



ASX Announcement

CORPORATE DIRECTORY

Chairman

PAUL KRISTENSEN

Founder, Managing Director

DAVID BUDGE

Business Development

and Marketing Director

NATHAN HENRY

Non-Executive Director

MEL ASHTON

Non-Executive Director

and Company Secretary

MATHEW WHYTE

Aurora Labs Limited Quarterly Report and Appendix 4C for Q1 FY2020

Highlights:

- **In advanced pre-sale discussions with 21 companies**
- **Agreement signed for first commercial supply of RMP1-Beta Printer to AdditiveNow**
- **RMP-1 achieves print speed of 350 kg /day – increase of 2000% in 12 months**
- **Successful placement since end of quarter to raise \$4 Million from new high quality institutional and sophisticated investors**

CONTACT DETAILS

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ASX CODE: A3D

ACN: 601 164 505

Aurora Labs Limited ("Aurora" or "the Company") (ASX:A3D), has today released its quarterly Appendix 4C for Q1 (FY) 2020 (refer attached).

During the quarter Aurora delivered significant progress on both commercial and technical fronts towards commercialisation of the MCP and its RMP1.

The ability of Aurora's printers to print successfully with revolutionary print speeds has attracted significant global interest. Advanced discussions are ongoing with 21 potential customers looking to pre-purchase RMP1 printers.

Aurora is focussing its efforts on converting the discussions into pre-sale agreements.

The world's largest Additive Manufacturing Trade Show Formnext is being held in Frankfurt in November. Aurora will be taking additional staff to cope with the substantial number of meetings that are being held.

First commercial supply of RMP-1 Beta

As announced on 1 October, Aurora has entered an agreement to supply an RMP-1 Beta metal printer to AdditiveNow Pty Ltd ("AdditiveNow™"). The commercial supply of the RMP-1 Beta printer is a major milestone for the Company as it will deliver the first cashflow from its large format printers.

The RMP1- Beta machine will service demand for printing from AdditiveNow's growing list of tier one resource clients in Australia.



Key terms of Agreement

- Aurora subsidiary, A3D Operations Pty Ltd, will receive payments of AUD2.096M under the transaction;
- The transaction will be executed under a 5year Fixed Rate Finance Lease, with monthly payments paid in arrears;
- The RMP1 will transfer to AdditiveNow™ at the end of the lease subject to AdditiveNow™ having paid all amounts due under the lease;
- AdditiveNow™ may at any time during the lease exercise an option to purchase the RMP1 by paying the agreed purchase amount;
- The price is net of discounts for the sale to AdditiveNow™ in which Aurora has a 50% shareholding interest. Most of the discount offered to AdditiveNow™ takes the form of an in-kind shareholder contribution to the running costs of AdditiveNow™;
- The transaction is conditional upon satisfaction of certain performance conditions, which the Company is confident in achieving;
- The Company has reserved the right to have priority use of the RMP-1 for its own printing in return for a payment of 50% of estimated operating costs of the RMP-1, for up to the first 12 months post-sale; and
- The parties will collaborate on the development of a cost estimating tool, printer scheduling tool and standardised business processes for the commercial operation of the RMP-1.

In respect of the Supply Agreement Aurora's Managing Director, Mr. David Budge said: "This transaction is a demonstration of the unique value proposition of the Company's 3D metal printers, which lead the industry with their speed and technical capability.

"This is a great result for Aurora on a number of levels. Importantly, we will generate revenue from the supply of this machine, as well as ongoing revenue from our share of the work it will do for AdditiveNow™. The RMP-1 is the only printer in the world designed to do this work for AdditiveNow™ to the specifications required.

"The RMP-1 will be based at our facility in Bibra Lake, Western Australia, where Aurora will continue to have access to it so we can have real time feedback from a customer as we prepare to launch our production model."



AdditiveNow Managing Director John Bolto (L) and Aurora CEO David Budge (R)

Increase in RMP1 Speed to 350kg per day

On the technical front Aurora made a significant increase in the speed of its Rapid Manufacturing Technology (RMT) achieving a print speed of 350kg/day. Tests were carried out on the RMP1 -Beta, which is the first pre-production model of the RMT range of metal printers.

