American Welding Society Standard that articulates specifications for fabrication of metal components using additive manufacturing. In compliance with this standard, AML3D issues certificates of compliance to its customers in relation to manufactured parts.

8.7.2 Intellectual Property

AML3D has proprietary software designed to optimise processes and outcomes across a variety of metals and shapes. The WAMSoft® software has been developed in house over recent years and enables a highly tailored approach to the needs of each client by enabling different pathways and welding operations for different products and materials, parts thickness, weld bead, and enables this information to be combined with CAD slicing and build path models to create a unique robotic code.

8.7.3 Experienced Management Team

AML3D has retained an experienced team of engineers and technicians with experience in robotics, metallurgy, welding and software. Further details of the experience and qualifications of the AML3D management team are set out in Section 10.1.

8.7.4 Advanced Customer and Industry Relationships

AML3D has developed strong relationships with several companies through, amongst other things, conducting trials to demonstrate the operation of the WAM® technology. In addition, the Company has an existing relationship with Lloyds Register and is a member of the Defence Teaming Centre. The Company expects that these relationships will lead to future business opportunities.

8.8 Dependencies

Implementation of the business model is dependent upon the following:

- (a) market awareness and industry education on the value proposition in terms of time, cost and flexibility of wire arc additive manufacturing technology, which will drive demand for the Company's WAM® technology.
- (b) favourable outcomes from a number of customer trials;
- (c) the ability to continually protect the Company's existing intellectual property rights in its software and processes and the capacity to continue development of new intellectual property around the application of new materials;

- (d) retaining and maintaining the Company's existing specialised workforce and recruiting additional key personnel with expertise in robotics, software development, welding and metallurgy;
- (e) developing and maintaining national and international sales, distribution channels and partnerships;
- (f) successful completion of the Offer and access to capital to fund the Company's value proposition facilitated by research and development and securing new customer contracts; and
- (g) maintenance of its existing certifications and successfully applying for new certifications (as summarised in Section 8.7.1).

9. FINANCIAL OVERVIEW

9.1 Introduction

The financial information set out in this Section includes the following:

- (a) summary historical statement of profit or loss and other comprehensive income for AML3D for FY2017, FY2018 and FY2019 (Section 9.3);
- (b) summary historical statements of cash flows for AML3D for FY2017, FY2018 and FY2019 (Section 9.5);
- (c) summary historical statement of financial position for AML3D as at the end of each of FY2017, FY2018 and FY2019 (Section 9.6),

(together, the **Historical Financial Information**); and

- (d) a pro forma statement of financial position of AML3D at 30 June 2019 and supporting notes which includes the pro forma transactions, material subsequent events and capital raising (Section 9.7) (the **Pro Forma Financial Information**).

The Historical and Pro Forma Financial Information should be read together with the other information contained in this Prospectus, including:

- (a) management's discussion & analysis set out in this Section;
- (b) the risk factors described in Section 11;
- (c) the Investigating Accountant's Report on the Historical and Pro Forma Financial Information set out in Annexure B of the Prospectus; and
- (d) the other information contained in this Prospectus.

AML3D's financial performance across this period includes losses of \$352,496, \$50,301 and \$680,836 for FY2017, FY2018 and FY2019 respectively. During that period, AML3D was developing and commercialising its technology with limited revenue generation.

During the period of 6 months ended 31 December 2019, the Company generated \$117,392 of sales revenue (based on the Company's unaudited management accounts for that period).

The Company had a negative equity position as at 30 June 2019, with net assets equal to -\$113,666. The Company's liabilities will be substantially reduced on completion of the Offer when the outstanding Converting Loans are converted into Shares (refer to Sections 6.9 and 12.3 for further details).

Investors should note that historical results are not a guarantee of future performance.

9.2 Basis of preparation of the Historical and Pro Forma Financial Information

9.2.1 Background

The Historical Financial Information included in this Section has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and Interpretations adopted by the Australian Accounting

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

Future consolidated general purpose financial statements of AML3D Limited will be prepared in accordance with the Corporations Act, Australian Accounting Standards and the authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with IFRS as issued by the International Accounting Standards Board.

AML3D's historical financial performance has been audited by William Buck for FY2017, FY2018 and FY2019, and the findings were as follows:

William Buck issued unmodified opinions (with emphasis) in relation to the audit of AML3D for the Financial Statements for FY2018 and FY2019. William Buck issued a qualified opinion together with emphasis in relation to the audit of AML3D for the Financial Statements for FY2017. Below is a summary of the matters emphasised and basis for which the qualified opinion (modified opinion) was issued.

9.2.2 Emphasis of matters

(a) Basis of accounting

The financial reports for FY2017, FY2018 and FY2019 were prepared for the purpose of fulfilling the directors' financial responsibilities under the Corporations Act. The statements were prepared as special purpose financial statements. As a result, the financial reports may not be suitable for another purpose.

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements that are mandatory under the Australian Accounting Standards applicable to entities reporting under the Corporations Act.

(b) Material uncertainty related to going concern

A material uncertainty paragraph in respect of the going concern assumption of AML3D was included in the auditor's report for FY2017, FY2018 and FY2019. These determinations were made based upon references to prior year losses and the Company's total liabilities exceeding total assets in FY2017 and FY2019.

Notwithstanding the above, in the Investigating Accountant's Report, William Buck Corporate Advisory Services (SA) Pty Ltd has confirmed that it is satisfied that the capital proposed to be raised by AML3D under the offer is sufficient to remove this material uncertainty relating to the going concern.

9.2.3 Basis for qualified opinion

Opening balances and comparative information

The financial report for the year ended 30 June 2016 (FY2016) forms the opening balance for FY2017 and was not audited. Since opening balances enter into the determination of future financial performance and future cash flows, William Buck

was unable to determine whether any adjustments might have been necessary in respect of the income and expenditure amounts reported in the statement of profit or loss and other comprehensive income and the net cash flows as reported in the statement of cash flows for FY2016 and FY2017.

9.2.4 Further Information

AML3D was incorporated on 14 November 2014 and converted to an Australian public company on 5 December 2019.

The Directors are responsible for the inclusion of all financial information in this Prospectus. Investors should note that historical financial performance is not a guide for future financial performance.

The Historical and Pro Forma Financial Information has been reviewed by William Buck Corporate Advisory Services (SA) Pty Ltd, whose Investigating Accountant's Report is contained in Annexure B of the Prospectus. Investors should note the scope and limitations of that report. The information in this Section should also be read in conjunction with the risk factors set out in Section 11 and other information contained in this Prospectus.

All amounts disclosed in this Section are presented in Australian Dollars unless otherwise noted.

9.3 Summary historical statement of profit or loss and other comprehensive income

The table below presents the summary historical statement of profit or loss and other comprehensive income for FY2017, FY2018 and FY2019.

	Audited FY2019 \$	Audited FY2018 \$	Audited FY2017 \$
Revenue	36,057	4,065	-
Cost of sales	(17,307)	(9,275)	-
Gross profit/(loss)	18,750	(5,210)	-
Other income	421,205	406,802	23,040
Amortisation of intangible assets	(10,885)	(7,033)	(37,010)
Depreciation of property, plant and equipment	(73,985)	(16,970)	-
Employee benefits expense	(356,959)	(100,689)	-
Share based payment expenses	-	-	(300,000)
Other expenses	(88,239)	(55,022)	(6,442)
Professional fees	(370,287)	(189,068)	(30,225)
Rent and outgoings	(35,176)	(24,740)	-
Travel and accommodation	(77,006)	(12,078)	(1,859)
Workshop expenses	(108,254)	(46,293)	-
Loss before income tax	(680,836)	(50,301)	(352,496)
Income tax expense	-	-	-
Other comprehensive income	-	-	-
Total comprehensive loss for the year	(680,836)	(50,301)	(352,496)

The above historical financial information has been derived from the audited financial statements of AML3D Limited for FY2017, FY2018 and FY2019, which were audited by William Buck. William Buck issued unmodified audit opinions (with emphasis) for FY2018 and FY2019. William Buck issued a qualified audit opinion for FY2017.

This statement should be read with the accompanying notes in Section 9.8.

9.4 Management discussion and analysis of the historical financial performance and key operating metrics

AML3D's financial performance across this period includes losses of \$352,496, \$50,301 and \$680,836 for FY2017, FY2018 and FY2019 respectively. During that period, AML3D was developing and commercialising its technology with limited revenue generation.

Below is a discussion of the main factors which affected the operations and relative financial performance for FY2017, FY2018 and FY2019. The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected the Company's historical financial performance, nor everything which may affect the Company's financial performance in the future.

(a) Revenue

The Company has generated limited revenue from customer sales to date. The Company has made a loss in each of the past three financial years while it has been in the development and commercialisation stages for its technology.

Historically revenue has been through sales of 3D printed metal objects. AML3D operates primarily in Australia but revenue recorded also includes sales to customers in Singapore, South East Asia and Europe.

(b) Cost of sales

Refers to the direct costs associated with the revenue earned and includes direct labour, materials and other consumables directly related to the production of parts.

(c) Gross profit

Is revenue less cost of sales.

(d) Other income

Is made up of Research & Development Tax Incentive payments received or accrued and Accelerating Commercialisation grant income received or accrued.

(e) Amortisation of intangible assets

Expense for the amortisation of software patents and other intangible assets.

(f) Depreciation of property, plant and equipment

Depreciation of plant and equipment over their useful lives.

(g) **Employee benefits expense**

Includes wages and on-costs (superannuation, work cover, leave provisions) for employees of the business.

(h) **Share based payment expenses**

Shares issued to employees in consideration for services provided.

(i) **Other Expenses**

Refers to general company overheads including consulting fees, insurance costs, telephone expenses, and accounting and financial control costs.

(j) **Professional Fees**

Accountants, lawyers and corporate advisors engaged inter alia for ASX listing purposes, audit and intellectual property matters.

(k) **Rent**

For premises from which AML3D conducts its business.

(l) **Travel and accommodation**

Costs related to travel and accommodation for employees and directors to attend trade shows and meetings with customers, suppliers and research partners.

(m) **Workshop Expenses**

General costs of running the workshop

AML3D's intended use of funds (as detailed in Section 6.6) will result in a change to the revenue and cost base of the business as AML3D seeks to achieve its long term growth ambitions (as detailed in Section 8.6). Additional costs have the potential to impact short term profitability. However, AML3D intends to incur these additional costs in order to allow AML3D to achieve its potential as a business and its targeted revenue growth.

9.5 Summary historical statement of Cash Flows

The table below presents the summary historical statement of cash flows for FY2017, FY2018 and FY2019.

	Audited	Audited	Audited
	FY2019	FY2018	FY2017
	\$	\$	\$
Cash flows from operating activities			
Receipts from customers	39,663	4,472	-
Receipts from Government Grants	153,720	315,955	31,954
Payments to suppliers and employees	(985,285)	(417,241)	(22,116)
Interest received	759	-	-
Receipt from R&D Claim	103,288	-	-

	Audited	Audited	Audited
	FY2019	FY2018	FY2017
	\$	\$	\$
Net cash used in operating activities	(687,855)	(96,814)	9,838
Cash flows from investing activities			
Purchase of property, plant and equipment	(200,711)	(198,313)	(2,955)
Purchase of other intangible assets	(18,848)	(34,909)	-
Net cash used in investing activities	(219,559)	(233,222)	(2,955)
Cash flows from financing activities			
Net proceeds from issue of Shares	87,025	666,105	9,600
Net proceeds from Converting Loan raising	1,726,000	-	-
Proceeds from borrowings	-	42,723	8,861
Repayment of borrowings	(151,638)	-	-
Net cash from financing activities	1,661,387	708,828	18,461
Net increase in cash and cash equivalents	753,973	378,792	25,344
Cash and cash equivalents at the beginning of year	404,136	25,344	-
Cash and cash equivalents at end of year	1,158,109	404,136	25,344

The above historical financial information has been derived from the audited financial statements of AML3D Limited for FY2017, FY2018 and FY2019, which were audited by William Buck. William Buck issued unmodified audit opinions (with emphasis) for FY2018 and FY2019. William Buck issued a qualified audit opinion for FY2017.

