Aurora Labs Ltd

ABN 44 601 164 505

Annual Financial Report
30 June 2016

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CORPORATE INFORMATION

ABN 44 149 970 445

Directors
Mr Paul Kehoe
Mr David Budge
Mr Nathan Henry
Mr David Parker
Mr Hendrikus Herman

Company secretary
Mr David Parker

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Auditors
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Perth WA 6000

CHAIRMANS REVIEW

Dear Shareholders,

It is with great pleasure that I present Aurora Lab's 2016 Annual Report.

I came in contact with Aurora Labs ('Aurora' or 'the Company') in December 2015. At the time, they were operating from a very small warehouse. The team was only three people. They had developed a single small format printer which they had painstakingly built from the ground up.

In just nine months, Aurora has rapidly moved to being on the cusp of commercial production of the small format printer. The Company has moved into new premises with extensive production capability. The team has tripled and new production people are still being employed. Several small format printers have been built and are awaiting shipping (upon completion of Beta testing, CE mark and US FDA (CDRH) laser compliance). All this was achieved whilst Aurora was preparing for an Initial Public Offering on the ASX.

This is a testament to the dedication of the Aurora team. It is not unusual for the team to be working late into the night or on the weekend to complete an assignment. This work ethic together with an ability to think "outside the box" makes the Aurora team a force to be reckoned with in the 3D metal printing industry.

Aurora's 3D printing technology is unique in the industry. The small format printer has been designed so that it can be sold for a price significantly less than competitor machines. Aurora's small format printer has the same build speed and other general characteristics as competitor machines but can print in three modes whereas most competitor machines can only print in up to two different modes.

The medium format printer is currently being developed and will be the precursor to the large format printer. The large format printer is being designed to print up to one tonne of metal parts in 24 hours, which is believed to be 100 times faster than existing 3D metal printers currently on the market. Professor Tim Sercombe of the University of Western Australia states:

"When I first started in this field it was very novel, the 3D printing has undergone many changes since then and we are finally on the cusp of a major breakthrough in large-scale metal printers. Over the last year I've worked with a Perth-based start-up Aurora Labs, who is at the forefront of 3D printing globally,"

Aurora has attracted the interest of some very major global companies as has been reported in the financial press. Now that Aurora is listed and has production capability, it is likely that interest in Aurora and its printers will continue to grow.

The 2017 year is expected to be a very busy one for the Company. Aurora is in the late stages of preparing the small format printer for commercialisation. This involves completing the Beta testing, CE mark and US FDA (CDRH) laser compliance as noted earlier. These steps are likely to be achieved before calendar year end 2016. Once complete, sales of the small format printer can commence. Aurora is targeting the development of a working prototype of the medium format printer before the end of calendar year 2016 and a working prototype of the large format printer is intended to follow 6 to 12 months later. In closing I would like to thank the Board of Directors and all the staff of Aurora for the superb job they have done in rapidly moving Aurora forward to where it is today.

Paul Kehoe
Chairman

MANAGING DIRECTORS REVIEW

Dear Shareholders,

It's been a big year for Aurora Labs. We have expanded significantly, shifted premises, taken out patents on new technology and listed on the ASX. Since listing, those processes have only sped up. Looking forward we have a very ambitious year planned with some very large goals to achieve in a relatively short timeframe. However, we have been achieving the exceptional since the company started so this is nothing new to us.

One of the key things we are building with this company as it grows is a unique corporate culture – consisting of people who are leaders in their fields, but also fascinated with the technology and enthusiastic to be a part of the team that is making this into a reality.

This manifests itself in a number of interesting ways, but the simplest is that people work harder and longer at what they do and tend to enjoy it more, than they would at other jobs. I believe everyone who works here feels fortunate to be a part of the company and the products we are developing and building right here in Western Australia. I often see people go home on the weekend with a task half finished (a non-secret one of course) and by the time Monday comes it is miraculously finished. Or I get called at 10pm at night by someone who has stayed back and is checking some test parameters with me.

So I believe that while the technology and the processes we have in place to manufacture them will make the company great - it is only the people and the culture that evolves out of this fast paced technological evolution that will make it into a reality.

We are planning on staying significantly ahead of the curve. To that end we have recently taken out patents on novel powder production and other technologies. As you may be aware metal powders are the feed stock for 3D metal printers in a similar fashion that ink cartridges feed a desk top ink printer. Being able to produce metal powders in a high quantity and quality and significantly more competitively than other producers would give us another advantage over any potential competition in the field.

As a technology company we are continuing to innovate and patent new technologies as we develop them.

I believe that the world is currently on the cusp of a new industrial revolution that will transform manufacturing and production in a way that hasn't been seen since the first industrial revolution. I personally believe that 3D printing will be an integral part of this process and act as a transformative technology decentralising manufacturing and disrupting supply chains and traditional manufacturers. As the speed of development of key technologies, including our own, increases, this wave could occur very rapidly and impact manufacturing on a global scale. Currently most industries do not see this coming. With the expected release of the large format printer in the next 12-18 months there will be a lot of industries around the world that could be in for a significant surprise. Manufacturers will have to rethink their position in a not too dissimilar fashion as how the music industry had to redefine itself after the creation of Napster in 1999.

I plan to keep Aurora at the leading edge of the cusp of this wave, through growing innovation and incorporating this as an integral part of the company culture.

Thank you for being a part of this journey and we look forward to a remarkable year ahead.

David Budge
Managing Director

DIRECTORS' REPORT

The Board of Directors of Aurora Labs Ltd present their report on Aurora Labs Ltd ("Company" or "Aurora") for the year ended 30 June 2016.

DIRECTORS

The names of Directors who held office during or since the end of the financial year are as follows.

Paul Kehoe	Non-Executive Chairman	Appointed 11 April 2016
David Budge	Managing Director	Director since incorporation
Nathan Henry	Executive Director	Appointed 23 November 2015
David Parker	Non-Executive Director & Company Secretary	Appointed 23 November 2015
Hendrikus Herman	Non-Executive Director	Appointed 11 April 2016

CURRENT DIRECTORS AND OFFICERS

Mr Paul Kehoe

Non-Executive Chairman

Qualifications: Bachelor of Business (Acc.) from Monash University; CA; Graduate Diploma of Science (with First Class Honours) from Monash University.

Mr Kehoe has over 20 years' experience in corporate finance and restructuring as a Chartered Accountant with firms such as PricewaterhouseCoopers and Grant Thornton in senior management roles. Mr Kehoe served as the managing director of Syrah Resources Limited from December 2011 until October 2014. He oversaw the early development of Syrah Resources' world class graphite project at Balama, Mozambique and was involved in the acquisition of the Tanzanian projects. He has also performed business development roles with other ASX-listed and unlisted resource exploration companies.

During the three year period to the end of the financial year, Mr Kehoe served as a director of one other listed company being Syrah Resources Ltd (ASX:SYR) (December 2011 – October 2014).

Mr David Budge

Managing Director

Qualifications: Bachelor of Science (Chemistry) from University of Western Australia

Mr Budge has extensive industry experience in robotics, robotic welding, surfacing engineering, product development and manufacturing processes. He has become recognised for his experience in solving difficult fabrication and surface engineering problems for clients. He is the primary inventor of the large majority of Aurora's inventions that are the subject of its patent applications.

Mr Budge has experience developing and manufacturing a range of products for Australian and international markets. He has previously worked for Bossong Engineering running its plasma transferred arc department. He then worked for Score Pacific managing its thermal spray department and overseeing research and development on special projects. More recently Mr Budge established and ran Advanced Industrial Manufacturing Pty Ltd, a company that specialised in providing robotic welding and specialised technology solutions to the mining and oil and gas sectors.

David Budge is a founding director and shareholder in Aurora.

During the three year period to the end of the financial year, Mr Budge has not been a director of any other listed company.

Mr John (Nathan) Henry

Executive Director (Business Development)

Mr Henry has held senior management roles over the last 25 years he has been involved in every level of strategic planning, divisional financial reporting and senior corporate accountability up to Board level. His roles have covered the full spectrum of responsibility including process and business model development, new business development, technology implementation and roll out through distributed networks, market research and writing of business plans. He has experience with ISO certification, equipment purchases recommendations, workflow planning, skilled employee hires, securing AVL status and marketing plans. He has previously developed and led sales teams for market leading companies both in Australia and in the USA.

During the three year period to the end of the financial year, Mr Henry has not been a director of any other listed company.

DIRECTORS' REPORT (continued)

CURRENT DIRECTORS AND OFFICERS (Continued)

Mr Henry is responsible for developing the strategy and processes required for branding and marketing the Company's products and services. These include, but are not limited to, 3D printers, consumables, services and licensing. He is responsible for developing advertising materials, overseeing web design and social media campaigns as well as monitoring metrics for these modes of communication and marketing.

Mr David Parker

Non-Executive Director & Company Secretary

Qualifications: Bachelor of Commerce from Curtin University; Graduate Diploma in Applied Corporate Governance

Mr Parker is an experienced corporate advisor and has served as a director or company secretary of a number of ASX-listed companies. He is the sole director of Cobblestones Corporate Pty Ltd who provides corporate advisory and company secretarial services to ASX-listed companies. Mr Parker is also an employee of Alto Capital, a stockbroking and corporate advisory firm which is licensed to provide financial advice to retail and wholesale investors.

Mr Parker is a Senior Associate (and member since 2001) of the Financial Services Industry of Australian (FINSIA).

During the three year period to the end of the financial year, Mr Parker served as a director of one other listed company being Syntonic Ltd (previously Pacific Ore Ltd) (ASX:SYT) (November 2009 – July 2016).

Mr Hendrikus (Dick) Herman

Non-Executive Director

Bachelor of Laws from Australian National University; Bachelor of Commerce from Australian National University

Mr Herman is a lawyer providing expert advice on commercial law matters. He is currently a senior associate at Curwoods Lawyers. He has almost 20 years' experience in legal and commercial roles and has handled matters for companies of all shapes and sizes, in Australia and overseas.

Mr Herman has a particular interest in franchise operations and their regulation and compliance, having provided advice on the Franchising Code of Conduct in its various forms since its introduction in 1998. He also has developed and maintained legal and risk compliance functions for companies, including work health and safety frameworks around their workforces.

Mr Herman draws on his broad understanding of business drivers to provide practical and relevant advice from a different perspective while being commercially focused.

During the three year period to the end of the financial year, Mr Herman has not been a director of any other listed company.