The RMP1 Beta Printer is significantly more sophisticated than any previous machine that Aurora has built. The print bed is 450 mm x 400 mm and can print parts 10 times the volume of the Company's previous test machine (Alpha2 printer). It incorporates sensing and tracking equipment that are the foundations that Aurora is building the certification system on for developing digitally certified parts (DCPs).



The Company's priorities are to capitalise on numerous pre-sale opportunities with current industry partners and potential new customers, whilst working to optimise both print speed and quality.

This result shows the RMP1's speed and quality capabilities will allow printed metal parts to be manufactured at a price that is cost competitive with traditional manufacturing. Aurora Labs expects this achievement to trigger increased engagement with the Company around its disruptive and unique technology.

In respect to the increase in print speeds achieved Mr. David Budge, said "This is an outstanding result for Aurora Labs and one that underlines the potential of our metal 3D printing capability. Our RMP1 machine can produce high quality parts in a timeframe of hours – as opposed to traditional parts manufacturing that can have lead times of months.

"When you consider that we recorded print speeds of 15.8kg per day on the Alpha Printer last September, this equates to a greater than 2000% speed improvement in 12 months.

"The technical development of our Rapid Manufacturing Technology is occurring in parallel with some exciting progress in our market development activities."

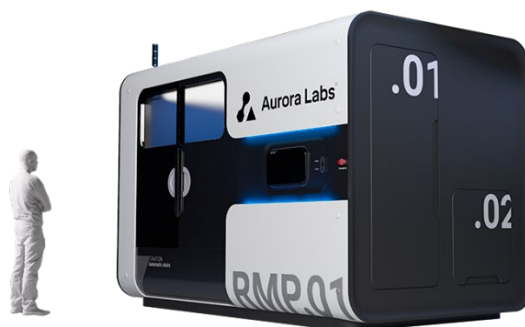
Mr Budge said Aurora was continuing to make progress with Gränges AB to convert the Company's MOU into a formal agreement.

"We have held successful meetings with Gränges in both Stockholm and Perth to map out the relationship and we are now conducting further discussions around research projects and a pre-order for an RMP1 Printer," Mr. Budge said.

Aurora is also fielding interest from several other potential users of the Company's technology, including a US medical group, two major global industrial groups, a US aerospace company, a major global steel manufacturer and global international car manufacturers, among others.

"There is no doubt the global resources, industrial and manufacturing sectors are aware of the potential of Aurora's 3D metal printing to reduce costs and free up capital that is currently locked away in spare parts inventories, and today's news will add to that interest," Mr. Budge said.

"We are excited about the progress we are making, both technically, and commercially with potential partners who want access to our world-leading 3D metal manufacturing capability."



Industrial design of RMP-1

¹ Refer to ASX announcement dated 3 July 2019 "Aurora executes memorandum of understanding with Granges AB"



Finance and Cash Position

Successful Placement to raise \$4 million

Subsequent to the end of the quarter the Company announced on 30 October 2019¹ the successful completion of a capital raising of \$4 million (before costs of the issue) by way of placement to new institutional and sophisticated investors. A total of 15,384,616 Shares will be issued at \$0.26 per Share. Funds from the placement will primarily be applied to accelerate commercialisation of Rapid Manufacturing Technology (RMP-1) and large format machines), powder development and working capital purposes.

Commenting on the successful capital raising David Budge, Managing Director said "Once again, significant professional and sophisticated investors participated in this capital raising. We greatly value their support. The additional funding will allow Aurora to accelerate the development of its business in Australia and overseas in direct response to the strong and ever-increasing interest in the Company and its rapid manufacturing technology being shown by major OEMs and other important customers as well as potential collaboration partners around the world".

As at 30 September 2019, the Company's cash at bank and on deposit was approximately \$1.165 million.

Please refer to the Appendix 4C quarterly commitments report for the period ended 30 September 2019 for further information.

¹ Refer to ASX Announcement 30 October 2019 "Aurora Completes \$4 million Placement"

ABOUT ADDITIVENOW

AdditiveNow™ is an incorporated joint venture between A3D Holdings Pty Ltd (a member of the Aurora Labs group of companies) and WorleyParsons Services Pty Ltd (a member of the WorleyParsons group of companies).

