

ASX Listing Rule Compliance Matters

Prior issue of and Proposed Cancellation of Options (ASX LR 10.11)

Background

Amaero Ltd (**ASX:3DA**) (“Amaero” or the “Company”) advises that, on 13 February 2025, the Company issued an Appendix 3G - Notification regarding unquoted securities (**Appendix 3G**) to notify the ASX of the issuance of 4,044,375 unquoted options to employees under the Employee Incentive Plan (**EIP**).

Of those 4,044,375 unquoted options, 1.25m options in total, or 625,000 options were issued to each of, Hank Holland and Eric Bono, executive directors of the Company. These options were issued:

- in satisfaction of an entitlement to options under each respective officer’s contract of employment;
- without the shareholder approval required under ASX Listing Rule 10.11; and
- under the mistaken belief that shareholder approval had been obtained for those grants.

Entitlement under their contracts of employment

Both Mr Holland and Mr Bono’s contracts of employment state that they are to receive an annual issue of options for nil consideration with ‘at the money’ exercise price equal to 25% of their base executive remuneration, being US\$125,000 as Mr Holland and Mr Bono are paid a base salary of US\$500,000 each. Annexure A to this announcement sets out the material terms of their employment contracts for reference.

Remedial action in response to the issue of options

Upon identifying this error, the Company took prompt action and will promptly cancel the options.

Due to this:

- the total number of options issued to employees under the EIP in February 2025 is 2,794,375 options, with no options being issued to directors; and
- to correct the Appendix 3G and ASX’s records, the Company will issue an Appendix 3H – Notification of Cessation of Securities to notify the market of the cancellation of 1.25m options within 5 business days of the cancellation; and
- the Company proposes to pay the cash equivalent of Mr Holland and Mr Bono’s option entitlement, to each officer, being US\$125,000 to each of Mr Holland and Mr Bono (representing the value of the options due to be issued in 2025 under the contracts of employment) and US\$250,000 in total. The cash bonus will be made in three equal instalments with one third of the payment due on or before 30 April 2025, one third due on or before 30 April 2026 and on third on or before 30 April 2027. The payments are subject to Mr Holland and Mr Bono’s continued employment.

Review of compliance with Mr Holland and Mr Bono’s employment contracts

The Company elected to conduct a review of its historic issue of options to Mr Holland and Mr Bono and identified that:

- Mr Holland had not been issued with the options due to him under his contract of employment for CY2023 (which were due to have been issued in January 2024);
- although Mr Bono was entitled to receive options at the same time, Mr Bono had not yet performed one year of service by January 2024 (having joined the Company on or around 28 August 2023) and due to this no options were nor will now be awarded to him for CY2023; and

- the Company had not immediately disclosed the material terms of Mr Holland and Mr Bono's employment contract pursuant to ASX Listing Rule 3.16.4. For clarity, the basis on which Mr Holland and Mr Bono are remunerated has previously been disclosed in the Company's 2024 Annual Report and its 2024 notice of meeting for its annual general meeting. Annexure A to this announcement sets out the material terms of their employment contracts for these purposes.
- The directors, with Mr Holland abstaining, have approved the issue of a cash bonus of US\$125,000 to Mr Holland in lieu of the \$125,000 worth of options to which he was entitled in January 2024 but was never issued. The cash bonus has been split into three equal instalments with two thirds of the payment due on or before 30 April 2025 and the final third due on or before 30 April 2026. The payments are subject to Mr Holland's continued employment.

It is not expected that these payments will have a material impact on the Company's cash position.

Further ASX Listing Rule Compliance Matters

Appendix 3Y (LR 3.19A and LR3.19B)

In relation to the issue of 625,000 options to each of Mr Holland and Mr Bono, as referenced earlier in this announcement, the Company identified that it did not issue an Appendix 3Y - Change of Director Interest notifications (**Appendix 3Ys**) to the market in relation to those options. The Company advised ASX of this inadvertent breach of ASX Listing Rules 3.19A and 3.19B.

The Company has also been advised on 10 April 2025 that the ASX identified an additional irregularity in respect of Appendix 3Y's issued in respect of director Rob Latta's shareholdings in that in 2023 and following, successive Appendix 3X and 3Ys failed to disclose certain options in which Mr Latta had an indirect interest.

The Company's annual report for the year ended 30 June 2024 disclosed the securities held by Robert Latta, director, as 144,851,503 options at the start of the financial year or prior to his appointment as a director. On 22 December 2023 the Company's shareholders approved to issue 25 million options to Pegasus Growth Capital Fund I (**Pegasus**). However, the director's interest notifications for Robert Latta (the Initial Director's Interest notification - Appendix 3X and multiple Appendices 3Y thereafter) failed to identify his initial interest of the 144,851,503 options and the further 25,000,000 options issued following his appointment as director. The Company agrees with the ASX's view that this also constitutes a breach of Listing Rules 3.19A and 3.19B.

Mr Latta's latest Appendix 3Y dated 4 April 2025 correctly records his interests in accordance with the applicable ASX listing rules.

Corporate Governance Statement (LR 4.10.3)

The Company's FY2024 Appendix 4G and Corporate Governance Statement released to the market on 24 September 2024 included a link to the Company's website where investors could locate copies of the Company's governance policies. The Company's Continuous Disclosure Policy was not available on this URL until February 2025. The Company agrees with the ASX that this was a breach of Listing Rule 4.10.3.