DIRECTORS INTERESTS

Interests in the shares, options and convertible notes of the Company and related bodies corporate

The following relevant interests in shares and options of the Company or a related body corporate were held by the Directors as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares	Number of performance shares (Class A, B & C)
Paul Kehoe	2,093,750	1,500,000	250,000
David Budge	23,946,785	750,000	14,736,483
Nathan Henry	982,151	1,693,334	512,084
David Parker	860,000	1,000,000	267,306
Hendrikus Herman	932,151	1,693,333	481,325
Total	**28,814,837**	**6,636,667**	**16,247,198**

DIRECTORS' REPORT (continued)

DIRECTORS INTERESTS (continued)

Shares under option or issued on exercise of options

At the date of this report unissued ordinary shares or interests of the Company under option are:

Date options granted (or issued)	Number of shares under option	Exercise price of option	Expiry date of option
23/11/2015[1]	1,500,000	$0.20	31/12/2018
10/05/2016	4,250,000	$0.20	31/12/2018
03/08/2016[2]	5,500,000	$0.20	31/12/2018
Total	**11,250,000**	$0.20	31/12/2018

[1] Number of options issued on a post consolidation basis.

[2] Options were issued pursuant to the Initial Public Offering for $0.01 per option.

There were no shares issued during the year as a result of the exercise of an Option.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year has been the design and development of 3D metal printers and associated products and services.

OPERATING AND FINANCIAL REVIEW

Operations

Highlights during the year and since the end of the year were as follows:

- Aurora continued to develop its capability as a 3D metal printer manufacturer that aims to enable mass adoption of 3D metal printing using new technologies that can significantly reduce the price and increase the speed of machines.
- Aurora raised $1,281,000 (net of share issue costs) in seed capital throughout the year to progress operations and seek an ASX listing;
- Aurora raised $2,855,000 and listed on the Australian Stock Exchange in August 2016, under code A3D;
- Aurora continued to develop innovative metal 3D printing technologies, including:
    - Small Format Printer (SFP) prototype and Beta Units, as well as initiating SFP pre-production activities;
    - Medium Format Printer (MFP) and Large Format Printer (LFP) design and development work; and
    - Lodging several patents relating to the company's printing technologies and associated products and services.

Principal Activities

Aurora is an Australian-based industrial technology and innovation company based in Perth specialising in the development of 3D metal printers, printer software and the supply of associated consumable materials.

Aurora has primarily focused on developing innovative 3D metal printing technology to address gaps in the current market for 3D metal printers. Aurora is seeking to meet the market need for affordable small format 3D metal printers, as well as for fast speed larger format 3D metal printers that can be used in larger-scale industrial manufacturing on a cost effective basis.

During the year the Company continued to develop 3D printing designs, in particular the development of the SFP prototype and Beta units, as well as concept designs for the LFP. The Company also lodged patents regarding its 3D metal printer concepts and designs and associated technologies. The Company also made additional pre-sales of the SFP and commenced Beta testing of the SFP.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Small Format Printer

- During the year the Company continued to develop the SFP prototype, including the production of numerous test prints. This led into the design and development of the SFP Beta units and pre-production activities in the second half of the year.
- Aurora started the SFP CE-mark process during the year, and is now currently preparing for final CE-mark checking for the European Union and final checking for US FDA (CDRH) laser compliance.
- There was an additional 5 pre-sales recorded which comprised $98,176 in deposits paid, and a large database of potential customers built.

Medium and Large Format Printers

- During the year the company progressed the design and development of the prototype of the MFP and the LFP.
- The LFP is being designed to print up to one tonne of metal parts in 24 hours, which is believed to be approximately 100 times faster than existing 3D metal printers currently on the market.

Results of Operations

The comprehensive loss of the Company for the year ended 30 June 2016, after providing for income tax amounted to $1,118,866 (2015: $249,473).

The loss is primarily due to activities relating to the design and development of the Company's 3D metal printers and associated working capital.

Review of financial conditions

The Company had $2,353,226 in cash assets as at 30 June 2016 (2015: $48,133).

At 30 June 2016, the Company had net assets of $54,786 (2015: net liability of $144,848), an increase of $199,634 compared with the previous period which was primarily due to equity being raised during the year of $1,281,000 (2015: $84,625) less the effect of the loss of the Company during the year of $1,118,866 (2015: $249,473).

Business Strategy and Prospects for Future Years

The objective of the Company is to create long-term shareholder value through the design and development of metal 3D printers and associated products and services.

The Company is now focused on the following key developments:

- Finalise Beta testing and final pre-production activities of the SFP and bring the SFP into commercial production;
- Move the MFP and LFP from the design and development stage into the proof of concept stage through the construction of a working MFP prototype; and
- Continue to lodge associated patents and develop associated 3D metal printing products including metal powder supply and software.

All of these activities are inherently risky and the Board is unable to provide certainty of the expected timing and financial results of these activities, or that any or all of these likely developments will be achieved. The material business risks faced by the Company that could have an effect on the Company's future prospects include:

- Risks to commercialisation of technologies;
- Risks of not achieving targeted speeds or product specifications;
- Inability to reach sufficient sales to generate an operating profit; and
- A comprehensive set of risks is detailed in the Company prospectus dated 9 June 2016.

Risks are managed in accordance with the Company's risk management framework.

LOSS PER SHARE

	2016 $	2015 $
Basic loss per share	**(0.015)**	(0.002)

DIRECTORS' REPORT (continued)

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

EMPLOYEES

The Company had 12 employees as at the 30 June 2016 (2015: 2).

SIGNIFICANT EVENTS DURING THE YEAR

On 3 July 2015, 2,000,000 fully paid ordinary shares were issued at $0.01 to raise $20,000.

On 6 November 2015, 3,382,500 fully paid ordinary shares were issued at $0.0266 to raise $90,000.

On 13 November 2015, 375,833 fully paid ordinary shares were issued at $0.0266 to raise $10,000.

On 23 November 2015, Nathan Henry was appointed as an Executive Director of the Company.

On 23 November 2015, David Parker was appointed as a Non-Executive Director and Company Secretary of the Company, while David Budge resigned as Company Secretary on 23 November 2015.

On 23 November 2015, 5,657,000 Options exercisable at circa $0.0532 on or before 31 December 2018 were issued for nil consideration.

On 2 December 2015, 2,818,750 fully paid ordinary shares were issued at $0.0266 to raise $75,000.

On 15 December 2015, 2,818,750 fully paid ordinary shares were issued at $0.0266 to raise $75,000.

On 18 December 2015, the Company held a General Meeting of shareholders. At this General Meeting, there were the following special resolutions approved by Shareholders.

- To change from a proprietary company limited by shares (Aurora Labs Pty Ltd) to a public company limited by shares (Aurora Labs Ltd).
- The Company adopted a new Constitution;
- A consolidation of capital;
  - The number of fully paid ordinary shares on issue was reduced from 122,145,833 to 32,500,000 fully paid ordinary shares, effective 18 December 2015.
- Approval to issue 20,000,000 Performance Shares on a pro-rata basis to existing shareholders
  - The issue of 20,000,000 Performance Shares on a pro-rata basis to existing shareholders as per the above point and recorded in the register on 31 December 2016 as follows:
    - 6,000,000 Class A Performance Shares
    - 6,750,000 Class B Performance Shares
    - 7,250,000 Class C Performance Shares

On 31 December 2015, 2,530,000 (post consolidation) fully paid ordinary shares were issued at $0.16 to raise $404,800.

On 8 March 2016, 2,470,000 (post consolidation) fully paid ordinary shares were issued at $0.16 to raise $395,200.

On 8 March 2016, 2,000,000 (post consolidation) fully paid ordinary shares were issued at $0.10 to raise $200,000.

On 23 March 2016, the Company was converted to a public Company and ASIC changed the Company name to Aurora Labs Ltd.

DIRECTORS’ REPORT (continued)

SIGNIFICANT EVENTS DURING THE YEAR (continued)

On 11 April 2016, Messrs Paul Kehoe and Hendrikus Herman were appointed to the Board as Non-Executive Chairman and Non-Executive Director respectively.

On 10 May 2016, the Company issued the following securities:

- 4,250,000 Options were issued for nil consideration on the same terms and conditions as existing Options, being exercisable at $0.20 on or before 31 December 2018.
- 500,000 Shares issued for nil consideration, to Alto Capital or nominees as per the Alto Capital Mandate Agreement.
- 1,000,000 Performance Shares issued for nil consideration, to Alto Capital or nominees as per the Alto Capital Mandate Agreement, split between Class A, B & C Performance Shares as follows:
  a. 300,000 Class A Performance Shares;
  b. 337,500 Class B Performance Shares; and
  c. 362,500 Class C Performance Shares.

On 9 June 2016, the Company lodged a Prospectus to offer 14,000,000 shares for $0.20 to raise $2,800,000 (before costs) as well as to offer 5,500,000 Options at $0.01 to raise $55,000 (before costs).

SUBSEQUENT EVENTS AFTER THE REPORTING DATE

On 26 July 2016, the Company closed the Share Offer under the Prospectus, and issued 14,000,000 ordinary shares for $0.20 each to subscribers of the Share Offer.

On 26 July 2016, the Company lodged a Supplementary Prospectus for the extension of the Option Offer and additional disclosure regarding the Option Offer.

On 29 July 2016, the Company issued 1,000,000 ordinary shares to Alto Capital or their nominees pursuant to the Lead Manager Mandate Agreement.

On 3 August 2016, the Company closed the Option Offer and issued 5,500,000 Options (exercisable at $0.20 on or before 31 December 2018) at $0.01 to raise $55,000 before costs to subscribers of the Option Offer.

On 12 August 2016, Aurora Labs Ltd (the “Company”) was admitted to the Official List of ASX Limited, with Official quotation of its securities commencing on 16 August 2016.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Aurora is in the late stages of preparing the SFP for commercialisation. This involves completing the Beta testing, CE mark and US FDA (CDRH) laser compliance as noted earlier. These steps are likely to be achieved before calendar year end 2016.

Once complete, sales of the SFP can commence. A working prototype of the MFP is expected before calendar year end 2016 and a working prototype of the LFP is intended to follow 6 to 12 months later.

A number of other initiatives are being worked on but as these are at a very early stage of development.

All future activities are subject to various risks and there are no assurances that these targeted milestones will be reached or that the stated timeframes will be met.

ENVIRONMENTAL LAWS AND REGULATIONS

Aurora’s operations are subject to various environmental laws and regulations. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by internal investigations, external compliance audits or inspections by relevant government authorities.

There have been no known breaches of environmental laws and regulations by the Company during the financial year.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED)

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Aurora Labs Limited for the financial year ended 30 June 2016. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Key Management Personnel

The KMP of the Company during or since the end of the financial year were as follows:

Directors	Position	Period of Employment
Mr Paul Kehoe	Non-Executive Chairman	11 April 2016
Mr David Budge	Managing Director	1 November 2015*
Mr Nathan Henry	Executive Director	1 October 2015
Mr David Parker	Non-Executive Director and Company Secretary	23 November 2015
Mr Hendrikus Herman	Non-Executive Director	11 April 2016

*David Budge provided services on a consulting basis prior to his full time employment which started on 1 November 2015.