For more information on AdditiveNow please refer to <https://additivenow.com/>

ABOUT AURORA LABS

Aurora Labs Limited ("the Company"), an industrial technology and innovation company that specialises in the development of 3D metal printers, powders, digital parts and their associated intellectual property.

Aurora Labs is listed on the Australian Securities Exchange (ASX: A3D)

FORWARD LOOKING STATEMENTS

This announcement contains forward-looking statements which incorporate an element of uncertainty or risk, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These statements are based on an evaluation of current economic and operating conditions, as well as assumptions regarding future events. These events are, as at the date of this announcement, expected to take place, but there cannot be any guarantee that such events will occur as anticipated or at all given that many of the events are outside Aurora's control.

Accordingly, Aurora and the directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur.

For further information, please contact: enquiries@auroralabs3d.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Aurora Labs Limited (ASX: A3D)

ABN

44 601 164 505

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 3 months \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	112	112
1.2 Payments for		
(a) research and development ¹ (Medium and Large Format Printer (MFP and LFP)) Powder production unit (PPU)	(177)	(177)
(b) product manufacturing and operating costs (Small Format Printer (SFP))	(167)	(167)
(c) advertising and marketing	(36)	(36)
(d) leased assets	-	-
(e) staff costs	(1,186)	(1,186)
(f) administration and corporate costs	(796)	(796)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 R & D grants received	-	-
1.8 Other (Net GST)	8	8
1.9 Net cash from / (used in) operating activities	(2,233)	(2,233)

¹. Research and development is not inclusive of allocation for staff, administration and corporate costs.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 3 months \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(150)	(150)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	(46)	(46)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(196)	(196)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 3 months \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,604	3,604
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,233)	(2,233)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(196)	(196)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(9)	(9)
4.6	Cash and cash equivalents at end of quarter *	1,166*	1,166

* On 30 October 2019 Aurora Labs announced a successful Placement to raise \$4 million (before costs). Timetable for settlement is scheduled on 5 November 2019.

Refer ASX Announcement 30 October 2019 "Aurora Completes \$4 million Placement"

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,166	1,166
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Cash on Hand)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,166	1,166

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	175
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Item 6.1 includes salaries and directors fees paid to directors.		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities *	1,350*	1,350*
8.2	Credit standby arrangements (Credit Card)	(10)	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
* Post period end on 16 October 2019 Aurora repaid its secured loan advance (on FY2019 R & D receivable) to Radium Capital Pty Ltd. Total repayment amount was \$1,413 million including interest of \$63k.			

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	(331)
9.2	Product manufacturing and operating costs	(86)
9.3	Advertising and marketing	(120)
9.4	Staff costs	(1,300)
9.5	Administration and corporate costs	(432)
9.6	Property, plant and equipment & Intellectual property	(150)
9.7	Sales- Receipts from customers	125
9.8	Net R & D tax offset - received 16 October 2019	560
9.9	Total estimated cash outflows	(1,734)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Performance Shares

The Company provides the following information in relation to Performance Shares (ASX Code: A3DAJ):

- Number of Performance Shares at the beginning of the current quarter was 7,612,500, comprising:
 - 7,612,500 Class C Performance Shares.
- Each Performance Share will convert into a fully paid ordinary shares (**Shares**), on a one-for-one basis, upon the satisfaction of the following milestones (**Milestones**):
 - for Class C Performance Shares – upon achievement of Aurora (or an entity controlled by Aurora) having cumulative revenue of A\$7,250,000 before 30 June 2019.
- If the relevant Milestone for a class of Performance Share is not achieved by the required date, then each Performance Share in that class will be automatically redeemed and cancelled by Aurora for the sum of \$0.00001 within 10 business days of non-satisfaction of that Milestone.
- The Milestone for 7,012,500 Class C Performance Shares was not satisfied by the required dated (i.e. by 30 June 2019) and the Class C Performance Shares were automatically redeemed in accordance with their terms.
To ensure the redemption was properly effected, Aurora will obtain shareholder approval at its 2019 annual general meeting for a selective capital reduction in relation to the Class C Performance Shares.
- No Milestones were met during the current quarter.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


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Company Secretary

Date: 30 October 2019

Print name: Mathew Whyte

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.