This statement should be read with the accompanying notes in Section 9.8.

9.5.1 **Management discussion and analysis of the summary historical statement of cash flows.**

(a) **Operating cash flows**

AML3D has historically generated the majority of its incoming cash flow from Research & Development Tax Incentives and Accelerating Commercialisation Grants, with a small but growing trading income. AML3D has operated with negative operating cash flow due to the start-up nature of the business.

(b) **Investing cash flows**

Investment in plant and equipment mostly comprised of robotic and welding equipment, along with associated software and office equipment.

(c) **Financing cash flows**

In FY2018 and FY2019, significant fundraising was undertaken through the issue of new share capital as well as entry into the Converting Loan Agreements.

9.6 Summary historical statement of financial position

The table below presents the summary historical statement of financial position as at the ends of FY2017, FY2018 and FY2019.

	Audited	Audited	Audited
	FY2019	FY2018	FY2017
	\$	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1,158,109	404,136	25,344
Trade and other receivables	306,415	119,613	43
Other assets	2,225	2,225	-
TOTAL CURRENT ASSETS	1,466,749	525,974	25,387
NON-CURRENT ASSETS			
Property, plant and equipment	308,069	181,343	-
Intangible assets	35,839	27,876	-
TOTAL NON-CURRENT ASSETS	343,908	209,219	-
TOTAL ASSETS	1,810,657	735,193	25,387
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	145,740	61,718	18,200
Borrowings – Converting Loans	1,726,000	-	-
Borrowings - Other	33,931	185,569	142,846
Employee benefits	18,652	7,761	-
TOTAL CURRENT LIABILITIES	1,924,323	255,048	161,046
NON-CURRENT LIABILITIES			
Borrowings	-	-	-
TOTAL NON-CURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	1,924,323	255,048	161,046
NET (LIABILITIES)/ASSETS	(113,666)	480,145	(135,659)
EQUITY			
Share capital	1,063,130	976,105	310,000
Retained earnings	(1,176,796)	(495,960)	(445,659)
TOTAL EQUITY	(113,666)	480,145	(135,659)

The above historical financial information has been derived from the audited financial statements of AML3D Limited for FY2017, FY2018 and FY2019, which were audited by William Buck. William Buck issued unmodified audit opinions (with emphasis) for FY2018 and FY2019. William Buck issued a qualified audit opinion for FY2017.

This statement should be read with the accompanying notes in Section 9.8.

9.7 Pro Forma statement of financial position

The table below sets out the audited historical statement of financial position of AML3D Limited as at 30 June 2019, subsequent events impacting equity and the pro forma adjustments that have been made to it (further described below). It therefore shows the resultant pro forma statement of financial position as at 30 June 2019.

The pro forma statement of financial position is provided for illustrative purposes only and is not represented as being necessarily indicative of AML3D Limited's view of its future financial position.

	Audited			
	AML3D Limited FY2019 \$	Subsequent Events \$	Pro Forma Adjustments \$	Pro Forma \$
CURRENT ASSETS				
Cash and cash equivalents	1,158,109	1,879,855	7,900,000	10,937,964
Trade and other receivables	306,415	-	-	306,415
Other assets	2,225	-	-	2,225
TOTAL CURRENT ASSETS	1,466,749	1,879,855	7,900,000	11,246,604
NON-CURRENT ASSETS				
Property, plant and equipment	308,069	-	-	308,069
Intangible assets	35,839	-	-	35,839
TOTAL NON-CURRENT ASSETS	343,908	-	-	343,908
TOTAL ASSETS	1,810,657	1,879,855	7,900,000	11,590,512
LIABILITIES				
Trade and other payables	145,740	-	-	145,740
Borrowings – Converting Loans	1,726,000	(1,215,000)	(511,000)	-
Borrowings other	33,931	-	-	33,931
Employee benefits	18,652	-	-	18,652
TOTAL CURRENT LIABILITIES	1,924,323	(1,215,000)	(511,000)	198,323
TOTAL LIABILITIES	1,924,323	(1,215,000)	(511,000)	198,323
NET ASSETS/(LIABILITIES)	(113,666)	3,094,855	8,411,000	11,392,189
EQUITY				
Share capital	1,063,130	3,388,631	8,721,200	13,172,961
Retained earnings	(1,176,796)	(930,883)	(346,058)	(2,453,737)
Share Options reserve	-	637,107	35,858	672,965

Audited				
	AML3D Limited FY2019 \$	Subsequent Events \$	Pro Forma Adjustments \$	Pro Forma \$
TOTAL EQUITY/(DEFICIENCY)	(113,666)	3,094,855	8,411,000	11,392,189

Subsequent events and Pro Forma Adjustments

Subsequent to 30 June 2019, events have occurred which have changed the Shares and Options on issue. These changes have been reflected in the pro forma statement of financial position. These transactions are detailed in Section 9.7.1.

With the exception of the subsequent events and pro forma transactions noted below no other material transactions have occurred between 30 June 2019 and the date of this Prospectus which the Directors consider require disclosure.

This prospectus contemplates transactions subsequent to 30 June 2019 which are to take place on or before the completion of the offer. These transactions are reflected in the pro forma statement of financial position as "Pro forma adjustments" and are explained in Section 9.7.2.

9.7.1 Subsequent Events

(a) Issue of Shares and Options to suppliers

The Company issued 2,750,000 Shares at an issue price of \$0.10 per Share to suppliers on 30 July 2019 in consideration for services rendered. At the same time, 2,000,000 Options were also issued as part of the consideration and are exercisable at \$0.30 each within a four year period from the date of issue.

Utilising the Black Scholes model the Options have a fair value of \$0.025 per option totalling \$49,474. The fair value of the Options issued has been recognised as a share based payment in accordance with AASB 2 "Share Based Payments".

(b) Issue of Options to Directors and officers

The issue of 7,500,000 new Options to the Directors which are exercisable at \$0.30 on or before five years from date of issue. The allocation of new Options to the Directors and officers is as follows:

Directors and Officers	Number of Options
Stephen Gerlach	2,500,000
Sean Ebert	2,000,000
Leonard Piro	2,000,000
Kevin Reid	500,000
Christine Manuel (Company Secretary)	500,000
Total	7,500,000

Utilising the Black Scholes model, the Options have a fair value of \$0.06 per option totalling \$451,409. The fair value of the Options issued has been

recognised as a share based payment in accordance with AASB 2 "Share Based Payments".

(c) **Pre-IPO Capital Raising**

In December 2019, AML3D raised \$1,999,855 at \$0.15 per Share with an attaching 1 for 2 Option, less costs of \$120,000 for a net cash inflow of \$1,879,855. The number of Shares issued was 13,332,367 with 6,666,179 attaching Options exercisable at \$0.30 each on or before 30 June 2021.

Utilising the Black Scholes model, the Options have a fair value of \$0.02 per Option totalling \$136,224. These are a deemed cost of the capital raise that have been offset against contributed equity.

Offer costs of the pre-IPO capital raising total \$120,000 (exclusive of GST) for broker commissions. This cost is directly related to the pre-IPO capital raising and has been offset against contributed equity.

(d) **Issue of Shares to Directors**

Shares have been issued to two Directors for provision of services to the Company. Leonard Piro has received 700,000 Shares at \$0.15 per Share (\$105,000) and Sean Ebert has received 250,000 Shares at \$0.20 per Share (\$50,000). The fair value of the Shares issued has been recognised as a share based payment in accordance with AASB 2 "Share Based Payments", for a total of \$155,000.

(e) **Conversion of Converting Loans**

Conversion of \$1,215,000 of Converting Loans to 12,150,000 Shares in the period up to and including December 2019.

(f) **Shares reconstruction (share split)**

The number of Shares on issue was split on 29 July 2019 at a ratio of 4.2348 Shares to 1 Share.

9.7.2 Pro forma transactions

(a) **Conversion of Converting Loans**

Conversion of \$511,000 of Converting Loans to 5,110,000 Shares at the date of listing.

(b) **The Offer**

The issue of 45,000,000 Shares at an issue price of \$0.20 per Share, amounting to \$9 million under the Offer.

(c) **Offer costs**

Total expenses associated with the Offer (including broking, legal, accounting and administrative fees as well as printing, advertising and other expenses) are estimated to be \$1.1m (exclusive of GST) under the Offer. Those costs which directly related to the issue of new shares totalled \$789,800 have been offset against contributed equity, while the remaining costs totalling \$310,200 have been expensed.

(d) **Issue of Shares to Corporate Advisors**

The issue of 900,000 Shares split equally between Foster Stockbroking (Lead Manager), and Adelaide Equity (Corporate Advisor) upon listing on the ASX, equal to an additional 1% each of the Shares issued under the offer of 45,000,000 Shares, at the issue price of \$0.20 per Share.

(e) **Issue of Options to a former advisor**

The issue of 1,000,000 Options to a former advisor as a facilitation and introduction fee in connection with the Converting Loan raising conducted by the Company. These Options will be exercisable at \$0.30 each on or before 30 June 2021.

Utilising the Black Scholes model, these Options have a fair value of \$0.036 per Option totalling \$35,858. These are a deemed cost of the Company that has been expensed against retained earnings.

9.7.3 Pro forma cash and cash equivalents

The reviewed pro forma Cash and Cash Equivalents has been set out below:

	Reference	Pro Forma \$
Audited cash and cash equivalents at 30 June 2019		1,158,109
Subsequent events		
Pre-IPO capital raising	9.7.1(c)	1,999,855
Payment of costs relating to the pre-IPO capital raising	9.7.1(c)	(120,000)
Pro forma transactions		
Proceeds from Shares issued under the Offer	9.7.2(b)	9,000,000
Payment of the costs relating to the Offer	9.7.2(c)	(1,100,000)
Pro forma cash and cash equivalents		10,937,964

9.7.4 Borrowings – Converting Loans

The reviewed pro forma Borrowings – Converting Loans has been set out below:

	Reference	Pro Forma \$
Borrowings – Converting Loans – as at 30 June 2019		1,726,000
Subsequent events		
Conversion of Converting Loans to equity	9.7.1(e)	(1,215,000)
Pro forma transactions:		
Conversion of Converting Loans to equity	9.7.2(a)	(511,000)
Pro forma Borrowings – Converting Loans		-

9.7.5 Share Capital

The reviewed pro forma Share Capital has been set out below:

	Reference	Pro forma \$	Issued shares No.
Audited share capital at 30 June 2019		1,063,130	12,320,250
Subsequent events:			
Shares reconstruction (share split)	9.7.1(f)	-	39,853,546
Shares issued pursuant to agreement	9.7.1(a)	275,000	2,750,000
Shares issued under the pre-IPO capital raising	9.7.1(c)	1,999,855	13,332,367
Less capital raising costs	9.7.1(c)	(120,000)	-
Shares Issued to Directors	9.7.1(d)	155,000	950,000
Shares issued on conversion of Converting Loans	9.7.1(e)	1,215,000	12,150,000
Options Issued as a cost of the pre-IPO capital raising	9.7.1(c)	(136,224)	-
Pro forma adjustments:			
Shares issued on conversion of Converting Loans	9.7.2(a)	511,000	5,110,000
Shares issued pursuant to the Offer	9.7.2(b)	9,000,000	45,000,000
Shares issued to Lead Manager	9.7.2(d)	90,000	450,000
Shares issued to Corporate Advisor	9.7.2(d)	90,000	450,000
Less capital raising costs paid in Shares	9.7.2(d)	(180,000)	-
Less capital raising costs paid in cash	9.7.2(c)	(789,800)	
Pro forma share capital		13,172,961	132,366,163

9.7.6 Share Options Reserve

The reviewed pro forma Share Options Reserve has been set out below:

	Reference	Number of Options issued	Pro Forma \$
Share Options Reserve as at 30 June 2019			-
Subsequent events:			
Options issued to Directors	9.7.1(b)	7,500,000	451,409
Options issued to suppliers	9.7.1(a)	2,000,000	49,474
Options Issued as a part of the Pre-IPO seed capital raise	9.7.1(c)	6,666,179	136,224
Pro forma transactions:			
Options issued to a former advisor	9.7.2(e)	1,000,000	35,858
Pro forma Share Options Reserve		17,166,179	672,965

9.7.7 Retained Earnings

The reviewed pro forma retained earnings have been set out below:

	Reference	Pro \$	Forma
Audited Retained Earnings as at 30 June 2019			(1,176,796)
Subsequent events:			
Options issued to Suppliers	9.7.1(a)		(49,474)
Shares issued to suppliers	9.7.1(a)		(275,000)
Options issued to Directors	9.7.1(b)		(451,409)
Issue of Shares to Directors	9.7.1(d)		(155,000)
Pro forma transactions:			
Offer costs expensed under the Offer	9.7.2(c)		(310,200)
Options issued to the former Corporate Advisor	9.7.2(e)		(35,858)
Pro forma Retained Earnings			(2,453,737)

9.8 Notes to and Forming Part of the Financial Information

The Financial Information comprises the financial statements of AML3D (the **Company**). The Financial information includes the financial statements of the Company for FY2017, FY2018 and FY2019. AML3D Ltd is a Company limited by shares, incorporated on 14 November 2014 and domiciled in Australia.