Executives	Position	Period of Employment
Ms Jessica Snelling	Printer Development Engineer	Full year

Remuneration Policy

The Company's remuneration policy for its KMP has been developed by the Board taking into account the size of the Company, the size of the management team, the nature and stage of development of the Company's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following factors in determining the remuneration policy for KMP:

- Beta testing, pre-production and commercialisation of the SFPs;
- Design, development and proof of concept of the MFP and LFP;
- Lodgement of associated patents of the Company's new technologies;
- Development of associated products and services such as powders and powder production, and software development; and
- The listing of the Company's securities.

Remuneration Committee

The Board did not implement a Remuneration Committee during the year. Therefore the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Managing Director, the Directors and the executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and executive remuneration is separate and distinct.

Non-Executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The Constitution states that the Company may pay to the Non-Executive Directors a maximum total amount of Director's fees, determined by the Company in general meeting, or until so determined, as the Directors resolve. The Company intends to put to shareholders at the upcoming Annual General Meeting an aggregate remuneration amount to approve.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

Fees for the Chairman are presently set at $50,000 (2015: nil) per annum plus superannuation and fees for Non-Executive Directors are presently set at $35,000 (2015: nil) per annum plus superannuation. These fees cover main Board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company.

The Non-Executive Director remuneration is payable from the date of Official Quotation of securities of the Company on the ASX which was subsequent to the end of the financial year.

There was no Non-Executive Director salary remuneration during the year however there were Company Options issued to Non-Executive Directors to attract suitable candidates to the position.

Executive Remuneration

The Company's remuneration policy is to provide a fixed remuneration component and a short and long term performance based component. The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salaries, statutory superannuation contributions and other non-cash benefits. Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Performance Based Remuneration – Short Term Incentive

The Board intends to implement a system where Executives may be entitled to an annual cash bonus upon achieving various key performance indicators ("KPI's"), as set by the Board. Having regard to the operations of the Company, the Board may determine these KPI's, including measures such as successful commercialisation of the Company's products and services., production and sales levels, operational cash flows, corporate activities and business development activities.

No bonuses were paid or are payable in relation to the 2016 financial year.

Performance Based Remuneration – Long Term Incentive

Company Options

The Board has previously chosen to issue Company Options (where appropriate) to some executives and employees as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the executives and to provide an incentive linked to the performance of the Company.

Employee Incentive Plan

Aurora has implemented an Employee Incentive Plan during the year. Under the Plan, Aurora may grant options to subscribe for Shares or performance rights entitling the holder to be issued Shares on terms and conditions set by the Board at its discretion.

The material terms of the Plan are as follows:

(a) The purpose of the Plan is:

(i) to establish a method by which eligible persons can participate in the future growth and profitability of Aurora;

(ii) to provide an incentive and reward for eligible persons for their contribution to Aurora; and

(iii) to attract and retain a high standard of managerial and technical personnel for the benefit of Aurora.

(b) The following persons can participate in the Plan if the Board makes them an offer to do so:

(i) a full-time or part-time employee, including an Executive Director and Non-Executive Director of Aurora or its related bodies corporate;

(ii) a contractor of Aurora or its related bodies corporate; and

(iii) a casual employee of Aurora or its related bodies corporate where the employee or contractor is, or might reasonably be expected to be, engaged to work the pro-rata equivalent of 40% or more of a comparable full-time position.

REMUNERATION REPORT (AUDITED) (continued)

(c) Plan Options and Plan Rights (collectively Awards) issued under the Plan are subject to the terms and conditions set out in the Rules, which include:

(i) Vesting Conditions – which are time-based criteria, requirements or conditions (as specified in the offer and determined by the Board) which must be met prior to Awards vesting in a participant, which the Board may throughout the course of the period between the grant of an Award and its vesting, waive or accelerate as the Board considers reasonably appropriate;

(ii) Performance Conditions – which are conditions relating to the performance of Aurora and its related bodies corporate (and the manner in which those conditions will be tested) as specified in an offer and determined by the Board; and

(iii) Exercise Conditions – which are criteria, requirements or conditions, as determined by the Board or under the Plan, which must be met (notwithstanding the satisfaction of any Vesting Conditions and/or Performance Conditions) prior to a Participant being entitled to exercise vested Options.

(d) In accordance with ASIC Class Order 14/1000, the total Awards that may be issued under the Plan will not exceed 5% of the total number of Shares on issue. In calculating this limit, Awards issued to participants under the Plan other than in reliance upon this Class Order are discounted.

(e) The Board has the unfettered and absolute discretion to administer the Plan.

(f) Awards issued under the Plan are not transferable and will not be quoted on the ASX.

The Rules otherwise contain terms and conditions considered standard for Employee Incentive Plan rules of this nature.

There were no Options or Shares issued under the Employee Incentive Plan during the year.

Executive Director Engagement Deeds

Aurora entered into a Managing Director Engagement Deed with David Budge and an Executive Director Engagement Deed with Nathan Henry in relation to their employment with Aurora.

The material terms of these deeds are as follows:

(a) Under their respective deed, Mr Budge was appointed Managing Director effective 1 November 2015 and Mr Henry was appointed Executive Director effective 23 November 2015.

(b) Mr Budge will be paid an annual salary of $160,000 plus superannuation.

(c) Mr Henry will be paid an annual salary of $150,000 plus superannuation.

(d) Mr Budge will be paid (by way of reimbursement) a vehicle allowance comprising business fuel costs, reasonable servicing costs, comprehensive insurance premiums, registration and third party insurance costs, and finance payments of between $350 and $400 per month.

(e) Each Director is expected to discharge their duties in accordance with the Constitution, any applicable corporate governance policies of Aurora, the Corporations Act and the ASX Listing Rules.

(f) Each Director must at all times act diligently, in good faith, in the best interests of Aurora, and in a manner that is consistent with that of an Executive Director of a company listed on the ASX.

(g) Each Director must make all necessary disclosures to Aurora in relation to all interests and matters which impact their independence and any matters which may give rise to a conflict of interest.

(h) Each Director assigns to Aurora all future intellectual property rights in all inventions, designs, works and subject matter created or conceived by the Directors in the performance of their duties as an employee or Director of Aurora.

(i) The employment of each Director may be terminated without cause by the Director or Aurora giving 6 months' notice. Aurora may otherwise terminate a Director's employment immediately for cause (e.g. serious misconduct).

(j) Each Director is subject to a post-employment restraint on engaging in a business of the same or substantially similar nature to Aurora or soliciting Aurora's employees, suppliers or clients within the Asia Pacific region for up to 6 months.

The deeds otherwise contain terms and conditions considered standard for deeds of this nature.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

Relationship between Remuneration of KMP and Shareholder Wealth and Earnings

During the Company's design, development and commercialisation phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the development of its metal 3D printing and associated products and services activities. The Company does not currently have a policy with respect to the payment of dividends and returns of capital however this will be reviewed on an annual basis. Therefore, there was no relationship between the Board's policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous financial period.

The Company did not have listed securities during the year and no consideration was given to appreciation of the Company's shares when setting remuneration.

The Board did issue Company Options to KMP and has implemented an Employee Incentive Plan during the year which will generally be of value if the Company's shares appreciate over time. However, it should be noted that all Company Options issued to KMP have been imposed a two-year escrow (sale) restriction period. This is in line with the Company policy that Company Options be used as a long-term incentive for KMP.

Remuneration of Key Management Personal

Details of the nature and amount of each element of the emoluments of each of the Key Management Personnel (KMP) of Aurora Labs Limited are as follows:

	Short-term benefits					
2016	**Salary & fees $**	**Super-annulation $**	**Termination payments $**	**Share-based payments $**	**Total $**	**Percentage performance related %**
Directors						
Paul Kehoe[1&2]	-	-	-	5,000	5,000	-
David Budge[3]	93,538	8,886	-	7,500	109,924	-
Nathan Henry	114,188	10,848		16,934	141,970	-
David Parker[1&4]	-	-	-	-	-	-
Hendrikus Herman[1]	-	-	-	16,933	16,933	-
Other KMP						
Jessica Snelling	65,615	6,233	-	2,183	74,031	-
Total	**273,341**	**25,967**	**-**	**48,550**	**347,858**	**-**

	Short-term benefits					
2015	**Salary & fees $**	**Super-annuation $**	**Termination payments $**	**Share-based payments $**	**Total $**	**Percentage performance related %**
Directors						
David Budge[5]	-	-	-	-	-	-
Other KMP						
Jessica Snelling	25,000	2,375	-	-	27,375	-
Total	**25,000**	**2,375**	**-**	**-**	**27,375**	**-**

[1] Non-Executive Directors did not receive their salary during the year as payment of Non-Executive Director salary became effective on the Company gaining Official Quotation of its securities.

[2] Paul Kehoe was also issued 93,750 shares and 250,000 Performance shares as consideration for services from Alto Capital through the Lead Manager mandate agreement during the year.

[3] David Budge became a full time employee on 1 November 2015. Prior to this he provided engineering services through a related entity Advanced Industrial Manufacturing Pty Ltd (AIM). During the year a total of $160,013 was paid to AIM for engineering services, associated services and reimbursements. An additional payment of $30,753 was made to AIM in satisfaction of a loan payable to AIM.

REMUNERATION REPORT (AUDITED) (continued)

[4] David Parker provided Company Secretarial Services through a controlled entity Cobblestones Corporate Pty Ltd. Payments for company secretarial services during the year totalled: $8,000. David Parker is also an employee of Alto Capital who provided Lead Manager and capital raising services to the Company. Alto Capital was paid $140,000 for services during the year. David Parker was also issued 460,000 ordinary shares and 174,999 performance shares as consideration for services from Alto Capital through the Lead Manager mandate agreement during the year.

[5] David Budge provided engineering services through a related entity Advanced Industrial Manufacturing Pty Ltd (AIM) during the period. During the period to 30 June 2015 a total of $214,340.10 was invoiced by AIM for engineering services, associated services and reimbursements. An additional payment of $31,278.55 was made from Aurora to David Budge in the form of a loan.

No member of KMP appointed during the year received a payment as part of his or her consideration for agreeing to hold the position (2015: nil).

Cash bonuses granted as compensation for the current financial year.
No cash bonuses were granted during the year ended 2016 (2015: nil)

Company Options

Details of employee share option plans granted as compensation for the current financial year
For details on the valuation of the options, including models and assumptions used, please refer to Note 20. There were no material alterations to the terms and conditions of options granted as remuneration since their grant date.

During the year KMP were issued Company Options at the discretion of the Board and following shareholder approval where required. The below table details all Company Options issued during the year, noting some Company Options have been issued to employees or consultants that are not KMPs. The Employee Incentive Plan was adopted on 3 June 2016, following the issue of the below Company Options.

Date options granted	Number of shares under option	Exercise price of option	Expiry date of option
23/11/2015[1]	1,500,000	$0.20	31/12/2018
10/05/2016	4,250,000	$0.20	31/12/2018
Total	**5,750,000**	$0.20	31/12/2018

[1] Number of Company Options issued on a post consolidation basis.