Securities Trading Policy

The Company notified the market via Appendix 3Ys issued on 2 August 2024 that Hank Holland and Robert Latta had an interest in Pegasus' acquisition of 400,000 shares, purchased on 1 August 2024. Section 3.1 of the Company's Trading Policy sets out that the trading windows and prohibited periods where Designated Persons must not deal in the Company's securities during the period each year from the close of the ASX trading day 5 trading days prior to the end of the full financial year until 2 trading days after the date of announcement to ASX of the preliminary final statement or full year results.

The Company has investigated and confirms that the purchase of the shares was in breach of the Company's trading policy. The Company notes that whilst this trading occurred during a closed period under the Trading Policy, the trading occurred following the release of the Company's quarterly activities report and Appendix 4C on 25 July 2024 and the issuance of a cleansing notice under section 708A(5)(e) of the Corporations Act on 29 July 2024. The shares were purchased under the mistaken understanding that the Company was no longer in a trading black out period as section 3.1(e) of the Trading Policy states that a prohibited period for trading ends two trading days following the date of the release of the quarterly report to the market.

Next steps to be taken by Amaero

In light of what has been described in this announcement, the Company will conduct a review into the circumstances in which the breaches (and potential breaches) occurred as well as the Company's internal policies and processes for compliance with each relevant Listing Rule and its Trading Policy.

The Company will announce the results of the review including any changes to the Company's policies and procedures and any other response in due course.

Authorised by the Board of Amaero Ltd (ASX:3DA).

For further information, please contact:

Amaero Ltd

Hank J. Holland
Chairman and CEO
hank.holland@amaeroinc.com

Media & Investor Enquiries in Australia

Jane Morgan
Director
jm@janemorganmanagement.com.au

Media & Investor Enquiries in United States

Chris Donovan
MZ Group
amaero@mzgroup.us

About Amaero

Amaero Ltd (ASX:3DA) is an ASX-listed company with manufacturing and corporate headquarters located in Tennessee, U.S. Amaero is a leading U.S. domestic producer of high-value refractory alloy, titanium and specialty alloy powders for additive and advanced manufacturing of components utilised by the defense, space, and aviation industries. The technical and manufacturing team brings decades of experience and know-how with pioneering work in gas atomization of refractory and titanium alloys. The Company has commissioned advanced gas atomization technology with an industry leading yield of AM powder. The Company is also a leader in PM-HIP (Powder Metallurgy Hot Isostatic Pressing) manufacturing of large, near-net-shape powder metallurgy parts with forged-equivalent material properties and microstructure for a variety of alloys. PM-HIP manufacturing is helping alleviate the strained domestic supply chain for large scale castings and forgings.

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Annexure A – Material Terms – Contract of Employment

Hank Holland	
Employer	Amaero Advanced Materials & Manufacturing, Inc a wholly owned US subsidiary of the Company
Commencement Date	24 August 2023
Fixed Remuneration	USD\$500,000
401(k) contributions	401(k) amounts matching individual contribution
Annual Incentive	Annual issue of options for nil consideration with an exercise price equal to the VWAP of the fully paid ordinary shares for the five consecutive trading days prior to the option grant date. The number of options to be issued will be determined based on the Black-Scholes option pricing model to identify that number of options equal to 25% of Mr Holland's fixed remuneration (ie UDS\$125,000 worth of options). The annual options will vest in full on the third anniversary of the grant date subject to continuing employment
Termination	Either party can terminate employment at will at any time and for any reason or no reason. The Employer has requested in its employment contract with Mr Holland that Mr Holland give at least 30 days' notice of his intention to resign.

Eric Bono	
Employer	Amaero Advanced Materials & Manufacturing, Inc a wholly owned US subsidiary of the Company
Commencement Date	28 August 2023
Fixed Remuneration	USD\$500,000
401(k) contributions	401(k) amounts matching individual contribution
Signing bonus	USD\$50,000 one off signing bonus payable within 30 days following the commencement date. Subject to one-year continuous employment following the commencement date. If Mr Bono's employment is terminated within that time, the signing bonus is repayable in full.
Cash bonus incentive	For five years following commencement of employment, a cash bonus is payable equal to 12.5% of the gross profit margin on HIP manufacturing of near net shape parts, so long as the Company exceeds a minimum gross profit threshold of 40%.
Relocation bonus	Up to USD\$25,000 will be reimbursed upon presentation of valid receipts for costs incurred relocating from Pennsylvania to the Company's Tennessee offices.
Employment options	Issue of 10,000,000 options issued for nil consideration at an exercise price equal to the VWAP of fully paid ordinary shares for the five consecutive trading days prior to the option grant date. The options are subject to time-based vesting conditions, with 20% of the options vesting on the date of issue, and a further 20% to vest on each anniversary of Mr Bono's employment with the Company, subject to continuing employment with the Company. In the event of a change in control of the Company, 50% of all unvested options will vest on the change of control date. In the event Mr Bono's employment is terminated by the Employer without cause, he may be entitled to receive accelerated vesting of 50% of all unvested options on the termination date.
Annual Incentive	Annual issue of options for nil consideration with an exercise price equal to the VWAP of the fully paid ordinary shares for the five consecutive trading days prior to the option grant date. The number of options to be issued will be determined based on the Black-Scholes option pricing model to identify that number of options equal to 25% of Mr Bono's fixed remuneration (ie UDS\$125,000 worth of options). The annual options will vest in full on the third anniversary of the grant date subject to continuing employment.
Termination	Either party can terminate employment at will at any time and for any reason or no reason. The Employer has requested in its employment contract with Mr Bono that Mr Bono give at least 30 days' notice of his intention to resign.