The Financial Information does not include AML3D's controlled entity, AML Technologies (Asia) Pte. Ltd, as this entity has not traded. AML Technologies (Asia) Pte. Ltd., a non-trading subsidiary of AML3D Ltd, is a Company limited by shares, incorporated on 21 February 2019 and domiciled in Singapore.

The Company prepares its financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The Financial Information is presented in Australian dollars which is the Company's presentation currency.

9.8.1 Basis of Preparation

The Financial Information for the Company has been derived from special purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Corporations Act.

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements that are mandatory under the Australian Accounting Standards applicable to entities reporting under the Corporations Act and the significant accounting policies disclosed below, which the Directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated.

9.8.2 Summary of Significant Accounting Policies

(a) **Going concern**

This financial report has been prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business and notwithstanding the following losses incurred and net asset deficiencies listed below:

- (i) Losses of \$352,496 for FY2017, \$50,301 for FY2018 and \$680,836 for FY2019;
- (ii) Deficiency in net assets of \$113,666 as at 30 June 2019.

This basis has been adopted based on the following:

- (i) As disclosed in Section 9.7.1(c), the Company completed a Pre-IPO seed raise in December 2019, which raised \$1,999,855.
- (ii) As disclosed in Section 9.7.1, the Company has issued further share capital to new and existing investors subsequent to the end of the reporting period which has improved the Company's working capital position. Upon listing on the ASX, the outstanding Converting Loans will be converted to Shares.
- (iii) The Company intends to list on the ASX in the 2020 financial year.

(b) **Revenue and other income**

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

- (i) Identify the contract with the customer;
- (ii) Identify the performance obligations;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue as and when control of the performance obligations is transferred.

The revenue recognition policies for the principal revenue streams of the Company are:

(i) **Sale of goods**

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when control of the goods are transferred and there is no longer any ownership or effective control over the goods.

All revenue is stated net of the amount of goods and services tax.

(ii) **Grant revenue**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

(iii) **Other income**

Income from the Research & Development (R&D) Tax Offset is recognised on an accruals basis in profit before tax once the Company is entitled to it.

(c) **Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) **Trade receivables**

Impairment of trade receivables has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

(f) **Plant and equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company commencing when the asset is ready for use.

(g) **Intangibles**

(i) **Patents and trademarks**

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

(ii) **Software**

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

(iii) **Amortisation**

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) **Financial liabilities**

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial Liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the Company comprise trade payables, loans and finance lease liabilities.

(i) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(j) **New accounting standards and Interpretations**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards.

9.9 Dividend Policy

The Board anticipates that significant expenditure will be incurred in the development of the business. These activities are expected to dominate at least,

the first two year periods following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

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. DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE

10.1 Directors and Key Management

10.1.1 Directors

Stephen Gerlach AM, LLB, FAICD
Chairman



Stephen is a company director and corporate advisor. He is Chancellor of Flinders University. He is also the Chairman of Adelaide Capital Partners Pty Ltd, Gerlach Asset Development Pty Ltd, Ebony Energy Ltd and a Director of Beston Global Foods Ltd and Beston Pacific Asset Management Pty Ltd.

He was formerly the Chairman of Santos Limited, Futuris Corporation Ltd (subsequently known as Elders Ltd), Equatorial Mining Ltd, Elders Australia Ltd, Challenger Listed Investments Limited, Amdel Ltd, and Penrice Ltd. He was also a Director of a number of other public companies including Southcorp Ltd, AMP Australia Ltd, Brunner Mond Holdings Ltd (UK) and Elders Rural Bank and a member of other public companies including companies located in the United Kingdom, United States of America and Chile.

Stephen was a partner of the Adelaide legal firm Finlaysons for 23 years and its Managing Partner from 1985 to 1991.

He has also been actively involved in a number of community and professional associations and is currently a Trustee of the Australian Cancer Research Foundation, a Director of The General Sir John Monash Scholarship Foundation, Chairman of the South Australian Cricket Association Nomination Committee and Chairman of The Psychosis Australia Trust.

He was the inaugural Chairman of Foodbank South Australia Inc from 1999 to 2014, and a Director of Foodbank Australia Ltd.

The Board considers that Mr Gerlach is an independent Director.

Andrew Sales MEng, MSc, CEng, CMatP
Managing Director



Andrew is a Chartered Engineer with a Master of Engineering and Master of Science and is a renowned expert in welding technology with over 27 years of global experience (Australia, Europe, South America, Africa and Asia). Andrew has held varying roles across upper management and senior leadership within the oil and gas, resources and mining sectors as well as advanced manufacturing, heavy engineering and fabrication.

He is also the author of numerous technical papers in the field of welding high strength corrosion resistant alloys. In addition to Science and Engineering qualifications at Masters level, he also holds a Diploma in Quality Management and Auditing. He is a Chartered Engineer through ECUK and TWI (UK), a professional member of Materials Australia holding a CMatP, and also sits on two Standards Australia committees including the newly

established committee for Additive Manufacturing.

Andrew founded AML Technologies in 2014 and has been Managing Director since that time.

The Board considers that Mr Sales is not an independent Director.

Sean Ebert, BEng Hons(Electrical), GAICD, MBA
Executive Director



Sean has 25 years of executive and board level experience across public and commercial sectors with particular experience within the engineering sectors of oil and gas, mining and resources and emerging technologies in Australia, Middle East, South America, US and Europe. Sean was previously the CEO of Beston Pacific Asset Management, Global Director M&A of WorleyParsons, CEO of Camms Pty Ltd and CEO Camms Profit Impact Pty Ltd.

The Board considers that Mr Ebert is not an independent Director.

Leonard Piro, BEc, DipCorpMgmt
Non-Executive Director



Leonard is the former Deputy Chief Executive of the SA Department of Trade and Economic Development, Executive Director Manufacturing and Chief Executive Automotive Industry Transformation Taskforce and Group Executive Director and Chairman of the Tonsley Re-development. Leonard has had exposure to manufacturing trends and strategies in Europe and the US.

The Board considers that Mr Piro is an independent Director.

Kevin Reid, FCA GAICD
Non-Executive Director



Kevin is a Chartered Accountant with 24 years' experience as a partner with PwC and BDO practicing as an assurance specialist. He has experience with a wide range of listed companies. He has been an independent accountant for initial public offers, capital raisings and acquisitions and has extensive commercial and corporate experience as a company director and professional practice board member. Kevin is Chair of Crosby Dalwood (Chartered Accountants), MPH Architects and deputy chair of Cando Group. Kevin is also a director of Meals on Wheels (South Australia) and the Maggie Beer Foundation. He is a member of the Audit & Risk committee for the Office of the National Rail Safety Regulator.

The Board considers that Mr Reid is an independent Director.

10.1.2 Key Management

Christine Manuel, BMus, GradDipACG, DipCD, DiplInvRel, FGIA, FCIS, MAICD, MAITD, AAIPM
Company Secretary

Christine is an experienced Company Secretary and corporate governance professional and has held Company Secretary and executive roles in a range of listed and unlisted entities over more than 20 years. Christine was formerly Company Secretary of Santos Group companies and People's Choice Credit Union and is currently Company Secretary of ASX listed Angel Seafood Holdings Ltd and Centrex Metals Ltd.

Christine holds postgraduate qualifications in Applied Corporate Governance and is a Chartered Secretary. She is Vice-President of the Board and past SA/NT State Council Chair of the Governance Institute of Australia. She regularly facilitates Governance Institute training courses.

Senior staff members include:

Benjamin Hodgson, MBA (Marketing), BBUS (Acc), GradDipBusAdmin, GradCertMktg
Chief Financial Officer

Benjamin Hodgson has significant experience as a CFO with Mastec Australia, along with senior finance roles in ASX listed companies such as Orora Limited (ORA.AX), and Spirit Telecom (ST1.AX). He also held a senior reporting role with Schneider Electric (SU.FR) covering Group Accounting Manager for Australia, as well as the Internal Controls Manager for Australia and New Zealand. Other significant roles include Financial Controller for Monde Nissin Australia (part of the global Monde Nissin Food Conglomerate), Catch Group (recently acquired by Wesfarmers) and RMIT. In these roles Ben has gained significant compliance and reporting experience for both internal and external stakeholders.

Dr Paul Colegrove, PhD (Cambridge University), CEng, SMWeldI
Engineering Technology Manager

After working for a number of years in the Australian steel industry and then as a consultant, Paul obtained a PhD from the University of Cambridge in 2004 on modelling of Friction Stir Welding. Following a short post-doctoral research post at the University of Cambridge, Paul became a lecturer and then Senior Lecturer at Cranfield University specialising in welding, wire arc additive manufacture and process modelling. Paul has managed a wide range of technical projects associated with deposition and stress distortion utilising wire arc additive technology.

Paul has over 90 publications most of which are in leading academic journals and has contributed to four book chapters. He also ran a Master of Science course on Welding Engineering at Cranfield University for 11 years, developing course material and teaching on all the modules and supervising a large number of student projects.

10.2 Disclosure of Interests

The following table shows the total (and proposed) annual remuneration paid to Directors and the relevant interests of Directors in Securities:

Director	Remuneration ¹	Shares ⁹	Options
Stephen Gerlach AM	\$60,000	133,334 ²	2,566,667 ^{2, 3}
Andrew Sales	\$220,000	39,701,250	Nil
Sean Ebert	\$40,000 ⁴	916,666 ⁵	2,333,333 ⁶
Leonard Piro	\$40,000	800,000	2,050,000 ⁷
Kevin Reid	\$40,000	33,334	516,667 ⁸

Note:

1. Excludes statutory superannuation.
2. Held by S Gerlach Pty Ltd
3. Comprising 2,500,000 Options exercisable at \$0.30 per Option on or before 4 December 2024 and 66,667 Options exercisable at \$0.30 per Option on or before 30 June 2021
4. Comprising Mr Ebert's Non-Executive Director Fees of \$40,000 set out in Section 10.3.3. This does not include consulting fees payable to Mr Ebert's consulting company under the Ebert Agreement referred to in Section 10.3.2 as this agreement will be coming to an end shortly after the admission of the Company to the Official List.
5. Comprising 666,666 Shares held by Dream Investments Pty Ltd (an entity controlled by Mr Ebert), and 250,000 Shares held by Ebert Industries Pty Ltd (an entity controlled by Mr Ebert) ATF Ebert Family Trust
6. Comprising 2,000,000 Options held by Sean Ebert exercisable at \$0.30 each on or before 4 December 2024 and 333,333 Options held by Dream Investments Pty Ltd (an entity controlled by Mr Ebert) exercisable at \$0.30 per Option on or before 30 June 2021
7. Comprising 2,000,000 Options exercisable at \$0.30 on or before 4 December 2024 and 50,000 Options exercisable at \$0.30 on or before 30 June 2021
8. Comprising 500,000 Options exercisable at \$0.30 on or before 4 December 2024 and 16,667 Options exercisable at \$0.30 on or before 30 June 2021
9. Does not include any Shares that Directors may take up under the Offer. Subject to demand and availability, Stephen Gerlach intends to apply for up to 100,000 Shares under the Offer and Kevin Reid intends to apply for up to 25,000 Shares under the Offer.