Company Options granted to KMP
During the financial year, Company Options were granted to the following key management personnel of the Company and the entities it controlled as part of their remuneration.

	Exercise price	Expiry date	Number of options granted	Total number of shares under option at the end of the year
Directors				
Paul Kehoe	$0.20	31/12/2018	500,000	500,000
David Budge	$0.20	31/12/2018	750,000	750,000
Nathan Henry[1]	$0.20	31/12/2018	1,693,334	1,693,334
David Parker	-	-	-	-
Hendrikus Herman	$0.20	31/12/2018	1,693,333	1,693,333
Executives				
Jessica Snelling	$0.20	31/12/2018	218,333	218,333
Total	**-**	**-**	**4,855,000**	**4,855,000**

[1] Number of Company Options issued on a post consolidation basis.

REMUNERATION REPORT (AUDITED) (continued)

There were no alterations to the terms and conditions of Company Options granted as remuneration since their grant date other than minor amendments to the term relating to transferability of the Company Options which was approved by shareholders at a general meeting on 13 June 2016.

Company Options were issued or in relation to the 2016 financial year as follows (all Company Options were under the same terms and conditions being exercisable at $0.20 on or before 31 December 2018): For details on the valuation of the options, including models and assumptions used, please refer to Note 20.

There were no shares issued during the year as a result of the exercise of a Company Option. No Company Options lapsed during the year.

Shares and performance shares issued to KMP

During the financial year, shares and performance shares were issued to the following key management personnel of the Company and the entities it controlled as part of their remuneration.

	Number of shares issued (pursuant to Alto Capital Lead Mandate)	Number of performance shares (Class A, B & C) (pursuant to Alto Capital Lead Mandate)	Number of performance shares (Class A, B & C) (pursuant to bonus issue to all shareholders)[1]
Directors			
Paul Kehoe	93,750	250,000	-
David Budge	-	-	14,736,483
Nathan Henry	-	-	512,084
David Parker	96,667	174,999	92,307
Hendrikus Herman	-	-	481,325
Executives			
Jessica Snelling	-	-	818,693
Total[1]	**190,417**	**424,999**	**16,640,892**

[1] Performance shares were issued for nil consideration as a bonus issue following shareholder approval.

Loans to and from key management personnel

The Company loaned funds from key management personal (or controlled entities) as well as provided loans to key management personnel. Loans were on unsecured terms and there were no loans outstanding as at the end of the year.
The loans to and from key management personnel were unsecured.

Aggregate amounts in respect of loans made to key management personnel

	Balance at beginning of year	Interest charged	Arm's length interest differential (i)	Allowance for doubtful receivables	Balance at end of year	Number of key management personnel
30 June 2016	31,278	-	-	-	-	1
30 June 2015	-	-	-	-	31,278	1

(i) The amount above refers to the difference between the amount of interest received and receivable in the reporting period and the amount of interest that would have been charged on an arms-length basis.

Aggregate amounts in respect of loans provided by key management personnel

	Balance at beginning of year	Interest charged	Arm's length interest differential (j)	Balance at end of year	Number of key management personnel
30 June 2016	30,753[1]	-	-	-	1
30 June 2015	-	-	-	30,753[1]	1

(j) The amount above refers to the difference between the amount of interest paid and payable in the reporting period and the amount of interest that would have been charged on an arms-length basis.

[1] This amount refers to amounts owed to Advanced Industrial Manufacturing Pty Ltd, a controlled entity of David Budge.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

Key management personnel equity holdings

Fully paid ordinary shares

30 June 2016	Balance at beginning of year Number	Granted as compensation Number	Received on exercise of options Number	Net change other Number*	Balance at end of year Number	Balance held nominally Number
Directors						
Paul Kehoe	-	93,750	-	1,000,000	1,093,750	1,093,750
David Budge	91,500,000	-	-	(67,553,215)	23,946,785	-
Nathan Henry	-	-	-	832,151	832,151	-
David Parker	-	96,667	-	150,000	246,667	150,000
Hendrikus Herman	2,939,583	-	-	(2,157,432)	782,151	782,151
Executives						
Jessica Snelling	5,000,000	-	-	(3,669,663)	1,330,337	-

*Negative amount relates to share consolidation which reduced the number of shares on issue and a transfer of securities to a related party.

30 June 2015	Balance at beginning of period Number	Granted as compensation Number	Received on exercise of options Number	Net change other Number	Balance at end of year Number	Balance held nominally Number
Directors						
Paul Kehoe	-	-	-	-	-	-
David Budge	-	-	-	91,500,000	91,500,000	-
Nathan Henry	-	-	-	-	-	-
David Parker	-	-	-	-	-	-
Hendrikus Herman	-	-	-	2,939,583	2,939,583	939,583
Executives						
Jessica Snelling	-	-	-	5,000,000	5,000,000	-

Company Options

30 June 2016	Balance at beginning of year Number	Granted as compensation Number	Exercised Number	Net change other Number	Balance at end of year Number
Directors					
Paul Kehoe	-	500,000	-	-	500,000
David Budge	-	750,000	-	-	750,000
Nathan Henry	-	1,693,334*	-	-	1,693,334
David Parker	-	-	-	-	-
Hendrikus Herman		1,693,333	-	-	1,693,333
Executives					
Jessica Snelling	-	218,333	-	-	218,333

*Number of Company Options issued on a post consolidation basis.

There were no Company Options issued during the period to 30 June 2015.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

Company Options (continued)
For details of the Employee Incentive Plan and of Company Options granted during the 2016 financial year, please refer to Note 20. All Company Options issued to KMP were made in accordance with the provisions of the Employee Incentive Plan. During the year, no Company Options were exercised or sold. No amounts remain unpaid on the Company Options as at year end.

Performance Shares Class A

30 June 2016	Balance at beginning of year Number	Granted as compensation for services Number	Issued pursuant to pro-rata bonus issue Number	Balance at end of year Number	Balance held nominally Number
Directors					
Paul Kehoe	-	75,000	-	75,000	75,000
David Budge	-	-	4,420,945	4,420,945	-
Nathan Henry	-	-	153,628	153,628	-
David Parker	-	52,500	15,000	67,500	67,500
Hendrikus Herman	-	-	144,397	144,397	46,154
Executives					
Jessica Snelling	-	-	245,608	245,608	-

Performance Shares Class B

30 June 2016	Balance at beginning of year Number	Granted as compensation for services Number	Issued pursuant to pro-rata bonus issue Number	Balance at end of year Number	Balance held nominally Number
Directors					
Paul Kehoe	-	84,375	-	84,375	84,375
David Budge	-	-	4,973,945	4,973,945	-
Nathan Henry	-	-	172,832	172,832	-
David Parker	-	27,692	59,062	86,754	86,754
Hendrikus Herman	-	-	162,448	162,448	51,924
Executives					
Jessica Snelling	-	-	276,309	276,309	-

Performance Shares Class C

30 June 2016	Balance at beginning of year Number	Granted as compensation for services Number	Issued pursuant to pro-rata bonus issue Number	Balance at end of year Number	Balance held nominally Number
Directors					
Paul Kehoe	-	90,625	-	90,625	90,625
David Budge	-	-	5,341,975	5,341,975	-
Nathan Henry	-	-	185,624	185,624	-
David Parker	-	63,437	31,154	94,591	94,591
Hendrikus Herman	-	-	174,480	174,480	55,769
Executives					
Jessica Snelling	-	-	296,776	296,776	-

END OF REMUNERATION REPORT

DIRECTORS' REPORT (continued)

OFFICER INDEMNITY AND INSURANCE

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a Director or Officer of the Company for any liability caused as such a Director or Officer and any legal costs incurred by a Director or Officer in defending an action for any liability caused as such a Director or Officer.

During or since the end of the financial year, no amounts have been paid by the Company in relation to the above indemnities.

During the financial year, insurance premiums were paid by the Company were less than $5,000 (2015: $nil) to insure against a liability incurred by a person who is or has been a Director or officer of the Company.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors' meetings	
2016	**No. eligible to attend**	**No. attended**
Paul Kehoe	1	1
David Budge	6	6
Nathan Henry	6	6
David Parker	6	6
Hendrikus Herman	1	1

In addition to the above meetings, the Board executed 18 circular resolutions during the year.

The Audit Committee was established on 3 June 2016 and no Audit Committee meetings were held during the year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 21 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110: *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 32 and forms part of this Directors' report for the year ended 30 June 2016.

Signed in accordance with a resolution of the Directors.

David Budge

Mr David Budge

Managing Director

Dated this 29 September 2016

CORPORATE GOVERANCE STATEMENT

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	Aurora has adopted a Board Charter which discloses the roles and responsibilities of the Board and senior management. Under the Board Charter, the Board is responsible for the overall operation and stewardship of Aurora (and any future subsidiaries), including charting the direction, strategies and financial objectives for Aurora, monitoring the implementation of those policies, strategies and financial objectives, and monitoring compliance with regulatory requirements and ethical standards. The Board Charter is available on Aurora's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Yes	Aurora will conduct background checks of candidates for new Director positions prior to their appointment or nomination for election by Shareholders, including checks as to good character, experience, education, qualifications, criminal history and bankruptcy. Aurora does not propose to conduct specific checks prior to nominating an existing Director for re-election by Shareholders at a general meeting on the basis that this is not considered necessary given that each Director was required to submit to the ASX 'good fame and character' assessment during Aurora's admission to the Official List of ASX. As a matter of practice, Aurora will include in its notices of meeting a brief biography and other material information in relation to each Director who stands for election or re-election. The biography will set out (amongst other things) the relevant qualifications and professional experience of the nominated Director for consideration by Shareholders.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Aurora engages or employs its Directors and other senior executives under written agreements setting out key terms and otherwise governing their engagement or employment by Aurora. The Managing Director is employed pursuant to a written employment agreement with Aurora and each Non-Executive Director is engaged under a Non-Executive Director Engagement Deed.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Company Secretary reports directly, and is accountable, to the Board through the Chairperson in relation to all governance matters. Company Secretary advises and supports the Board members on general governance matters, implements adopted governance procedures, and coordinates circulation of meeting agendas and papers.
Recommendation 1.5 A listed entity should: (a) have a diversity policy which	No	Given Aurora's size and its stage of development, Aurora has not adopted a formal diversity policy at this stage. Aurora has a policy to select the best available officers and staff for each relevant position in a non-discriminatory manner based on

