



ASX Announcement

CORPORATE DIRECTORY

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PAUL KRISTENSEN

Founder, Managing Director
DAVID BUDGE

Business Development
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Non-Executive Director
MEL ASHTON

Non-Executive Director
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CEO's Open Letter to Shareholders

Dear Shareholder,

At Aurora Labs we are seeking to create value for shareholders by revolutionising manufacturing. We are at the cutting edge of 3D metal printing and we are globally recognised for our achievements.

As investors in the Company we appreciate the commitment you have made in backing our ambitions. We also recognise that the journey we are on as a start up Company, taking new technology through the development phase is at times a challenging one, and with that comes questions about what we are doing and what the outlook is for Aurora Labs.

We had some great questions from shareholders at our AGM earlier this month and I believe the answers will be of interest to all shareholders, so I am pleased to be able to write to you to outline our responses to those questions.

Before I do that, I would also like to extend an invitation to you to visit Aurora Labs early in the New Year. We are very proud of the facility we have in Bibra Lake and it would give us great pleasure to showcase to you the work that the team is doing there. We will be open for shareholders the following days:

18th February 2020

20th February 2020

As we can only accommodate a maximum of 15 people at a time, places will be allocated on a 'first come – first served' basis, so make sure you contact us early, at taya.reid@auroralabs3d.com

Each visitor will need to sign a confidentiality agreement, and no cameras or mobile phones will be allowed inside the labs for security reasons.

We look forward to showing you Aurora Labs.

Investor Questions and Answers

How will Aurora Labs evolve over the next 1 – 2 years?

We expect that 2020 will be a very significant year for Aurora Labs, as we move towards scaled-up production of the RMP1, and convert the significant interest in our product into a clear pre-sales and sales pipeline.

In 2021 we'll be aiming to continue converting early stage commitments we have received into machine sales. One of our most attractive opportunities will be to convert single machine sales into multiple follow-up sales, once our launch customers have had some experience with the RMP1 and fully understand its capabilities.



What is your sales and marketing process and plan?

Given our role at the cutting edge of 3D metal printing, a significant part of our marketing effort is in demonstrating the RMP1 printer's performance. In the case of AB Granges, we have entered into a research engineering project agreement, where Aurora is funded by the client to undertake specific printing tasks for evaluation.

The next step in the process is to enter into a pre-sales agreement. This is in effect a conditional sale, where a customer commits to purchasing an RMP1 subject to a more specific evaluation to demonstrate the print quality and economics of the machine against the customer's criteria. As with our research engineering projects, we will be paid to undertake pre-sales sample printing.

We are focusing our development and sales efforts on two key materials, stainless steel and aluminium. There is strong demand for stainless steel in heavy industry and the resources sector, while aluminium has a wide range of transport applications, including in automotive and aerospace.

We are targeting initial pre-sale commitments of between six and twelve machines, to ensure can provide the correct levels of support to our launch customers.

How are these pre-sales and sales progressing?

You will be aware of the 50-50 joint venture we established with Worley, called AdditiveNow. AdditiveNow provides us access to Advisian's global network of customers in the resources sector. In addition we are building a direct sales pipeline through both existing sales networks and new potential venture partners.

Following interest we received at the FormNext conference earlier this year, we have submitted proposals to a US specialist manufacturing company and a large Japanese multinational company.

We also have a number of companies that have asked us to print parts in order to assess the printer's capabilities, with a view to achieving a pre-sale and subsequent sale of machine. As you may appreciate, given the highly competitive nature of manufacturing, and the competitive opportunity our printing technology presents, the potential clients we are in discussions with require us to maintain confidentiality through the evaluation and sales process.

What types of commercial terms are you considering for sales?

Aurora's goal is to achieve pre-sales followed by a deposit with an order, which then leads to a completed sale upon delivery of the machine. This is a typical industry sequence. Of course, each client will have different needs when it comes to their commercial preferences, as we are working with them to provide solutions that meets their businesses' needs.