10.3 Agreements with the Directors or Related Parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is, unless otherwise agreed by the Board (excluding the relevant Director), not present while the matter is being considered at the meeting and does not vote on the matter.

10.3.1 Executive Services Agreement – Andrew Sales

The Company has entered into an executive services agreement with Mr Andrew Sales (**Sales Agreement**), whereby he was engaged as the Managing Director and Chief Executive Officer of the Company (**Employment**). The Company will pay Mr Sales a base salary of \$220,000 per annum (exclusive of superannuation) for services rendered under the Sales Agreement (**Salary**). The Company will also, subject to certain conditions, reimburse Mr Sales for all reasonable travelling

intra/interstate or overseas, accommodation and general expenses incurred in the performance of all duties in connection with the business of the Company.

The termination provisions in the Sales Agreement are on standard commercial terms and generally require a minimum period of notice prior to termination. In the event that the Company elects to terminate the Sales Agreement without reason, it must pay Mr Sales the Salary payable over a six month period.

The Sales Agreement otherwise contains terms and conditions considered standard for an agreement of this nature.

10.3.2 Contractor Agreement – Sean Ebert

As set out at Section 10.3.3, Mr Ebert was appointed as a Non-Executive Director of the Company on 30 August 2019. However, in order to assist the Company in preparation for the lodgement of the Prospectus, the Company has entered into a Contractor Agreement with Ebert Industries Pty Ltd (an entity controlled by Mr Ebert) for the provision of executive services to the Company (**Ebert Agreement**). Mr Ebert, as the person nominated by the contracted party is appointed as an Executive Director of the Company by virtue of the Ebert Agreement.

In addition to Mr Ebert's Director's fee of \$40,000 per annum (exclusive of statutory superannuation) as set out in Section 10.3.3, the Company will pay Mr Ebert a salary of \$5,000 per month (inclusive of superannuation) for the provision of executive services to the Company. Mr Ebert is entitled to reasonable expenses properly incurred whilst undertaking his respective duties.

The Ebert Agreement will terminate one month after the Company is admitted to the Official List of the ASX.

10.3.3 Non-Executive Appointment Letters

The Company has entered into non-executive letters of appointment with each of Mr Stephen Gerlach, Mr Leonard Piro, Mr Kevin Reid and Mr Sean Ebert (**Letters of Appointment**). Each of the Letters of Appointment provide that amongst other things, in consideration for their services, the Company will pay the following fees to the relevant Non-Executive Directors:

Director	Position	Remuneration
Stephen Gerlach	Non-Executive Chairman	\$60,000
Leonard Piro	Non-Executive Director	\$40,000
Kevin Reid	Non-Executive Director	\$40,000
Sean Ebert ²	Executive Director / Non-Executive Director	\$40,000

Note:

1. Excludes statutory superannuation.
2. Comprising Mr Ebert's Non-Executive Director Fees of \$40,000 set out in Section 10.3.3. This does not include consulting fees payable to Mr Ebert's consulting company under the Ebert Agreement referred to in Section 10.3.2 as this agreement will be coming to an end shortly after the admission of the Company to the Official List.

Each Non-Executive Director is also entitled to be reimbursed reasonable expenses incurred in performing their duties.

The appointment of the Non-Executive Directors is subject to the provisions of the Constitution and the ASX Listing Rules relating to retirement by rotation and re-election of directors and the appointment of a Non-Executive Director will automatically cease at the end of any meeting at which the relevant Director is not re-elected as a Director by Shareholders.

The Letters of Appointment otherwise contain terms and conditions that are considered standard for agreements of this nature.

10.4 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect Board papers in certain circumstances.

10.5 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations* (4th edition) as published by the ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below. The Company's full Corporate Governance Plan is available in a dedicated corporate governance information section on the Company's website (www.aml3d.com).

(a) Board of Directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (i) maintain and increase Shareholder value;
- (ii) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (iii) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (i) developing initiatives for profit and asset growth;
- (ii) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (iii) acting on behalf of, and being accountable to, the Shareholders; and
- (iv) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully-informed basis.

(b) **Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto:

- (i) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (ii) the composition of the Board has been structured so as to provide the Company with an adequate mix of Directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent Shareholders and fulfil the business objectives of the Company.

As at the date of this Prospectus, the Board will consist of five Directors of whom three are considered independent, being Mr Stephen Gerlach, Mr Leonard Piro and Mr Kevin Reid. The Board considers the current balance of skills and expertise is appropriate for the Company for its current planned level of activity.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

(c) **Identification and management of risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(d) **Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards and to conducting all of the Company's business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations. In particular, the Company and the Board are committed to preventing any form of bribery or corruption

and to upholding all laws relevant to these issues as set out in the Company's Anti-Bribery and Anti-Corruption Policy. In addition, the Company encourages reporting of actual and suspected violations of the Company's Code of Conduct or other instances of illegal, unethical or improper conduct. The Company and the Board provide effective protection from victimisation or dismissal to those reporting such conduct as set out in its Whistleblower Protection Policy.

(e) **Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising during the course of their duties.

(f) **Remuneration arrangements**

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$400,000 per annum.

The Company's current policy is not to offer incentive-based remuneration to Non-Executive Directors. Options may be granted as determined by the Board and with the approval of shareholders as applicable.

Where agreed by the Board, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(g) **Trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its Directors, officers, employees and contractors. The policy generally provides that for Directors, the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

(h) **External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external audits.

(i) **Audit Committee**

The Company will have an Audit Committee and the Board has approved the terms of reference providing the committee with governance matters, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function. Given the stage of development of the company and the size of the Board, the Audit Committee will comprise all independent members of the Board, with executive directors in attendance.

10.6 Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and provide reasons why.

The Company's departures from Recommendations will be announced to the ASX prior to the Company's admission to the Official List of the ASX.

11. RISK FACTORS

11.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in our Company is not risk free and the Directors strongly recommend that potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Consultation with professional advisers is encouraged before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks that relate directly to our business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

11.2 Company specific

(a) No profit to date and limited operating history

The Company only has a limited operating history. Due to only incurring losses since its inception, it is not possible to evaluate the Company's prospects based on past performance. 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 sustain positive cash flow from its operations.

AML3D has commercialized its WAM® technology and has established a number of important relationship and research collaborations. However, there can be no assurances that the market will accept the WAM® technology, given that it is challenging traditional and well-tried technologies such as machining and forging. WAM® is a disruptive technology in traditional manufacturing industries where many potential users of WAM® have sunk investment in existing technologies.

Wire arc additive manufacturing is a new technology in a relatively young industry of 3D metal printing. Widespread awareness-raising of the advantages and value proposition associated with the Company's WAM® technology will be required to lift the profile of the technology and educate the market.

(b) Material uncertainty related to going concern

A material uncertainty paragraph in respect of the going concern assumption of AML3D was included in the auditor's report for FY2017, FY2018 and FY2019. These determinations were made based upon references to prior year losses and the Company's total liabilities exceeding total assets in FY2017 and FY2019.

Notwithstanding the above, in the Investigating Accountant's Report, William Buck Corporate Advisory Services (SA) Pty Ltd has confirmed that it is satisfied that the capital proposed to be raised by AML3D under the

Offer is sufficient to remove this material uncertainty relating to the going concern.

(c) **Operating risks**

The Company is, and will continue to be, exposed to a range of operational risks relating to current and future operations. These include equipment failures and other accidents, industrial action or disputes, lease renewals, damage by third parties, floods, fire, major cyclone, earthquake, lightning strike, terrorist attack or other disaster. In the event existing insurance arrangements do not cover an operational issue, this could have a material adverse effect on the operating and financial performance of the Company.

More specifically, equipment breakdown at the Company's facilities may impact the Company's production rates. Any prolonged electricity supply downtime may have an impact on the Company's ability to fulfil purchase orders and have an adverse effect the Company's reputation, operating and financial performance.

(d) **Commissioning Risks**

The Company's growth strategy involves relocating and expanding the Company's existing Adelaide Contract Manufacturing Centre and establishing a new Singapore Contract Manufacturing Centre. At the date of this Prospectus, the Company has not secured a lease over premises for either of those Centres. If the Company is not able to secure leases over appropriate facilities in a timely manner and commission those Centres promptly and within budget, there is a risk that the Company will not be able to meet its targeted growth plans which will have an adverse effect on the Company's operating and financial performance.

(e) **Lack of customer risks**

Presently, the Company is at a paid trial stage with a number of contract manufacturing clients. There can be no guarantee that any of these paid trial customers will convert into regular customer contracts. Although the Company's client base is expected to diversify as a result of the expansion of the Company's revenue streams following completion of the Offer, the Company will initially be substantially reliant on a select number of clients. The loss of any of these clients may well have a negative impact on the Company's revenues and profits unless they can be replaced with a new client or clients.

The Company's future activities are specifically designed around further business development activities in order to grow the client base in Australia and Singapore.

(f) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management, technical experts and its Directors. In particular, the technology and the development of the Arcemy® printing modules is largely due to the experience and effort of Andrew Sales, the Managing Director and Paul Colegrove. Although Mr Sales has entered into an Executive Services Agreement with the Company (as summarised in

Section 10.3.1) and Mr Colegrove has entered into an employment agreement with the Company, there is no assurance that these agreements will continue indefinitely. In addition, there is no guarantee that AML3D will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects.

(g) **Consumable materials**

The Company relies on high quality materials such as titanium alloys, nickel alloys, stainless steel, aluminium alloys and bronze alloys in order to manufacture components at its Contract Manufacturing Centre. The Company may be unable to secure these materials due to a variety of reasons, including competition for limited supply from better-capitalised market participants. In addition, the cost of these materials could increase substantially due to local or international market events. The occurrence of any of these events could impact on the Company's ability to manufacture and sell its products, which could have a material adverse effect on the business and financial performance of the Company.

While the Company has no contractual security of supply of materials at present, this is considered standard for the industry in which the Company operates, given that a range of suppliers exist globally. In addition, AML3D uses a wide variety of metals and alloys in its operations and it is highly unlikely that supply issues will be experienced across all categories of materials. In addition, movements in the price of metal raw materials will also impact alternative industries to WAM®, such as machining where the wastage will be substantially higher.

AML3D's charge out rates will reflect the base price of materials and a margin for staff time and other overheads and resources.

(h) **Sales and Suppliers**

AML3D depends on continued relationships with its current suppliers and clients. There can be no guarantee that supplier and client relationships will continue or will continue to be successful. AML3D's contracts with suppliers and clients, as with all other contracts, allow for termination. Further, there is a risk that sales cycles are longer due to the size of client companies and new agreements formed with clients in the future may be less favourable to AML3D, such as key terms and pricing, due to unanticipated changes in the market.

(i) **Product liability risk**

The sale of the Company's products (including its Arcemy® 3D printing modules and components produced through its contract manufacturing business) involves the risk of product liability claims being brought against the Company, including in the event of death, injury or damage to property are caused due to the sale, marketing, use or manufacture of the Company's products. The Company seeks to limit its liability for such claims in its agreements with customers and has obtained product liability insurance. However, limitations of liability are not necessarily effective at law, and indemnification may not always be available.