CORPORATE GOVERANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the *Workplace Gender Equality Act*, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.		merit. Notwithstanding this, the Board respects and values the benefits that diversity (e.g. gender, age, ethnicity, cultural background, disability and martial/family status) brings in relation to expanding Aurora's perspective and thereby improving corporate performance, increasing Shareholder value and maximising the probability of achieving Aurora's objectives. The Board is committed to developing a diverse workplace where appointments or advancements are made on a fair and equitable basis.
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	Aurora has adopted in its Board Charter a process for evaluation of the Board, its committees and individual Directors. This process is conducted by the Board. The Board also performs a commentary function under the Nomination and Remuneration Policy. Aurora will disclose if a performance evaluation has been conducted.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the	Yes	The Nomination and Remuneration Policy provides that the Board will undertake performance evaluation of the Directors and senior management on at least an annual basis. Aurora will disclose if a performance evaluation has been

CORPORATE GOVERANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		conducted.
Principal 2: Structure the Board to add value		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	No	Aurora does not have a nomination committee at this stage. The Board considers that, given the current size and scope of Aurora's operations, efficiencies or other benefits would not be gained by establishing a separate nomination committee. The full Board, which comprises 3 Non-Executive Directors and 2 Executive Directors, considers the matters and issues that would otherwise be addressed by a nomination committee in accordance with Aurora's Nomination and Remuneration Policy. Under the Board Charter, candidacy for the Board is based on merit against objective criteria with a view to maintaining an appropriate balance of skills and experience. As a matter of practise, candidates for the office of Director are individually assessed by the Chairman and the Managing Director before appointment or nomination to ensure that they possess the relevant skills, experience or other qualities considered appropriate and necessary to provide value and assist in advancement of Aurora's operations. The Board intends to reconsider the requirement for, and benefits of, a separate nomination committee as Aurora's operations grow and evolve.
Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	No	Aurora does not currently have a skills or diversity matrix in relation to the Board members. The Board considers that such a matrix is not necessary given the current size and scope of Aurora's operations. The Board may adopt such a matrix at a later time as Aurora's operations grow and evolve.
Recommendation 2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be	Yes	Disclosure of the names of Directors considered by the Board to be independent will be provided in the annual reports. At the Prospectus Date, Paul Kehoe and Dick Herman are considered to be independent Directors.

CORPORATE GOVERANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.		Details of the Directors' interests, positions, associations and relationships are provided in the Directors Report. The length of service of each Director will be provided in the annual report and is, at the Prospectus Date, as follows: • Paul Kehoe – since 11 April 2016; • David Budge – since 9 August 2014; • Nathan Henry – since 23 November 2015; • David Parker – since 23 November 2015; and • Dick Herman – since 11 April 2016.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	No	The Board is not comprised of a majority of independent Directors. There are currently two Directors who satisfy the criteria for independence for the purposes of ASX Recommendation 2.3, being Paul Kehoe and Dick Herman. However, given the size and scope of Aurora's operations, the Board considers that it has relevant experience in the industrial technology sector and is appropriately structured to discharge its duties in a manner that is in the best interests of Aurora and its Shareholders from both a long-term strategic and operational perspective. The Board Charter provides that it is preferable that the majority of the Board be independent Non-Executive Directors. Accordingly, the Board intends to appoint further independent Non-Executive Directors as suitably qualified candidates are identified and as the size and scale of Aurora's operations warrant such appointment.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	The Board considers that the Chairman of Aurora, Paul Kehoe, is an independent Director in accordance with the criteria for independence outlined in ASX Recommendation 2.3.
Recommendation 2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	No	Aurora does not currently have a formal induction program for new Directors nor does it have a formal professional development program for existing Directors. The Board does not consider that a formal induction program is necessary given the current size and scope of Aurora's operations. The Directors have been selected on the basis that collectively they have experience across industrial technology, manufacturing, legal services, accounting, geology, finance and corporate advisory services. Some of the current Directors are also, or have been, involved in other ASX-listed companies. All Directors are generally experienced in company operations, albeit in different aspects (e.g. operations, finance, corporate governance etc.), and have listed company experience. Some

CORPORATE GOVERANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
		of the current Directors are also directors of other listed companies. The Board seeks to ensure that all of its Shareholders understand Aurora's operations. Directors also attend, on behalf of Aurora and otherwise, technical and commercial seminars and industry conferences which enable them to maintain their understanding of industry matters and technical advances.
Principal 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Yes	The Board believes that the success of Aurora has been and will continue to be enhanced by a strong ethical culture within the organisation. Accordingly, Aurora has established a Code of Conduct which sets out the standards with which the Directors, officers, managers, employees and consultants of Aurora (and any future subsidiaries of Aurora) are expected to comply in relation to the affairs of Aurora's business and when dealing with each other, Shareholders and the broader community. The Code also outlines the procedure for reporting any breaches of the Code and the possible disciplinary action Aurora may take in respect of any breaches. In addition to their obligations under the Corporations Act in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to Aurora in relation to confidential information they possess. In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at Aurora's expense, subject to prior approval of the Managing Director, whose approval will not be unreasonably withheld. Aurora's Code of Conduct is available on Aurora's website.
Principal 4: Safeguard integrity in corporate reporting		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting	Yes	Aurora has established a separate Audit Committee under its Audit Committee Charter. The Audit Committee comprises Paul Kehoe (Non-Executive Chairman), David Parker (Non-Executive Director and Company Secretary) and Dick Herman (Non-Executive Director). The chairperson of the Audit Committee is Dick Herman who is considered by the Board to be 'independent' for the purposes of the ASX Recommendations. The Audit Committee comprises a majority of independent Directors. Aurora's Audit Committee Charter sets out the purpose and functions of the Audit Committee. The qualifications, experience and attendance record of Audit Committee members will be disclosed in each year's annual report. The Audit Committee Charter is available on Aurora's website.

CORPORATE GOVERANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	As a matter of practice, Aurora obtains declarations from its Managing Director and Company Secretary before its financial statements are approved substantially in the form referred to in ASX Recommendation 4.2.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	In accordance with Aurora's Shareholder Communications Policy, Aurora will request that its external auditor attends each annual general meeting and be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.
Principal 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	Aurora has adopted a Continuous Disclosure and Market Communications Policy. Aurora is a "disclosing entity" pursuant to section 111AR of the Corporations Act and, as such, will be required to comply with the continuous disclosure requirements of section 674 of the Corporations Act and Chapter 3 of the Listing Rules, following admission to ASX. Aurora is committed to observing its disclosure obligations under the Corporations Act and, following admission to ASX, its obligations under the Listing Rules. All announcements provided to ASX will be posted on Aurora's website. The Continuous Disclosure and Market Communications Policy

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
		is available on Aurora's website.
Principal 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about Aurora and its corporate governance, including copies of its various corporate governance policies and charters, is available on Aurora's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	Aurora has adopted a Shareholder Communications Policy, the purpose of which is to facilitate the effective exercise of Shareholders' rights by communicating effectively with Shareholders, giving Shareholders ready access to balanced and understandable information about Aurora and its corporate strategies and making it easy for Shareholders to participate in general meetings of Aurora. Aurora communicates with Shareholders as follows: • following admission to ASX, through releases to the market via the ASX; • through Aurora's website; • through information provided directly to Shareholders; and • at general meetings of Aurora. The Shareholder Communications Policy is available on Aurora's website.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Aurora supports Shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation, including by ensuring that meetings are held at convenient times and places to encourage Shareholder participation. In preparing for general meetings of Aurora, Aurora will draft the notice of meeting and related explanatory information so that they provide all of the information that is relevant to Shareholders in making decisions on matters to be voted on by them at the meeting. This information will be presented clearly and concisely so that it is easy to understand and not ambiguous. Aurora will use general meetings as a tool to effectively communicate with Shareholders and will allow Shareholders a reasonable opportunity to ask questions of the Board and to otherwise participate in the meeting. Mechanisms for encouraging and facilitating Shareholder participation will be reviewed regularly to encourage the highest level of Shareholder participation.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its	Yes	Aurora considers that communicating with Shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner. Aurora provides new Shareholders with the option to receive communications from Aurora electronically and Aurora

CORPORATE GOVERANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
security registry electronically.		encourages them to do so. Existing Shareholders are also encouraged to request communications electronically. Following admission to ASX, all Shareholders that have opted to receive communications electronically will be provided with notifications by Aurora when an announcement or other communication (including an annual reports and notice of meeting) is uploaded to the ASX announcements platform.
Principal 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk each of which: (1) has at least three members, a majority of whom are independent directors; an (2) is chaired by an independent director, and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	No	Aurora does not have a separate risk management committee. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed in accordance with Aurora's Risk Management Policy. The Board considers that, given the current size and scope of Aurora's operations and that only two Directors hold executive positions in Aurora, efficiencies or other benefits would not be gained by establishing a separate risk management committee at present. As Aurora's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate risk management committee. However, Aurora has adopted a Risk Management Policy for Aurora which includes the following: • The purpose of the policy is to: ➢ provide a framework for identifying, assessing, monitoring and managing risk; ➢ communicate the roles and accountabilities of participants in the risk management system; and ➢ highlight the status of risks to which Aurora is exposed, including any material changes to Aurora's risk profile. • The Board is responsible for the following under the policy: ➢ risk management and oversight of internal controls; ➢ establishing procedures which provide assurance that business risks are identified, consistently assessed and adequately addressed; and ➢ for the overseeing of such procedures. The Risk Management Policy is available on Aurora's website.
Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and	Yes	The Board has responsibility for the monitoring of risk management and will review Aurora's risk management framework on an annual basis to ensure Aurora's risk management framework continues to be effective. Disclosure of the outcome of the annual risk management review will be included in the annual report.

CORPORATE GOVERANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
(b) disclose, in relation to each reporting period, whether such a review has taken place.		
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No	Aurora does not currently have an internal audit function. This function is undertaken by relevant staff under the direction of the full Board. Aurora has adopted internal control procedures which pursuant to its Risk Management Policy. Aurora's internal controls include the following: • Aurora has authorisation limits in place for expenditure and payments; • a Director or senior manager must not approve a payment to themselves or a related party, other than standard salary/Directors fees in accordance with their Board approved remuneration; • Aurora prepares cash flow forecasts which include materiality thresholds and which are regularly reviewed; and • Aurora regularly reviews its other financial materiality thresholds. The Board and senior management are charged with evaluating and considering improvements to Aurora's risk management and internal control processes on an ongoing basis. The Board considers that an internal audit function is not currently necessary given the current size and scope of Aurora's operations. As Aurora's operations grow and evolve, the Board will reconsider the appropriateness of adopting an internal audit function.
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	The Board does not consider that Aurora has a material exposure to environmental and social sustainability risks. However, Aurora's primary operation of manufacturing and supplying 3D metal printers, consumables and accessories is subject to various economic sustainability risks which may materially impact Aurora's ability to operate and to generate value for Shareholders. These include: • **Technology development risk:** Aurora's financial success is primarily dependent upon its ability to further develop and commercialise its technology. Any new industrial technology is subject to inherent development risks which may have a significant adverse effect on Aurora's financial position, including technical problems in development and new competing innovations or products. • **Intellectual property risks:** Aurora has applied for various patents in relation to aspects of its technology. Its success will largely depend upon the successful grant and maintenance of these patent applications. The grant of patents applications is subject to various legal and technical matters and there cannot be any assurance that

CORPORATE GOVERANCE STATEMENT (continued)

<table>
<tr><th>ASX Principle and Recommendation</th><th>Compliance (Yes/No)</th><th>Explanation</th></tr>
<tr><td></td><td></td><td>Aurora's applications will be granted or, if granted, that they will provide the commercial advantage that Aurora desires.