Clients' commercial preferences tend to fall into three categories:

- Clients that want to a third party to own and operate machines on their behalf. They are happy to pay a premium for parts that are produced for them
- Clients that purchase machines outright – generally clients with a history of using Additive Manufacturing
- Clients looking at lease options – reducing upfront CAPEX

Our business development team is ensuring that we have commercial solutions that can meet each of these commercial models. We are also investigating third party leasing arrangements, where a machine is leased through a finance company and Aurora is paid the full sale price upfront.



What are you doing to speed up progress on sales?

This is a common and understandable question. As discussed earlier, as a new technology company we have invested a significant effort in demonstrating the capability, quality and economic benefits of our RMP1 printer. Having spent valuable time in that process, the RMP1 is well understood and widely recognised as the industry leader in the 3D metal printing market. We are now in a position where, due to the market's understanding of the RMP1, and the ongoing improvements in its performance, the amount of time we need to spend in a research phase with potential clients will be much shorter, allowing us to move more quickly into a pre-sales mode with customers.

Of course, research projects with industry partners are still an incredibly valuable development and marketing tool, and we have several of these partnerships that have significant upside potential.

How is progress with the AdditiveNow JV?

Approximately 10 purchase orders have been placed with AdditiveNow over the past nine months, with increasing activity over the past 6 months. These have come from the mining and energy sectors, and each of these orders have been accompanied by non-disclosure agreements.

Industrial parts have been printed by A3D in 17-4 PH (which is a high strength form of stainless steels) and 316 L stainless steel for AdditiveNow clients for testing in the field, and we are pleased to report that the success of these field tests has generated additional print requests from clients.

We have established the necessary business functions and reporting systems to ensure the joint venture is effectively governed, and we will be reporting results from AdditiveNow in 1H2020.

How is the RMP1 printer performing against industry requirements?

Print density is an important measure of the strength of the metals produced by additive manufacturing, and density testing has been undertaken on various test print cubes as part of our development process. We have achieved density results ranging from 97% to 99.5% using industry standards. We have also engaged the University of Western Australia to conduct independent testing of our printed products, and we will continue to use the University to independently verify our latest results.

How long will it take to build an RMP1 Printer?

The first RMP1 will be manufactured in-house at our Bibra Lake facility. We have been in contact with a number of contract manufacturers and their estimated build time is 14 weeks. One such contract manufacturer has confirmed capacity to produce between 10 to 100 units per year at its current facilities in the United States and Europe.

Do you have the team in place to drive the next phase of the Company's ambitions?

We are moving from a development phase into a sales and manufacturing phase. So while our skills at product development will continue to be needed, we also recognise that we need additional skills in running a business that is becoming very focused on commercial and operational aspects such as finance, sales execution, printer manufacturing and follow up service.

To that end, we have started an international recruitment drive to search for Sales and Marketing Director. We are also in the process of recruiting a Chief Financial Officer as a high priority.

At the most senior levels, a full review of the Board composition will be undertaken early in the New Year, with potential new members already identified.

A review of the senior management team will also be conducted in early 2020.



In conclusion

Thankyou or your continued interest and support of Aurora Labs. We believe we are on the verge of capitalising on the investment we have made in developing the world's fastest large format 3D metal printers, and we are entering 2020 with a great deal of optimism. I hope this information about your investment in Aurora Labs has been helpful to you.

Aurora Labs send you our warmest wishes for a Happy Christmas and the very best for 2020.

David Budge

Founder and CEO

For further information please contact: enquiries@auroralabs3D.com

Ends.

Approved for release by the Company's Board of Directors.

For further information, please contact: Mathew Whyte, Company Secretary on +61 (0)8 943 1934 or by email enquiries@auroralabs3D.com

ABOUT AURORA LABS

Aurora Labs Limited ("the Company") ([ASX:A3D](#)), 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](#)).

To learn more about Aurora Labs please visit: www.auroralabs3d.com

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