(j) **Research & development and technical risk**

The Company's products and technology are the subject of continuous research and development and will likely need to be substantially developed further in order to enable the Company to remain competitive, increase sales and improve the scalability of products and technology. There are no guarantees that the Company will be able to undertake such research and development successfully. Failure to successfully undertake such research and development, anticipate technical problems, or estimate research and development costs or timeframes accurately will adversely affect the Company's results and viability.

(k) **Risk associated with managing rapid growth**

There is a risk that management of the Company will not be able to implement the Company's strategies, particularly relating to growth, after completion of the Offer. The capacity of the Company's management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

The Company currently has two commercial 3D printing machines in operation at its Adelaide Contract Manufacturing Centre. If the Company is unable to fulfil customer requirements with its existing printing machines, the Company may lose its existing clients or risk defaulting under its contractual obligations.

(l) **Trading relationships with key customers and clients**

The Company's ability to efficiently conduct its operations in a number of respects depends upon the number of contracts with key customers and its clients. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contract is dependent upon the relevant third party complying with its contractual obligations. To the extent that such third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly, and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

(m) **International Operations**

AML3D intends to apply some of the funds raised under the Offer to increase its international operations in Singapore including through the establishment of the Singapore Contract Manufacturing Centre. There is a risk that this investment may not be profitable or succeed long-term, due to poor execution or external factors beyond AML3D's control including obtaining appropriate licences and consents for AML3D's business, availability of appropriate premises for the establishment of Singapore Contract Manufacturing Centre, taxation, working conditions, insurance, demand for services, contractors, potential acquisitions, growth, counterparties, intellectual property, technical failure, operational failure, disputes, litigation, non-payment, currency exchange rates, debt and interest rates, financial performance, legal compliance and operational management.

(n) **Exchange rate risk**

The Company might be exposed to rapid and material movements in exchange rates, which could affect its earnings, balance sheet and cash position. Specific conditions include currency fluctuation affecting the cost of goods, customer pre-payments, purchasing and selling in different currencies across the globe and shifts in market sector pricing. Accordingly, movements in exchange rates may have an impact on the Company's financial position and performance.

(o) **Patent applications**

The Company is in the early stages of protecting its process improvement through patents. The Company currently has submitted three patent applications for its wire arc additive manufacturing process. The prospect of attaining patent protection for products and the technology such as those proposed to be used in the Company business is highly uncertain and involves complex and continually evolving factual and legal questions. These include legislative and judicial changes, or changes in the examination guidelines of governmental patent offices, which may negatively affect the Company's ability to obtain patents for its products and technologies. In addition, the scope of patent applications can be significantly reduced during prosecution of the patent applications, with the result that the scope of protection in the issued patent may be significantly less than the scope of protection initially sought by the Company. As a result, the Company's patent applications may not proceed to an issued patent and, if issued, may not be of commercial benefit to the Company, or may not afford the Company adequate protection from competing products. Alternatively, in modifying the relevant claims to address the objections, there is a risk of scope of protection in the issued patent being significantly less than the scope of protection sought by the Company.

The Company may also be forced to litigate to enforce or defend its intellectual property rights, including any granted patents, against infringement and unauthorised use by competitors, and to protect its trade secrets. In so doing, the Company may place its intellectual property at risk of being invalidated, unenforceable, limited or narrowed in scope.

(p) **Other intellectual property rights**

A substantial part of the Company's commercial success will depend on its ability to maintain or as the case may be establish, and protect, its intellectual property, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

The commercial value of intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for

which there can be no guaranteed outcome. There can be no assurance that any intellectual property which the Company (or entities it deals with) may have an interest in now or in the future will afford the Company commercially significant protection of technologies, or that any of the products that may arise from technologies will have commercial applications.

It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against the Company under copyright, trade secret, patent, or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation will be potentially significant and may divert management's attention from normal commercial operations. Please refer to the Intellectual Property Report in Annexure B for further details.

Additionally, securing rights to (or developing) technologies complementing the Company's existing intellectual property will also play an important part in the commercial success of the Company. There is no guarantee that such rights can be secured, or such technologies can be developed.

Protection of the Company's software is contained within Company processes, procedures and documented work methods as well as protected equipment databases and procedures. WAMSoft® is further protected through employee contracts and non-disclosure agreements.

(q) **Competition risk**

AML3D participates in a niche segment of the rapidly growing 3D metal printing market, and the market in which the Company participates is competitive and characterised by rapid technological change. The Company's potential inability to improve existing product lines and develop new products and technologies could have a material adverse effect on the Company's business. In addition, the Company's competitors could introduce new products with different capabilities or improved pricing which could have a material adverse effect on the Company's business.

The Company will have no influence over the activities of its competitors, whose activities may negatively affect the operating and financial performance of the Company. For example, new technologies could overtake the Company's products, in which case the Company's revenue and profitability could be adversely affected. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose product developments, activities or actions may positively or negatively affect the operating and financial performance of the Company's products and business.

(r) **New product/technology resistance risk**

The success of the Company's business will depend on the acceptance of its products and services by the market, as well as the Company's ability to enhance its products and services to meet the evolving needs of customers on a timely basis. Given that wire arc additive technology challenges traditional technologies such as machining where extensive capabilities already exist in manufacturing industry, there can be no assurance of the market's acceptance of the Company's products and services or the Company's ability to meet customers' needs.

(s) **Data loss, theft or corruption risks**

The Company is reliant on the security of its network environment, vendor environments and websites. Breaches of security including hacking, denial of service attacks, malicious software use, internal Intellectual Property theft, data theft or other external or internal security threats could put the integrity and privacy of customers' data and business systems used by the Company at risk which could impact technology operations and ultimately customer satisfaction with the Company's products and services, leading to lost customers and revenue. The impact of loss or leakage of customer or business data could include costs for potential service disruptions, litigation and brand damage which may potentially have a material adverse impact on the Company's reputation as well as its profitability. Furthermore, any such historical and public security breaches could impact the Company's ability to acquire future customers and revenue. In addition, substantial costs may be incurred in order to prevent the occurrence of future security breaches.

Whilst the Company has established risk management systems to prevent cyber-attacks and any potential data security breaches, including firewalls, encryption of customer data (storage and transmission) and a privacy policy, there are inherent limitations on such systems, including the possibility that certain risks have not been identified. There can be no guarantee that the measures taken by the Company will be sufficient to detect or prevent data security breaches.

(t) **Reputational damage risk**

The Company's failure to protect its reputation could have a material adverse effect on the Company including its brand and profitability. The Company's brand could be jeopardised if it fails to maintain a supply of high-quality products or if the Company, or the third parties with whom it does business, fail to comply with regulations or accepted business practices (including ethical, social, product, labour and environmental standards, or related political considerations). If damage were to occur to the Company's reputation, the demand for the Company's products and services may be reduced and/or the Company's products and services may be boycotted. This will likely have an adverse effect on revenue margins, profitability and the Company's operations.

(u) **Commercialisation risk - Arcemy® 3D printing modules**

There is a risk that the Company will not be able to successfully commercialise or sell the Arcemy® 3D printing modules or components produced through 3D printing (beyond its current paid trial contractual arrangements) or be unable to attract sufficient customers to be

sufficiently profitable to fund future operations. The Company's ability to generate revenue depends on the sales it makes across its product and service offerings.

The Company is currently preparing to deliver its first Arcemy® 3D printing module under a rent to buy agreement with ST Engineering (refer to Section 12.4.1 for further details). Should the testing and verification of the machine not be completed as anticipated, then the Company may have to expend additional time and resources to rectify any outstanding issues. This may delay delivery and handover of the machine and payment from the customer and create cost overruns or, at the very worst, if unassailable barriers are encountered, result in the contract being terminated.

The Company's Arcemy® 3D printing modules are large and complex systems comprised of a number of critical components and subsystems. The main operational risk factors for the machines include:

- (i) key component risk, including software, and the risk of failure of any key components including ability, timing and/ or cost to repair or replace the key components critical to the operation of the machine. The machines are and will be dependent on a number of critical components, including software that run everything from control systems and user interfaces;
- (ii) robustness of the machines and ability to consistently perform over time and reliability of performance;
- (iii) the fragility risk of key components critical to the operation of the machines, the failure of which may render the machine inoperative; and
- (iv) ability to manage customer expectations regarding down time risk caused by the breakdown of particular components of the machine (for example, critical components may be difficult or expensive to replace on short notice).

(v) **Accreditation**

The continuation and grant of AML3D contract manufacturing services is dependent on retaining Lloyds Register and ISO 9001 accreditation for the certification of parts produced for its customers. The loss of these accreditations would significantly impact the demand for AML3D's contract manufacturing services and is likely to affect AML3D's other proposed revenue streams.

(w) **Liquidity risk**

There is currently no public market for the Shares. The price of the Shares is subject to uncertainty and there can be no assurance that an active market for the Shares will develop or that the price of Shares will increase after the Offer.

The price at which the Shares trade on ASX after listing may be higher or lower than the issue price of Shares under the Offer and could be subject to fluctuations in response to variations in operating performance, general operations and business risk, as well as external operating factors over which the Directors and the Company have no control. These

include movements in mineral prices and exchange rates, changes to government policy, legislation or regulation and other events or factors.

There may be relatively few or many potential buyers or sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.

(x) **Restricted securities reducing liquidity**

Subject to the Company being admitted to the Official List, Securities on issue may be classified by ASX as restricted securities and may be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX.

11.3 Industry specific

(a) **Dependence on outside parties**

The Company's business strategy includes forming strategic business relationships with other organisations for the manufacture, supply and distribution of products and services. These business relationships are critical to the overall success of the Company. There can be no assurance that the Company will be able to attract and retain such relationships and negotiate appropriate terms and conditions with these organisations.

(b) **Insurance risks**

The Company insures its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level that provides adequate insurance cover. The occurrence of an event that is not covered (or fully covered) by insurance could have a material adverse effect on the financial condition and results of the Company. Insurance of all risks associated with business operations is not always available and where available costs may well be prohibitive.

(c) **Credit risks with major customers**

The Company will be exposed to credit risks relating to delayed or non-payments from its customers. A failure by the Company to adequately assess and manage credit risk with major customers may result in credit losses potentially resulting in a material adverse effect on the Company's business, operating and financial performance, including decreased operating cash flows.

(d) **Privacy risk**

The Company collects, transmits and stores commercial and financial information. In an effort to protect sensitive information, the Company relies on a variety of security measures. However, advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography or other developments may result in the Company's failure or inability to adequately protect its commercially sensitive information.

11.4 General risks

(a) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's research and development programmes, as well as on its ability to fund those programmes.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, and may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its development and research programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

11.5 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

12. MATERIAL CONTRACTS

12.1 Lead Manager Mandate

The Company has entered into a mandate to appoint Foster Stockbroking (AFSL 223 687) as lead manager to the Offer (**Lead Manager Mandate**).

Foster Stockbroking and its associates do not have a relevant interest in the Company and have not received any Securities under the seed raisings conducted by the Company.

A summary of the material terms and conditions of the Lead Manager Mandate is set out below:

(a) Remuneration

Under the Lead Manager Mandate, the Company has agreed to:

- (i) pay a capital raising fee of 4% of the total gross proceeds received by the Company under the Offer;
- (ii) pay a management fee of 1% of the total gross proceeds received by the Company under the Offer; and
- (iii) issue Foster Stockbroking (or its nominees) 450,000 Shares.

Foster Stockbroking also received a corporate advisory fee of \$47,250 (ex GST) in respect of a seed raising undertaken by the Company.

(b) Termination

Any party may terminate the mandate at any time by giving seven days of written notice to the other party, though this will not discharge any obligations accrued prior to termination.