• Commodity price fluctuations: Aurora's 3D metal printing machines operate using various metallic substances and other commodities which Aurora intends to supply to its customers. Commodity prices are subject to fluctuation which may affect the cost of procurement and revenue on the sale of such commodities by Aurora.

• Exchange rate fluctuations: The revenue and expenditure of Aurora is and will be taken into account in Australian and other currencies (e.g. US dollars, Euros etc.), exposing Aurora to the fluctuations and volatility of the rates of exchange between the Australian dollar and those other currencies as determined in international markets.

Aurora has adopted the Risk Management Policy and other procedures to identify, mitigate and manage these risks. These policies are updated from time to time as the Board considers appropriate in the circumstances for the management of Aurora's risk profile.</td></tr>
<tr><td colspan="3">Principal 8: Remunerate fairly and responsibly</td></tr>
<tr><td>Recommendation 8.1
The board of a listed entity should:
(a) have a remuneration committee which:
(1) has at least three members, a majority of whom are independent directors; and
(2) is chaired by an independent director,
and disclose:
(3) the charter of the committee;
(4) the members of the committee; and
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</td><td>No</td><td>Aurora has not established a separate remuneration committee.

The role of the remuneration committee is undertaken by the full Board. The Board considers that, given its current size and that only one Director holds an executive position in Aurora, efficiencies or other benefits would not be gained by establishing a separate remuneration committee.

Following admission to ASX, Aurora will set out the remuneration paid or provided to Directors and senior executives annually in the remuneration report contained within Aurora's annual report to Shareholders. The full Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance indicators, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

As Aurora's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate remuneration committee.

The Nomination and Remuneration Policy is available on Aurora's website.</td></tr>
</table>

CORPORATE GOVERANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and other senior executives.	Yes	Following admission to ASX, Aurora's policies and practices regarding the remuneration of Executive and Non-Executive Directors and other senior executives is set out in the Remuneration Report contained in Aurora's Annual Report for each financial year.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Yes	Aurora has adopted an Employee Incentive Plan. In accordance with Aurora's Securities Trading Policy, the plan does not allow participants to enter transactions that would limit their economic risk under the scheme. Aurora's Securities Trading Policy sets out the circumstances in which the Directors, executives, employees, contractors, consultants and advisors (**Designated Persons**) are prohibited from dealing in Aurora's Securities. The policy provides that where a Designated Person is entitled to equity-based remuneration arrangements, that Designated Person must not at any time enter into a transaction (e.g. writing a call option) that operates or is intended to operate to limit the economic risk of holdings of unvested Aurora Securities or vested Aurora Securities which are subject to a holding lock. The Securities Trading Policy is available on Aurora's website.

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Aurora Labs Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**N G Neill**
29 September 2016	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Year ended 30 June 2016 $	Period from 9 August 2014 to 30 June 2015 $
Continuing operations			
Other Income	3(a)	**495**	35
Research and development expenses	3(b)	**(280,168)**	(183,877)
Corporate expenses		**(216,332)**	-
Employee benefits		**(512,054)**	(29,270)
Other expenses		**(197,370)**	(36,361)
Interest expense		**(5,895)**	-
Loss before income tax benefit		**(1,211,324)**	(249,473)
Income tax benefit	4	**92,458**	-
Loss for the year/period		**(1,118,866)**	(249,473)
Loss attributable to members of the Company		**(1,118,866)**	(249,473)
Other comprehensive income, net of income tax		**-**	-
Total comprehensive loss for the year/period		**(1,118,866)**	(249,473)

		cents	cents
Basic loss per share	5(d)	**0.015**	0.002
Diluted loss per share	5(d)	**0.015**	0.002

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	30 June 2016 $	30 June 2015 $
Assets			
Current Assets			
Cash and cash equivalents	7	**2,353,226**	48,133
Trade and other receivables	8	**90,905**	48,996
IPO prepayments	9	**130,801**	-
Inventories	10	**103,898**	-
Total Current Assets		**2,678,830**	97,129
Non-Current Assets			
Property, plant and equipment	11	**12,773**	783
Intangible assets	12	**59,947**	7,220
Total Current Assets		**72,720**	8,003
Total Assets		**2,751,550**	105,132
Liabilities			
Current Liabilities			
Trade and other payables	13	**254,282**	50,013
Deferred revenue	13	**306,743**	199,967
Accrued annual leave	13	**26,579**	-
Share subscriptions received	13	**2,109,160**	-
Total Liabilities		**2,696,764**	249,980
Net Assets/(Liabilities)		**54,786**	(144,848)
Equity			
Issued capital	5(a)	**1,365,625**	84,625
Reserves	5(c)	**57,500**	20,000
Accumulated losses		**(1,368,339)**	(249,473)
Net Equity (Deficiency)		**54,786**	(144,848)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

YEAR ENDED 30 JUNE 2016	Issued Capital $	Option Reserve $	Allotment Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2015	**84,625**	**-**	**20,000**	**(249,473)**	**(144,848)**
Equity issued during the year (net of share issue costs)	**1,281,000**	**57,500**	**(20,000)**	**-**	**1,318,500**
Loss for the year	**-**	**-**	**-**	**(1,118,866)**	**(1,118,866)**
Other comprehensive income for the year, net of income tax	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**-**	**-**	**(1,118,866)**	**(1,118,866)**
Balance as at 30 June 2016	**1,365,625**	**57,500**	**-**	**(1,368,339)**	**54,786**

PERIOD ENDED 30 JUNE 2015	Issued Capital $	Option Reserve $	Allotment Reserve $	Accumulated Losses $	Total Equity $
Balance at incorporation	-	-	-	-	-
Equity issued during the year (net of share issue costs)	84,625	-	20,000	-	104,625
Loss for the period	-	-	-	(249,473)	(249,473)
Other comprehensive income for the period, net of income tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(249,473)	(249,473)
Balance as at 30 June 2015	84,625	-	20,000	(249,473)	(144,848)

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Year ended 30 June 2016 $	Period from 9 August 2014 to 30 June 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,056,680)**	(249,321)
Interest Paid		**(5,895)**	(187)
Interest Received		**495**	35
Income tax benefit		**92,458**	-
Net cash (used in) operating activities	7	**(969,622)**	(249,473)
Cash flows from investing activities			
Property, plant and equipment		**(14,382)**	(783)
Payments for intangible assets		**(56,337)**	(7,220)
Net cash (used in) investing activities		**(70,719)**	(8,003)
Cash flows from financing activities			
Proceeds from issue of shares (net of capital raising costs)		**1,261,000**	104,625
Proceeds from unissued shares		**2,109,160**	-
Payments for initial public offer costs		**(130,801)**	-
Proceeds from pre-sold printers		**106,776**	199,968
Proceeds from borrowings		**30,577**	31,279
Repayment of borrowings		**(31,278)**	(30,263)
Net cash provided by financing activities		**3,345,434**	305,609
Net increase in cash held		**2,305,093**	48,133
Cash and cash equivalents at the beginning of the year/period		**48,133**	-
Cash and cash equivalents at the end of the year/period	7	**2,353,226**	48,133

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the financial statements for the Company. For the purposes of preparing the financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for Aurora Labs Limited ("Aurora" or the "Company") which has no subsidiaries.

The financial statements have been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial statements are presented in Australian dollars. The Company is an entity to which the class order applies.

The Company is a listed public company, incorporated in Australia. The entity's principal activities are the design, development and manufacture of 3D printers and associated products and services.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2016

In the year ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Company accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the Directors have determined that the following Standards and Interpretations may have a material effect on the Company in future reporting periods.

- AASB 15 Revenue from contracts with Customers
- AASB 16 Leases
- AASB 9 Financial Instruments

The Company have elected to not early adopt these Standards and Interpretations and have not quantified the material effect of application on future periods.

Other than the above, there are no other material impact of the new and revised Standards and Interpretations on the Company and therefore no change is necessary to Company accounting policies.

(c) Statement of compliance

The financial report was authorised for issued in accordance with a resolution of the Directors on 29 September 2016.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Significant accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of intangibles with indefinite useful lives:
The Company determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the intangibles with indefinite useful lives are allocated.

Share-based payment transactions:
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using internal valuation models in conjunction with the market price of the share-based payments.

(e) Going concern

Notwithstanding the fact that the Company has accumulated losses of $1,368,339, the Directors are of the opinion that the Company is a going concern for the following reasons:

- Subsequent to year end the Company completed an ASX listing which included the capital raising of $2,855,000 (before costs) of equity capital via an issue of ordinary shares at $0.20 and options at $0.01. The funds raised will be used to meet the ongoing working capital requirements of the Company.
    - The Company is currently targeting commercial sales of the SFP which is anticipated during the 2017 calendar year and still subject to successful finalisation of the SFP Beta phase, CE mark and US FDA (CDRH) laser compliance. The Directors anticipate commercial sales of the SFP will generate significant revenue however the timing and level of sales and any associated positive operating cash flows have material uncertainty.
- The Directors will monitor the Company revenues and cash flows and do not anticipate the need to raise further equity capital in 2017. However, given there is material uncertainty of the SFP sales and cash flows, any requirement for future equity capital raisings will be reviewed on an ongoing basis.

(f) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Aurora Labs Limited.

(g) Foreign currency translation
Both the functional and presentation currency of Aurora Labs Limited is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Sale of goods

Revenue is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

(i) Leases

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(j) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(k) Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows 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 are classified as operating cash flows.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Impairment of tangible and intangible assets other than goodwill
The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets and the asset's value in use cannot be estimated to be close to its fair value.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(m) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(n) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(o) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials – purchase cost on a first-in, first-out basis; and
- Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation is calculated on diminishing value basis using the following notes:

Small business assets pool	15% to 30%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(q) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation:

Patents	20 years from application following grant of patent

(r) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(t) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Employee leave benefits

Wages, salaries, annual leave and sick leave
Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Company.

Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(v) Share-based payment transactions

Equity settled transactions
The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).
The Company has the following plan in place:

- the Employee Incentive Plan (EIP), which provides benefits to Directors and senior executives and is governed by the Employee Incentive Plan Rules.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by internal valuation using a Black-Scholes model, further details of which are given in Note 20.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share, refer Note 5.

Cash settled transactions:
The Company also provides benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Company.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted, refer Note 20. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(w) Dividends
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(x) Earnings per share
Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: SEGMENT REPORTING

The Company only operated in one segment, being design, development and manufacture of metal 3D printers and associated products and services for the year ended 30 June 2016 and the period ended 30 June 2015.