Foster Stockbroking reserve the right to terminate immediately if:

- (i) the Company breaches any provision of the Lead Manager Mandate or commits an act of gross negligence, fraud or wilful misconduct or refuses to provide Foster Stockbroking with information reasonably requested in relation to duties for the services provided by Foster Stockbroking under the Lead Manager Mandate;
- (ii) if Foster Stockbroking believes it is not appropriate to continue the engagement under the Lead Manager Mandate for legal or regulatory reasons; or
- (iii) the Offer is prevented from proceeding for any reason whatsoever.

The Company reserves the right to terminate immediately if Foster Stockbroking breaches (or is about to breach) any material provision of the Lead Manager Mandate or commits an act of gross negligence, fraud or wilful misconduct.

Otherwise, the Lead Manager Mandate contains other terms such as covenants, warranties, representations and indemnities customary for an agreement of its nature.

12.2 Corporate Advisory Mandate

The Company has entered into a mandate to appoint Adelaide Equity as corporate advisor to the Company (**Corporate Advisory Mandate**).

Adelaide Equity and its associates currently have a relevant interest in 133,334 Shares and 66,667 Options on issue in the Company, which were acquired under the seed raising conducted by the Company. In addition, employees of Adelaide Equity currently have a relevant interest in 179,900 Shares and 89,950 Options on issue in the Company, which were acquired under the seed raising conducted by the Company. Further details of the seed raising are set out Section 6.9.

A summary of the material terms and conditions of the Corporate Advisory Mandate is set out below:

(a) Remuneration

Under the Corporate Advisory Mandate, the Company has agreed to:

- (i) pay Adelaide Equity a monthly retainer of \$20,000 from 1 October 2019. Adelaide Equity will be retained for a minimum period of six months following completion of the Offer; and
- (ii) subject to successfully raising the Full Subscription:
 - (A) issue 450,000 Shares to Adelaide Equity (or its nominee); and
 - (B) pay a capital raising fee of 1% of the gross proceeds raised under the Offer.

Additionally, the Company will reimburse Adelaide Equity for all reasonable out-of-pocket expenses (including GST), including travel, accommodation, printing and administrative fees. No individual expense greater than \$1,000 will be incurred without prior approval of the Company.

Adelaide Equity also received a corporate advisory fee of \$72,750 (ex GST) in respect of a seed raising undertaken by the Company.

(b) Exclusivity

Pursuant to the Corporate Advisory Mandate, the Company has agreed to exclusively engage Adelaide Equity as its corporate advisor until the Corporate Advisory Mandate is terminated.

(c) Termination

Any party may terminate the Corporate Advisory Mandate without cause by written notice to the other party, though this will not discharge any obligations accrued prior to termination.

Otherwise, the Corporate Advisory Mandate contains other terms such as covenants, warranties, representations and indemnities customary for an agreement of its nature.

12.3 Converting Loan Agreements

The Company has entered into a number of unsecured converting loan agreements (**Converting Loan Agreements**) with multiple sophisticated investors in order to raise a total of \$1,726,000.

A summary of the material terms and conditions of the Converting Loan Agreements is set out below:

(a) Conversion

The Company must repay the amount advanced by each lender (**Loan Amount**) to the lender through the issue of Shares if the Company is admitted to the Official List of the ASX (**IPO Event**) within 12 months of the execution of the relevant Converting Loan Agreement (**Repayment Date**) at a deemed issue price of 50% of the price at which the Company issues Shares pursuant to the Offer. The Lenders may elect to convert the Loan Amount into Shares at any time prior to an IPO Event or the Repayment Date.

As at the date of this Prospectus, the Company has issued 12,150,000 Shares to the Lenders in conversion of \$1,215,000 worth of Converting Loans. The Company will issue 5,110,000 Shares to the Lenders in conversion of \$511,000 worth of outstanding Converting Loans immediately prior to the issue of Shares under the Offer (if not converted prior).

(b) Repayment

The Company must repay the Loan Amount if an IPO Event does not occur before the Repayment Date or if an event of default occurs, in which case the Company must pay the lender equal to a 110% premium of their Loan Amount within 10 business days upon receipt of a repayment notice from the lender requesting repayment of their Loan Amount.

(c) Interest

Interest does not accrue on the Loan Amount.

The Converting Loan Agreements otherwise contain terms such as warranties and representations considered standard for agreements of this nature.

12.4 Customer contracts

12.4.1 Arcemy Printer – Rent to Buy Agreement with ST Engineering

AML3D has entered into a "Rent to buy" agreement with ST Engineering, under which it will deliver its first Arcemy® printing module. The module will be delivered to ST Engineering in Singapore.

ST Engineering is a global technology, defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors.

The agreed pricing is commercial in confidence but reflects that AML3D will retain the right to use the Arcemy® printing module for 50% of the time for use as a demonstration model for Singapore customers.

ST Engineering has paid a non-refundable deposit equal to approximately 15% of the contract value.

A further 30% of the contract value is payable on delivery of the Arcemy® printing module for installation at ST Engineering's premises, which is expected to occur by the end of March 2020.

This final payment is due on formal hand-over of ownership of the Arcemy® printing module, subject to ST Engineering being satisfied with the performance of the Arcemy® printing module and taking up the ownership option.

The agreement otherwise contains terms and conditions considered standard for a contract of this nature.

12.4.2 Other purchase order arrangements

AML3D is currently at the paid trial stage with a number of its clients in relation to its contract manufacturing business. These paid trials are on a purchase order basis, either subject to AML3D's own standard terms and conditions or the client's standard procurement terms and conditions. There is no guarantee that any of these paid trials will convert to regular sales. In each case, there is no minimum purchase requirement (other than as specified in signed purchase orders) and the client may terminate the arrangement and/or cease issuing purchase orders or otherwise buying parts from AML3D at any time.

AML3D expects that future sales through its contract manufacturing business and for sales of Arcemy® printing module will also be contracted on a purchase order basis.

12.5 Supplier Agreements

AML3D purchases its key inputs from third party suppliers, including wire feedstock and the key components for the manufacture of Arcemy® production modules. These supply arrangements are on a purchase order basis, generally subject to the supplier's standard terms and conditions of sale and purchase. In each case, there is no minimum purchase requirement (other than as specified in signed purchase orders) and AML3D may terminate the arrangement and/or cease issuing purchase orders or otherwise buying inventory from the supplier at any time.

12.6 Agreements with Directors

Refer to Sections 10.3 and 10.4 for summaries of agreements entered into with Directors and their related entities.

13. ADDITIONAL INFORMATION

13.1 Litigation

As at the date of this Prospectus, our Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

13.2 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the

amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors see fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he/she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, 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 or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the

holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

13.3 **Concessional Incentive Option Plan**

The key terms of the Concessional Incentive Option Plan (**Concessional Option Plan**) are as follows:

(a) **Eligibility**

Participants in the Concessional Option Plan may be any employee, contractor or director (or prospective employee, contractor or director) of the Group selected by the Board to participate in the Concessional Option Plan (**Participant**).

(b) **Offer**

The Board may, from time to time, in its absolute discretion, make a written offer to any Participant to apply for Options, upon the terms set out in the Concessional Option Plan and upon such additional terms and conditions as the Board determines.

(c) **Vesting Conditions**

Options may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Options.

Options will only vest while the Participant remains employed with the Group, continues to provide consulting services to the Group or acts as a director of the Group (as applicable).

Where a Participant becomes a:

- (i) Good Leaver, unless the Board in its sole and absolute discretion determines otherwise, unvested Options will lapse and vested Options that have not been exercised will continue in force and remain exercisable, subject to the satisfaction of any vesting conditions, for a period of 3 months from the date of termination of the employment of the Good Leaver; and
- (ii) Bad Leaver, unvested Options will lapse and subject to the discretion of the Board, vested Options that have not been exercised will lapse on the date of the cessation of employment, engagement or office of such Participant.

For these purposes:

Good Leaver means a person who ceases to be a Participant due to bona fide retirement, poor health, injury/disability, death or any other circumstance determined by the Board.

Bad Leaver means a person who ceases to be a Participant and does not meet the Good Leaver Criteria, establishes, or becomes employed by, an entity or business that is in direct competition with the Group, or the Board has determined should be treated as a Bad Leaver.

(d) **Disposal**

Unless a Participant disposes of an Option or a Share issued as a result of the exercise of an Option (**Option Share**) under an arrangement which meets the requirements in section 83A-130 of the *Income Tax Assessment Act 1997* (Cth) (**Tax Act**), a legal or beneficial interest in an Option or an Option Share may not be disposed until the earlier of:

- (i) three years after the issue of the Option or such earlier time as the Commissioner of Taxation allows in accordance with section 83A-45(5) of the Tax Act; and
- (ii) where the optionholder ceases to be a Participant under the Concessional Option Plan.

Further restrictions on disposal are also set out in the Concessional Option Plan.

(e) **Amendments**

Subject to express restrictions set out in the Concessional Option Plan and complying with applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Concessional Option Plan.

The Company has issued 7,500,000 Options under the Concessional Option Plan as at the date of the Prospectus. The maximum additional number of Options that may be issued under the Concessional Option Plan in the next three years is a further 7,500,000 Options.

13.4 Incentive Performance Rights and Option Plan

The key terms of the Performance Rights and Option Plan (**Incentive Plan**) are as follows:

(a) **Eligibility**

Participants in the Incentive Plan may be:

- (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a **Group Company**);
- (ii) a full or part time employee of any Group Company;
- (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
- (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,

who is declared by the Board to be eligible to receive grants of Options or Performance Rights (Awards) under the Incentive Plan (**Eligible Participants**).

(b) **Offer**

The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for Awards, upon the terms set out in the Incentive Plan and upon such additional terms and conditions as the Board determines.

(c) **Incentive Plan limit**

The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

(d) **Issue price**

Performance Rights granted under the Incentive Plan will be issued for nil cash consideration. Unless the Options are quoted on the ASX, Options issued under the Incentive Plan will be issued for no more than nominal cash consideration.

(e) **Vesting Conditions**

An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (**Vesting Conditions**).

(f) **Vesting**

The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Incentive Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Awards due to:

- (i) special circumstances arising in relation to a Relevant Person in respect of those Awards, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;

(C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant offer made to and accepted by the Participant; or

(ii) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,

(Special Circumstances), or

(iii) a change of control occurring; or

(iv) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

(g) **Lapse of an Award**

An Award will lapse upon the earlier to occur of:

(i) an unauthorised dealing, or hedging of, the Award occurring;

(ii) a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;

(iii) in respect of unvested Awards only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;

(iv) in respect of vested Awards only, a Relevant Person ceases to be an Eligible Participant and the Award granted in respect of that Relevant Person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;

(v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;

(vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Award; and

(vii) the expiry date of the Award.

(h) **Not transferrable**

Subject to the ASX Listing Rules, Awards are only transferrable in Special Circumstances with the prior written consent of the Board (which may be

withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.

(i) **Shares**

Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (j)) from the date of issue, rank on equal terms with all other Shares on issue.

(j) **Sale Restrictions**

The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Awards (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.

(k) **Quotation of Shares**

If Shares of the same class as those issued under the Incentive Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.

(l) **No Participation Rights**

There are no participation rights or entitlements inherent in the Awards and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.

(m) **Change in exercise price of number of underlying securities**

An Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.

(n) **Reorganisation**

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

(o) **Amendments**

Subject to express restrictions set out in the Incentive Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Incentive Plan, or the terms or conditions of any Award granted under the Incentive Plan including giving any amendment retrospective effect.

The maximum number of Securities that may be issued under the Incentive Plan in the next three years is 6,000,000 Securities.

13.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

13.6 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

William Buck has acted as auditor to the Company. The Company estimates it will pay William Buck a total of \$18,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, William Buck has not received fees from the Company for any other services.

William Buck Corporate Advisory Services (SA) Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Annexure B. The Company estimates it will pay William Buck Corporate Advisory Services (SA) Pty Ltd a total of \$25,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, William Buck Corporate Advisory Services (SA) Pty Ltd has not received any fees from the Company for any other services.