NOTE 3: REVENUE AND EXPENSES

	Year ended 30 June 2016 $	Period from 9 August 2014 to 30 June 2015 $
(a) Other Income		
Interest received	**495**	35
Total	**495**	35
(b) Research and Development expenses*		
Engineering Services	**88,364**	159,431
Consultancy fees	**2,300**	6,448
Consumables and Design	**122,505**	17,998
Other	**66,999**	-
Total	**280,168**	183,877

* Research and Development expenses relate to direct expenses only. It should be noted that a further portion of Employee Benefits and Other Costs may be considered R&D expenses for tax purposes.

NOTE 4: INCOME TAX

	Year ended 30 June 2016 $	Period from 9 August 2014 to 30 June 2015 $
(a) Income tax benefit	**92,458**	-
(b) Numerical reconciliation between tax-benefit and pre-tax net loss		
(Loss) from ordinary activities	**(1,211,324)**	(249,473)
Income tax using the Company's domestic tax rate of 30%	**(363,397)**	(74,842)
Current period (loss) for which no deferred tax liability was recognised	**363,397**	74,842
Income tax benefit relating to Research and Development claim	**92,458**	-
Income tax benefit attributable to entity	**92,458**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 4: INCOME TAX (continued)

(c) Unrecognised deferred tax

Tax losses for which no deferred tax asset has been recognised	Year ended 30 June 2016 $	Period from 9 August 2014 to 30 June 2015 $
Losses available for offset against future taxable income	**1,460,797**	249,473
Total	**1,460,797**	249,473
Potential tax benefits at 30%	**438,239**	74,842

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5: ISSUED CAPITAL

a) Ordinary Shares

	Year ended 30 June 2016 Number	Year ended 30 June 2016 $	Period from 9 August 2014 to 30 June 2015 Number	Period from 9 August 2014 to 30 June 2015 $
Movements in ordinary shares on issue				
Balance on incorporation			-	-
Shares issued on 9 August 2014			90,000,000	2,000
Shares issued on 9 August 2014			10,000,000	7,000
Shares issued on 10 October 2014			4,250,000	10,625
Shares issued on 10 October 2014			6,500,000	65,000
Less share issue costs			-	-
Balance at end of period			**110,750,000**	**84,625**
Balance at beginning of year	**110,750,000**	**84,625**		
Shares issued on 3 July 2015	2,000,000	20,000		
Shares issued on 6 November 2015	3,382,500	90,000		
Shares issued on 13 November 2015	375,833	10,000		
Shares issued on 2 December 2015	2,818,750	75,000		
Shares issued on 15 December 2015	2,818,750	75,000		
Sub Total	*122,145,833*	*354,625*		
Less Share Consolidation effective 18 December 2015	(89,645,833)	-		
Balance following Share Consolidation	*32,500,000*	*354,625*		
Shares issued on 31 December 2015	2,530,000	404,800		
Shares issued on 9 March 2016	2,000,000	200,000		
Shares issued on 9 March 2016	2,470,000	395,200		
Shares issued on 10 May 2016	500,000	80,000		
Sub total	*40,000,000*	*1,434,625*		
Less share issue costs	-	(69,000)		
Balance at end of year	**40,000,000**	**1,365,625**		

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

NOTE 5: ISSUED CAPITAL (continued)

b) Performance Shares

	Class A Number	Class B Number	Class C Number	Total Number
Movements in performance shares on issue				
Balance on incorporation	-	-	-	-
Balance at end of period to 30 June 2015	-	-	-	-
Balance at beginning of year	**-**	**-**	**-**	**-**
Performance Shares issued on 18 Dec 2015	6,000,000	6,750,000	7,250,000	20,000,000
Performance Shares issued on 10 May 2016	300,000	337,500	362,500	1,000,000
Total at end of year to 30 June 2016	6,300,000	7,087,500	7,612,500	21,000,000

Performance Shares were all issued for nil consideration.

Performance Shares hold no rights over ordinary shares and do not receive any dividends, however convert to Ordinary Shares based on Company Milestones being achieved:

- A Class A Performance Share in the relevant class will convert into one Share upon achievement of Aurora (or an entity controlled by Aurora) having cumulative revenue of A$1,500,000 before 30 June 2017.
- A Class B Performance Share in the relevant class will convert into one Share upon achievement of Aurora (or an entity controlled by Aurora) having cumulative revenue of A$5,000,000 before 30 June 2018.
- A Class C Performance Share in the relevant class will convert into one Share upon achievement of Aurora (or an entity controlled by Aurora) having cumulative revenue of A$7,250,000 before 30 June 2019.

c) Reserves

	Year ended 30 June 2016 $	Period from 9 August 2014 until 30 June 2015 $
Reserves		
Balance at beginning of year/period	**20,000**	-
Option Reserve	**57,500**	
Prepayment for application for shares converted to shares on 3 July 2015	**(20,000)**	20,000
Balance at the end of the year/period	**57,500**	20,000

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to Note 6 for further details.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5: ISSUED CAPITAL (continued)

d) Loss per share

	Year ended 30 June 2016	Period from 9 August 2014 until 30 June 2015
Total loss from continuing operations	**$1,118,886**	$249,473
Weighted number of average shares	**73,176,124**	108,732,308
Loss per share	**$0.015**	$0.002

e) Dividends

There were no dividends declared or paid in the year to 30 June 2016 or the period to 30 June 2015.

NOTE 6: COMPANY OPTIONS

	Year ended 30 June 2016 Number	Year ended 30 June 2016 $	Period from 9 August 2014 to 30 June 2015 Number	Period from 9 August 2014 to 30 June 2015 $
(a) Company Options *Movements in Company Options on issue*				
Balance on incorporation			-	-
Balance at end of period			**-**	**-**
Balance at beginning of year	**-**	**-**		
Company Options issued on 23 Nov 2015	5,657,500	15,000		
Sub Total	5,657,500	*15,000*		
Less Option Consolidation effective 18 December 2015	(4,157,500)	-		
Balance following Share Consolidation	*1,500,000*	*15,000*		
Company Options issued on 10 May 2016	4,250,000	42,500		
Balance at end of year	**5,750,000**	57,500		

Company Options are exercisable at $0.20 on or before 31 December 2018 and are unlisted.
No Company Options were exercised during the year ended 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7: CASH AND CASH EQUIVALENTS

	30 June 2016 $	30 June 2015 $
Cash at hand and in bank	**244,066**	48,133
Cash at hand and in bank - Share subscriptions held on trust[1]	**2,109,160**	-
Total	**2,353,226**	48,133

Cash at bank earns interest at floating rates based on daily deposit rates.

The Company did not engage in any non-cash financing activities for the year ended 30 June 2016.

[1] Cash at hand and in bank included $2,109,160 which relates to equity application funds held on behalf of investors for unissued securities. A corresponding current liability was recorded for $2,109,160 as funds owed to investors until such time as shares had been validly issued under the prospectus dated 9 June 2016.

Reconciliation to the Statement of Cash Flows:
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	30 June 2016 $	30 June 2015 $
Cash and cash equivalents	**2,353,226**	48,133
Total	**2,353,226**	48,133

Reconciliation of loss after tax to net cash outflow from operating activities:

	30 June 2016 $	30 June 2015 $
Loss for the year/period	**(1,118,866)**	(249,473)
Adjustment for non-cash income and expense items		
Depreciation	**2,392**	-
Equity settled share-based payments	**57,500**	-
Accrued annual leave and wages	**33,252**	-
Write-down of patent applications	**3,610**	-
Change in assets and liabilities		
Increase in trade and other receivables	**(39,189)**	-
Increase in inventories	**(103,898)**	-
Increase in trade and other payables	**195,577**	-
Net cash outflow from operating activities	**(969,622)**	(249,473)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 8: TRADE AND OTHER RECEIVABLES

	30 June 2016 $	30 June 2015 $
Bank guarantee	**25,000**	-
GST	**45,497**	17,718
Advances to suppliers	**10,979**	-
Other receivables	**-**	31,278
Pre-paid expenses	**9,429**	-
Total	**90,905**	48,996

NOTE 9: IPO PREPAYMENTS

	30 June 2016 $	30 June 2015 $
Legal fees	**72,362**	-
ASX fees	**32,262**	-
Other	**26,177**	-
Total	**130,801**	-

Fees paid during the year as part of the IPO process. The IPO was completed subsequent to the year end and these were transferred to share issue costs upon issuing of the shares.

NOTE 10: INVENTORIES

	30 June 2016 $	30 June 2015 $
Raw materials – Powders at cost	**3,312**	-
Work in progress – Small Format Printers at cost	**100,586**	-
Total	**103,898**	-

Parts used in development were classified as research and development and expensed.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	30 June 2016 $	30 June 2015 $
Balance at the beginning of the year/period	**783**	-
Purchases	**14,382**	783
Less accumulated depreciation and impairment	**(2,392)**	-
Balance at end of year/period	**12,773**	783

Property, plant and equipment consists of assets in small business pool, consisting of office furniture, workshop tools and office items.

NOTE 12: INTANGIBLES

Intangibles consist of patents lodged by the Company	30 June 2016 $	30 June 2015 $
Balance at the beginning of the year/period	**7,220**	-
Capitalised payments for patent related costs	**56,337**	7,220
Less impairment (for lapsed or forfeited patents)	**(3,610)**	-
Balance at end of year/period	**59,947**	7,220

Patents that have lapsed or are forfeited and are not rolled into a new patent have been impaired and moved to an expense in the year/period the patents lapsed/expired.

NOTE 13: FINANCIAL LIABILITIES

	30 June 2016 $	30 June 2015 $
Trade and other payables		
Accounts Payable	**154,936**	17,940
Company Loan - AIM	**-**	30,753
Other payables	**82,318**	-
Superannuation Payable	**17,028**	1,320
Sub Total	**254,282**	50,013
Deferred Revenue - Deposits / pre-payments for Small Format Printers	**306,743**	199,967
Share subscriptions received	**2,109,160**	-
Accrued annual leave	**26,579**	-
Total	**2,696,764**	249,980

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14: SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 12 July 2016, the Company formally extended the Closing Date of the Prospectus.

On 26 July 2016, the Company closed the Share Offer under the Prospectus, and issued 14,000,000 ordinary shares for $0.20 each to subscribers of the Share Offer.

On 26 July 2016, the Company lodged a Supplementary Prospectus for the extension of the Option Offer and additional disclosure regarding the Option Offer.

On 29 July 2016, the Company issued 1,000,000 ordinary shares to Alto Capital or their nominees pursuant to the Lead Manager Mandate Agreement.

On 3 August 2016, the Company closed the Option Offer and issued 5,500,000 Company Options (exercisable at $0.20 on or before 31 December 2018) at $0.01 to raise $55,000 before costs to subscribers of the Option Offer.