Phillips Ormonde Fitzpatrick has acted as Patent Attorney and has prepared the IP Report which is included in Annexure A of this Prospectus. The Company estimates it will pay Phillips Ormonde Fitzpatrick a total of \$2,950 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Phillips Ormonde Fitzpatrick has received \$39,000 (excluding GST) from the Company for services provided.

Foster Stockbroking Pty Ltd acts as a lead manager to the Offer. Assuming that Offer is fully subscribed, the Company will pay a capital raising fee of \$360,000, a management fee of \$90,000 and issue 450,000 Shares to Foster Stockbroking (or its nominee). Further details in respect to the Lead Manager Mandate are summarised in Section 12.1. During the 24 months preceding lodgement of this Prospectus with the ASIC, Foster Stockbroking Pty Ltd has received \$47,250 (excluding GST) from the Company for services provided.

Adelaide Equity has acted as corporate advisor to the Company in relation to the Offer. The Company will pay Adelaide Equity a monthly retainer of \$20,000 and, subject to successfully raising the Full Subscription, will pay a fee of \$90,000 and issue 450,000 Shares to Adelaide Equity (or its nominee). Further details in respect to the Corporate Advisory Mandate are summarised in Section 12.2. During the 24 months preceding lodgement of this Prospectus with the ASIC, Adelaide Equity has received \$172,750 from the Company for services provided.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$70,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received \$95,068. in fees from the Company for legal services (excluding GST and disbursements).

13.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus,

with regard to misleading and deceptive statements made in the Prospectus, Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

William Buck has given its written consent to being named as the auditor to the Company in this Prospectus and to the inclusion of the audited financial information in Section 9 of this Prospectus. William Buck has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

William Buck Corporate Advisory Services (SA) Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Annexure B of this Prospectus in the form and context in which the information and report is included. William Buck Corporate Advisory Services (SA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Phillip Ormonde Fitzpatrick has given its written consent to being named as the Patent Attorney in this Prospectus, the inclusion of the IP Report in Annexure A to this Prospectus in the form and context in which the report is included. Phillip Ormonde Fitzpatrick has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Foster Stockbroking Pty Ltd has given its written consent to being named as the Lead Manager to the Company in this Prospectus. Foster Stockbroking Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Adelaide Equity has given its written consent to being named as the Corporate Advisor to the Company in this Prospectus. Adelaide Equity has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Ltd (**Computershare**) has given its written consent to being named as the share registry to the Company in this Prospectus. Computershare has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

13.8 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$1,100,000 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	A\$
ASX Fees (initial and pro rata annual)	94,928
Broker and Distribution Fees	733,620
Legal, Advisory and Accounting Fees	115,950
ASIC Fees	4,169
Printing, Graphic Design and Marketing / Mailing	151,333
Total	\$1,100,000

13.9 Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

13.10 Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

13.11 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further, monthly statements

will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

13.12 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

14. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, reading "Stephen Gerlach", with a horizontal line underneath.

Stephen Gerlach AM
Chairman
For and on behalf of
AML3D Limited

15. GLOSSARY

Where the following terms are used in this Prospectus, they have the following meanings:

\$ means an Australian dollar.

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

AM means Additive Manufacturing.

AML3D or the Company means AML3D Limited (ACN 602 857 983).

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

Arcemy® means AML3D's integrated or complete 3D printing solution for use on customer premises or remote areas.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Board means the Board of Directors as constituted from time to time.

Buy to Fly Ratio means the weight ratio between the raw material used for a component and the weight of the component itself.

CAD means Computer Aided Design.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Key Offer Section in Section 3 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Constitution means the constitution of the Company.

Contract Manufacturing Centre means an operational centre where contract manufacture services (and related activities) are carried out.

Converting Loan Agreements means the agreements under which the Converting Loans were advanced to the Company.

Converting Loans has the meaning given in Section 6.9.

Corporations Act means the *Corporations Act 2001* (Cth).

DED means Directed Energy Deposition.

DfAM means Design for Additive Manufacturing.

Directors means the directors of the Company at the date of this Prospectus.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

Free-form means an additive manufacturing process that builds near net shape parts requiring less raw material and finish machining than traditional manufacturing methods.

FY2017 means the financial year ended 30 June 2017.

FY2018 means the financial year ended 30 June 2018.

FY2019 means the financial year ended 30 June 2019.

IAR means the Investigating Accountant's Report set out in Annexure B.

IP means intellectual property.

IP Report means the Intellectual Property Report set out in Annexure A.

Lloyds, or Lloyds Register means Lloyds Register Group Limited

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 6 of this Prospectus.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Privacy Act means the *Privacy Act 1988* (Cth).

Prospectus means this prospectus.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

WAAM means Wire and Arc Additive Manufacturing.

WAM® means Wire-arc Additive Manufacturing.

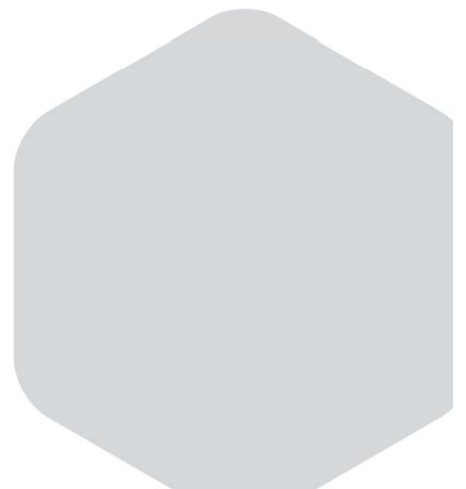


Intellectual Property Report

AML3D Limited



phillips ormonde fitzpatrick
intellectual property



INTELLECTUAL PROPERTY REPORT

The Board of Directors
AML3D Limited
14 Pentland Road
Salisbury South SA 5106

7 February 2020

Dear Board

AML3D LIMITED

We are a firm of Australian patent attorneys and we act for AML3D Limited (formerly known as AML Technologies (AML3D) Pty Ltd and then AML3D Pty Ltd) ("**AML3D**") of 14 Pentland Road, Salisbury South, South Australia, 5106, Australia.

We have been engaged to prepare this report ("**Report**") by AML3D for inclusion in a prospectus to be lodged by the AML3D with the Australian Securities and Investment Commission ("**Prospectus**"). This Report contains high level information on the intellectual property assets of AML3D, focusing on its registered rights including patent properties and trade mark properties.

We confirm that the author of this Report, Greg Bartlett, a Partner of the firm, is a registered patent attorney and a registered trade marks attorney, and is legally qualified to provide this Report. A patent attorney registered under Chapter 20 of the *Patents Act 1990* is entitled (per s200 of that Act) to prepare all documents, transact all business and conduct all proceedings for the purposes of the *Patents Act 1990* and the *Trade Marks Act 1995*.

We have no interest in AML3D, other than fees for professional work done. We expect to receive a fee of approximately \$2,950.00 based on time spent at normal professional rates for the preparation of this Report.

Except as otherwise expressly stated, all information contained in this Report is as of the date hereof, and we assume no obligation to update this Report based on future developments of law or fact or information that may come to our attention at a future date.

We have had no involvement in the preparation of the Prospectus by AML3D other than the preparation of this Report.

In this Report, the following sections have been provided:

Section 1.0 provides an overview of the regimes for the granting of patents and the registration of trade marks.

Section 2.0 provides an overview of the laws relating to entitlement and ownership, particularly for granted patents.

Section 3.0 provides a description of AML3D's patent properties and trade mark properties.

Section 4.0 provides a description of AML3D's entitlement and ownership position in relation to its pending patent applications.

This Report does not provide any comment on the validity of any of the properties in Section 3.0, nor upon the adequacy of the intellectual property position of AML3D. Moreover, this Report does not provide any comment on the likelihood of infringement of third party rights in the event of the commercial exploitation of the AML3D inventions or trade marks that are the subject of the properties identified in Section 3.0.

We have given our consent to this Report appearing in the Prospectus. We have only been involved in the preparation of the Report and have not been involved in the preparation of any other part of the Prospectus, and specifically disclaim liability to any person in respect of statements included elsewhere in the Prospectus.

Section 1.0 – Overview – Granted Patents, Registered Trade Marks

(a) Patents

Patents are a monopoly right granted by the relevant national Patent Office on behalf of the government of a country in return for publication and full disclosure of an invention. The monopoly right enables a patent owner to prevent third parties from exploiting the invention without its consent. The owner of a patent has exclusive rights to manufacture, import, use, keep, sell, offer for sale or otherwise exploit the products or processes protected by the patent in the countries where patent protection has been granted. A third party infringes the patent if it exploits the invention without the consent of the owner.

Patents have a limited term, usually 20 years, subject to the payment of maintenance or renewal fees, after which the patented invention is available for others to use without restriction.

The main requirements for patentability are that an invention must be *novel* and *inventive* at the priority date of the patent application. In order for an invention to be "novel", the invention must merely be different to what was known in the art at the priority date - the invention cannot previously have been made available to the public. For an invention to be "inventive", the invention needs to be an advance over what was known in the art at the priority date, and the advance must not be one that was obvious to a skilled addressee at the priority date.

(b) Patent Granting Process

In order to obtain grant of a patent in any country, a national patent application must be lodged containing claims that define an invention, and the national patent application must be examined by a local Patent Office to ensure that local requirements are met and patentable subject matter is defined in the claims. Patent protection in some countries can be obtained via regional protection, such as in Europe where a regional European patent

application may be lodged instead of separate national patent applications in multiple European countries.

There are several application processes and systems available, the best options for a client being determined by a combination of financing, the particular countries of interest to the client, and often by the nature of the invention itself.

There is an international patent application process that is commonly used to initiate patent applications in more than 150 member countries (including Australia) of the Patent Cooperation Treaty (PCT), which is a treaty administered by the World Intellectual Property Organisation (WIPO).

Often referred to as a PCT application, these applications are not substantively examined (but can be preliminarily examined on a voluntary basis) and do not give rise to grant of a patent. They are merely a mechanism for delaying the lodgement of national patent applications for up to 30 months (more in some countries) from an earliest priority date.

At the end of this "international phase" of 30 months, applicants must then enter the national or regional phase in any country or region of interest, which results in a family of separate national or regional patent applications. Each national or regional patent application must then be examined by local Patent Office authorities in order to meet local patentability requirements, which is a process that can take many months or years.

Objections from local Patent Offices are common during the examination process.

Successful progression through examination, either through a lack of objections by a Patent Office, or by successfully overcoming any such objections, results in allowance of a patent application and subsequently grant of a patent in that country or region.

(c) Trade Marks

A trade mark is any "sign" which is used to distinguish the goods of one business from the goods of any other business. Most trade marks are words or logos, but sounds, shapes, colours and scents are examples of other things which can be trade marks.

In Australia, it is possible for a trader to use and acquire rights to a trade mark without applying for registration of the trade mark ('common law' or unregistered trade marks). However, by applying to register a trade mark, various benefits may be obtained, including a reasonable confidence that use of the registered trade mark will not infringe any other trade mark registration. Further, it is easier to prevent other traders from using a registered trade mark than it is to prevent them using an unregistered trade mark.

(d) Trade Mark Registration Process

In order to obtain registration of a trade mark in any country, a national or international trade mark application must be lodged, identifying the trade mark for which registration is sought, and covering specified goods and/or services in one or more of the classes of the International Classification system.

A trade mark application will be examined by a local Trade Marks Office to ensure that local requirements are met and that the trade mark is registrable in relation to the specified goods and/or services.

Trade mark registration in some countries can be obtained via regional protection, such as in Europe where a regional European Community trade mark application may be lodged instead of separate national trade mark applications in multiple European countries.

There is also an International trade mark registration regime, via the Madrid Protocol, of which Australia and more than 80 countries are signatories. This regime does provide for a central registration to cover multiple countries, although most countries are still provided with an opportunity to raise objections or reject coverage in their country if certain local requirements are not met.

A trade mark application will be rejected if the trade mark, amongst other things, is not 'distinctive', but is merely descriptive of a characteristic or quality of the goods/services, would be likely to deceive or cause confusion when used, or is substantially identical with (or deceptively similar to) a trade mark registered in the name of another person in respect of the same or similar goods/services.

If a trade mark is registered, the trade mark will remain registered for a period of 10 years. A trade mark registration can then be renewed for further 10 year periods.

(e) General Comments

It is important to note the following:

1. The grant of a patent and the registration of a trade mark do not guarantee the validity or enforceability of the granted patent or the registered trade mark. Granted patents and registered trade marks may be challenged by third parties and, if successful, held to be invalid and subsequently removed from a Register. For example, the claims in a granted patent might be found by a Court to lack novelty and inventiveness when compared to prior art, or a registered trade mark might be removed from a Register if it is found by a Trade Marks Office that the trade mark has not been used by the registered owner for a continuous period of (in most countries) 3 years.
2. Enforcement of these rights against infringing third parties is the responsibility of the registered owner of the rights, and an infringing third party is able to challenge the validity of the right if sued for infringement by the owner.
3. The grant of a patent does not provide the patent owner with a defence to the infringement of another granted patent - it is possible for the use of an invention protected by a granted patent to infringe the rights in another, earlier, granted patent.
4. The registration of a trade mark provides the registered owner with a defence to the infringement of another registered trade mark. However, this defence does not extend to common law enforcement proceedings that raise issues of passing off or

breaches of the Consumer Law provisions relating to misleading and deceptive conduct.

5. The grant of a patent in one jurisdiction, and the registration of a trade mark in one jurisdiction, does not mean that the same patent will be granted, or the same trade mark will be registered, in another jurisdiction.

All of the patent and trade mark requirements mentioned in Section 1.0 are similar in most countries, with the important exception that some countries do not recognise common law trade marks and thus afford trade mark rights only to those that seek trade mark registration.

Section 2.0 – Overview – Entitlement and Ownership

The Australian *Patents Act 1990* says that a patent for an invention may only be granted to a person who is the inventor, or to an entity who would on the grant of a patent for the invention be entitled to an assignment of the patent from the inventor, or who derives title to the invention from such an entity. This requirement is known as ‘entitlement’ and the law on entitlement is generally similar in all countries.

On the general question of inventorship, while there are rules and guidelines about what qualifies as inventorship, generally an inventor is someone who has contributed materially to the concept of an invention, being an invention as defined by claims in a patent or patent application.

An entity that wants to claim ownership of a patent, or of a patentable invention, needs to be able to show a valid chain of legal title originating with the inventor, and ending with itself. If there are multiple inventors, then a chain of title must exist from each one of them to the final owner.

Ideally, a Patent Register in a country reflects the true situation with regard to inventorship and ownership. But, ultimately, if the Register does not match a provable legal position, then the legal position usually overrides the Register. For example, before a patent is actually granted (i.e. when it is still an application) the Australian Patent Office will generally accept simple assertions of an applicant as to inventorship and ownership, but these are able to be challenged in the Australian Courts at a later stage. In some countries, though, inventors and applicants are required to attest to inventorship and ownership positions by way of executed (and sometimes legally witnessed and sworn) documents prior to grant.

Section 3.0 – AML3D Patent and Trade Mark Properties

(a) Patents - AML3D Limited is recorded on the World Intellectual Property Organization (WIPO) database, and the Singapore Patent Office database, as the owner of the following PCT and Singaporean patent applications. At the date of this Report, the US Patent Office database is being updated to reflect the recent name change from AML3D Pty Ltd to AML3D Limited for the US patent application:

Country	Number	Title	Earliest Date	Status
International	PCT/AU2019/050269	Method and Apparatus for Manufacturing 3D Metal Parts	14 April 2018	Pending
Singapore	11201909477S	Method and Apparatus for Manufacturing 3D Metal Parts	14 April 2018	Pending
USA	16/624,185	Method and Apparatus for Manufacturing 3D Metal Parts	14 April 2018	Pending

In relation to International patent application PCT/AU2019/050269, it will remain possible through to 14 October 2020 (or 14 November 2020 in some countries and regions) to enter the national or regional phase in further PCT member states.

A commercial decision was taken by AML3D to enter the national phases early in Singapore and the USA from International patent application PCT/AU2019/050269.

We understand that decisions on protection in other countries will thus be made nearer those deadlines.

(b) Trade Marks – AML3D Limited is recorded on the Register of the Australian Trade Marks Office (IP Australia) as the owner of the following Australian trade mark properties:

Number	Mark	Class	Date	Status
1823805	AML Technologies	40	3 Feb 2017	Registered
1823829	WAM	40	3 Feb 2017	Registered
1920080	AMScAlloy	6	15 April 2018	Under examination
1920081	WAMSoft	9	15 April 2018	Registered
1920237	AMLTEC	40	16 April 2018	Registered
1920654	AutoPurge3D	7	18 April 2018	Registered
2005221	AML3D	7, 40	25 April 2019	Under examination
2005222	ARCEMY	7, 9, 40	25 April 2019	Registered
2032252	AML3D and device	7, 9, 37, 40	22 Aug 2019	Awaiting examination
2032253	ARCEMY (stylised)	7, 9, 37, 40	22 Aug 2019	Awaiting examination

By way of example, the goods and services of Classes 7, 9, 37 and 40 are generally as follows:

Class 7 – Goods, including printing and welding apparatus and machines

Class 9 – Goods, including computer aided manufacturing apparatus

Class 37 – Services, including installation, maintenance and repair services

Class 40 – Services, including printing and welding services

It should be noted that our firm was only involved in the original lodgement of applications 2032252 and 2032253. However, in August 2019 we assumed responsibility for the ongoing prosecution, monitoring and management of all of these trade mark properties.

Section 4.0 – AML3D Entitlement and Ownership

We have reviewed the inventorship and entitlement position for the patent properties identified in Section 3.0 above and confirm our understanding that the rights for the invention of International patent application PCT/AU2019/050269 (and any national or regional phase entries made therefrom) transferred from the sole inventor, Andrew Michael Clayton Sales, to AML3D by virtue of Mr Sales employment with AML3D.

Greg Bartlett
Partner

Phillips Ormonde Fitzpatrick
Level 5/75 Hindmarsh Square
Adelaide SA 5000

ANNEXURE B – INVESTIGATING ACCOUNTANT’S REPORT

AC\CSRI\AMC\20086\4319622

10 February 2020

PRIVATE & CONFIDENTIAL

The Directors
AML3D Limited
14 Pentland Road
SALISBURY SOUTH SA 5106

Dear Directors,

Independent Limited Assurance Report on AML3D Limited Historical and Pro Forma Historical Financial Information

William Buck Corporate Advisory Services (SA) Pty Ltd has been engaged by AML3D Limited (ACN 602 857 983) to report on the Historical Financial Information and the Pro Forma Historical Financial Information of the Company, for inclusion in a Prospectus document dated on or around 10 February 2020 and relating to the issue of 45,000,000 shares, in the Company ("the Prospectus").

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

Scope

Historical Financial Information

The Company has requested William Buck Corporate Advisory Services (SA) Pty Ltd to review the following Historical Financial Information in the Prospectus:

- The historical statements of comprehensive income for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- The historical statements of financial position as at 30 June 2017, 30 June 2018, and 30 June 2019; and
- The historical statements of cash-flows for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019.

The Historical Financial Information 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 adopted accounting policies, which are disclosed in the financial information section of the Prospectus document. The Historical Financial Information has been extracted from the special purpose financial statements of the Company for the financial years ended 30 June 2017, 30 June 2018, and 30 June 2019, which were audited by William Buck (the Auditor) in accordance with the Australian Auditing Standards.

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

Unmodified Audit Opinion (with emphasis) on the Historical Financial Information of the Company

William Buck issued an unmodified audit opinion for the Company in respect to the audit for the financial years ended 30 June 2018 and 30 June 2019. However emphasis was drawn to the following items:

Basis of Accounting

The financial statements of the Company were prepared as special purpose financial statements, as opposed to general purpose financial statements. As a result, the financial reports may not be suitable for another purpose.

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements that are mandatory under the Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001.

Material Uncertainty Related to Going Concern

A material uncertainty paragraph in respect of the going concern assumption of the Company was included in the auditors' reports for the financial years ending 30 June 2017, 30 June 2018 and 30 June 2019. These determinations were made based upon references to prior year losses and the Company's total liabilities exceeding total assets as at 30 June 2017 and 30 June 2019.

William Buck Corporate Advisory Services (SA) Pty Ltd is satisfied that the capital proposed to be raised by the Company, as detailed in the prospectus, is sufficient to remove this material uncertainty relating to the going concern.

Qualified Audit Opinion on the Historical Financial Information of the Company

William Buck issued a qualified audit opinion for the Company for the financial year ended 30 June 2017. The basis for the Qualified Opinion is as follows:

Opening Balances and Comparative Information

The financial report for the year ended 30 June 2016 forms the opening balance for the year ended 30 June 2017 and was not audited. As opening balances enter into the determination of future financial performance and future cash flows, we were unable to determine whether any adjustments might have been necessary in respect of the income and expenditure amounts reported in the statement of profit or loss and other comprehensive income and the net cash flows as reported in the statement of cash flows for the year ended 30 June 2016 and 30 June 2017.

Pro Forma Historical Financial Information

The directors of the Company have requested William Buck Corporate Advisory Services (SA) Pty Ltd to review the Pro Forma Historical Statement of Financial Position as at 30 June 2019 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, after adjusting for the effects of pro forma and subsequent event adjustments described in the financial information section of the Prospectus document. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events to which the pro forma adjustments relate, as described in

the financial information section of the Prospectus document, as if those events had occurred as at the balance date of the Historical Financial Information, being 30 June 2019. Due to its nature, the Pro Forma Historical Information does not represent the Company's actual or prospective financial position or financial performance.

Directors' Responsibility

The directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the 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 the 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 financial information based on the procedures performed and the evidence we obtained. We have conducted our engagement in accordance with the Australian Standard on Assurance Engagement (ASAE) *3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Accounting 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 a source of the financial information.

Conclusions

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 is not presented fairly, in all material respects, in accordance with the stated basis of preparation as set out in financial information section of the Prospectus document; and
- The Pro Forma Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation as set out in financial information section of the Prospectus document.

Subsequent Events

Apart from the matters dealt with in this Report, and as disclosed in the Prospectus covering subsequent events, and having regard to the scope of our Report, to the best of our knowledge and belief, no other material transactions or events outside of the ordinary business of the Company have come to our attention that would require comments on, or adjustments to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

Restriction on Use

We disclaim any assumptions of responsibility for any reliance on this report or on the prospective financial information to which this Report relates for any purpose other than the purpose for which it was prepared. This report should be read in conjunction with the Prospectus.

General Advice Limitation

This Report has been prepared and included in the Prospectus to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on this information contained in this Report. Before acting or relying on information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

This report contains information which relates solely to the preparation of the financial reports of the Company. William Buck Corporate Advisory Services (SA) Pty Ltd is not licensed to provide financial product advice under the Corporations Act and the content of this report is not, and should not be considered as, financial product advice. Please refer to the Important Information section of the Prospectus.

Independence

William Buck Corporate Advisory Services (SA) Pty Ltd does not have any interest in the outcome of the issue of shares other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Consent

William Buck Corporate Advisory Services (SA) Pty Ltd has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included. At the date of this report our consent has not been withdrawn. William Buck Corporate Advisory Services (SA) Pty Ltd makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

William Buck Corporate Advisory Services (SA) Pty Ltd has not authorised the issue of the Prospectus and our report should not be taken as an endorsement of the Company or a recommendation to participate in the share issue by any intending investors.

Yours faithfully

William Buck Corporate Advisory Services (SA) Pty Ltd

ABN 52 134 899 915



Adrian Chugg

Director

Dated in Adelaide, this 10th day of February 2020