On 12 August 2016, the Company was admitted to the Official List of ASX Limited, with Official quotation of securities commencing on 16 August 2016.

NOTE 15: DIVIDENDS

The Directors of the Company have not declared any dividend for the year ended 30 June 2016 or the period ended 30 June 2015.

NOTE 16: COMMITMENTS

As at the balance date, the Company has the following material commitments relating to Pre-Sold Small Format Printers:

- The Company pre-sold 32 Small Format Printers at discount rates to various non-related parties as part of a crowd-funding initiative during the 2015 period and pre-sales during the 2016 year. In total liability as at 30 June 2016 of $306,743 (2015:$199,967) has been recognised on the statement of financial position which corresponds to funds received from these pre-sales. The Company has an obligation to either a) deliver a commercial version of the pre-sold Small Format Printer for each pre-sold machine or b) if the Company is unable to deliver commercial Small Format Printers to cover the pre-sold machines then the funds received will have to be returned to the customers.
- The Company is currently working through the Beta testing of the SFP.
- The Company had ten SFPs in stock (partially completed) as at the reporting date which are intended to be used to supply to customers who pre-purchased SFPs.

As at the date of this report, the Company has the following material commitments in relation to the Initial Public Offering. The Company has entered into various material contracts in relation to the proposed Initial Public Offering of the Company and has incurred commitments as follows:

- Alto Capital: Lead Manager Capital Raising Mandate
    - The Company has engaged Alto Capital to act as the Lead Manager for the proposed IPO. Alto Capital are entitled to earn the following fees:
        - $5,000 monthly retainer;
        - 6% stamping fees on all funds raised up to $3,400,000;
        - $50,000 fee on the successful IPO of the Company;
        - 1,500,000 Shares (500,000 following a successful seed raising and 1,000,000 following a successful IPO);
        - 1,000,000 Performance Shares (following a successful seed raising); or
        - A 1% fee on any alternative capital raising to a significant third party.

NOTE 16: COMMITMENTS (continued)

- Jackson McDonald Engagement
  - The Company has engaged Jackson McDonald to act as the Company solicitors for the proposed IPO. This engagement is for a fixed fee of $60,000 plus GST for a defined scope of work. Part of this fee has been included in the IPO Prepayments in the Balance Sheet.
- Cobblestones Corporate Pty Ltd
  - The Company engaged Cobblestones Corporate Pty Ltd to provide Company secretarial services. Company secretarial services are charged at $2,000 per month increasing to $5,000 per month once the Company gains Official Quotation on the ASX.
- Lease Agreement
  - The Company leased a warehouse and office space at 12A Ambitious Link Bibra Lake, Western Australia: The Company has a 12-month rental agreement for the rent of an office and workshop facilities at 12A Ambitious Link, Bibra Lake. The rental agreement has an initial 12 month period that can be extended, there is a payment of $5,916 per month plus standard outgoings.

	2016 $	2015 $
Lease commitments		
Not longer than 1 year	**65,083**	-
Longer than 1 year and shorter than 5 years	**-**	-
Total	**65,083**	-

NOTE 17: FINANCIAL INSTRUMENTS

a) Overview

The Company's principal financial instruments comprise receivables, payables and cash. The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Company manages its exposure to key financial risks in accordance with the Company's risk management policy. Key financial risks are identified and reviewed annually and policies are revised as required. The overall objective of the Company's risk management policy is to recognise and manage risks that affect the Company and to provide a stable financial platform to enable the Company to operate efficiently.

The Company does not enter into derivative transactions to mitigate the financial risks. In addition, the Company's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Company's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Company's financial risks as summarised below.

b) Credit Risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17: FINANCIAL INSTRUMENTS (continued)

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

There are no significant concentrations of credit risk within the Company. The carrying amount of the Company's financial assets represents the maximum credit risk exposure, as represented below:

	30 June 2016 $	30 June 2015 $
Cash and cash equivalents	**2,353,226**	48,133
Trade and other receivables	**90,905**	48,996
Total	**2,444,131**	97,129

Trade and other receivables are comprised primarily of advances to suppliers, bank guarantee, prepayments, interest receivable and GST refunds due. Where possible the Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

With respect to credit risk arising from cash and cash equivalents, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Company will always have sufficient liquidity to meet its liabilities when due by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

2016	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
Financial Liabilities					
Trade and other payables	**254,282**	**-**	**-**	**-**	**254,282**
Deferred revenue	**68,777**	**237,966**	**-**	**-**	**306,743**
Accrued annual leave	**26,579**	**-**	**-**	**-**	**26,579**
Share subscriptions received	**2,109,160**	**-**	**-**	**-**	**2,109,160**
Total	**2,458,798**	**237,966**	**-**	**-**	**2,696,764**

d) Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing.

NOTE 17: FINANCIAL INSTRUMENTS (continued)

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2016 $	2015 $
Interest-bearing financial instruments		
Cash at bank and on hand	**2,353,226**	48,133
Total	**2,262,226**	48,133

The Company's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 0.01% (2015: 0.01%).

The Company currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

A sensitivity of 0.1% (10 basis points) has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 1% (100 basis points) movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	Profit or loss	
	100bp Increase	100bp Decrease
2016		
Cash and cash equivalents	**2,262**	**(2,262)**
2015		
Cash and cash equivalents	48	(48)

e) Foreign Exchange Risk

The Company's has an exposure to foreign exchange rates given that the Company purchases parts as part of the manufacture process of the SFP from international suppliers. A fluctuation in foreign exchange rates may affect the cost base of the SFP. The Company is actively marketing the SFP to international customers in USD denomination. If foreign exchange rates change this may make the SFP more or less price competitive with competitor's metal 3D printers. Given the Company is not yet in production it is too early to quantify the financial impact of foreign exchange risk.

f) Fair values

The net fair value of financial assets and financial liabilities approximates their carrying value. The methods for estimating fair value are outlined in the relevant notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: CONTINGENT LIABILITIES / ASSETS

The Company had no contingent liabilities or assets as at the reporting date.

NOTE 19: KEY MANAGEMENT PERSONNEL

a) Key Management Personnel
The KMP of the Group during or since the end of the financial year were as follows:

Directors	***Position***
Mr Paul Kehoe	Non-Executive Chairman
Mr David Budge	Managing Director
Mr Nathan Henry	Executive Director
Mr David Parker	Non-Executive Director and Company Secretary
Mr Hendrikus Herman	Non-Executive Director

Executives	***Position***
Ms Jessica Snelling	Printer Development Engineer

	30 June 2016 $	**30 June 2015 $**
a) Key Management Personnel Compensation		
Short-term employee benefits	**299,308**	20,425
Share-based payments	**48,550**	-
Total compensation	**347,858**	20,425

	30 June 2016 $	**30 June 2015 $**
b) Loans provided to Key Management Personnel		
Balance at the beginning of the year/period	**31,278**	-
Loans advanced	**30,577**	31,278
Loan repayment	**(61,855)**	-
Interest charged	**-**	-
Interest received	**-**	-
Balance at the end of the year/period	**-**	31,278

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 19: KEY MANAGEMENT PERSONNEL (continued)

c) Other Transactions

David Budge became a full time employee on 1 November 2015, prior to this he provided engineering services through a related entity Advanced Industrial Manufacturing Pty Ltd (AIM). During the year a total of $160,013 was paid to AIM for engineering services, associated services and reimbursements. An additional payment of $30,753 was made to AIM in satisfaction of a loan payable to AIM and/or David Budge.

David Parker provided Company Secretarial Services through a controlled entity Cobblestones Corporate Pty Ltd. Payments for company secretarial services during the year totalled: $8,000. David Parker is also an employee of Alto Capital who provided Lead Manager and capital raising services to the Company. Alto Capital was paid $140,000 for services during the year. David Parker was also issued 460,000 ordinary shares and 174,999 performance shares as consideration for services from Alto Capital through the Lead Manager mandate agreement during the year.

These items have been recognised as expenses in the Statement of Comprehensive Income.

NOTE 20: SHARE-BASED PAYMENTS

a) Recognised Share-based Payment Expense

From time to time, the Company provides incentive options to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required. During the past two years, the following equity-settled share-based payments have been recognised:

	30 June 2016 $	30 June 2015 $
Expense arising from equity-settled share-based payment transactions	**57,500**	-
Reversal of expense arising from expiry of options which had not vested	**-**	-
Net share based payment expense/(income) recognised in the profit or loss	**57,500**	-

b) Summary of Options Granted as Share-based Payments

During the current and prior years, no incentive options were granted as share-based payments.

The following table illustrates the number and weighted average exercise prices (WAEP) of incentive options granted as share-based payments at the beginning and end of the financial year:

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Outstanding at beginning of year	**-**	**-**	-	-
Granted by the Company during the year*	**5,750,000**	**$0.20**	-	-
Expired during the year	**-**	**-**	-	-
Outstanding at end of year	**5,750,000**	**$0.20**	-	-

*On a post consolidation basis.

c) Remaining Contractual Life

All incentive options outstanding at 30 June 2016 are able to be exercised prior to 31 December 2018, so there is 2.5 years remaining contractual life on all options as at the balance date (2015: not applicable).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 20: SHARE-BASED PAYMENTS (continued)

c) Range of Exercise Prices

The exercise price of incentive options outstanding at 30 June 2016 is $0.20 (2015: not applicable).

d) Weighted Average Fair Value

The fair value of all options issued during the year was $0.01 per option.

e) Option Pricing Model

The fair value of the equity-settled incentive options granted is estimated as at the date of grant using an internal valuation methodology taking into account the terms and conditions upon which the options were granted. In conjunction to the internal valuation model, the Board gave consideration to the market price for options being issued at arm's length during and since the end of the reporting date.

The Board determined a price of $0.01 per option to be offered under the IPO prospectus dated 9 June 2016. This price of $0.01 was considered arm's length. 5,500,000 options were applied for and issued to parties at arms length under the IPO prospectus since the end of the reporting date, at a price of $0.01 each.

The Company applied the value of $0.01 to all other options issued as remuneration, as this value reflects the fair market value of the options.

NOTE 21: AUDITORS REMUNERATION

	30 June 2016 **$**	30 June 2015 $
AUDITORS' REMUNERATION		
Amounts received or due and receivable by HLB Mann Judd for:		
• an audit or review of the financial report of the entity	**29,250**	-
• other services in relation to the entity (i.e. Independent Accountants Report for IPO)	**5,000**	-
Total	**34,250**	-

DIRECTORS DECLARATION

1. In the opinion of the Directors of Aurora Labs Limited ("Aurora" or the "Company"):

   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

This declaration is signed in accordance with a resolution of the Board of Directors.

David Budge

David Budge
Managing Director
Dated this 29 day of September 2016

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INDEPENDENT AUDITOR'S REPORT

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Aurora Labs Limited

Report on the Financial Report

We have audited the accompanying financial report of Aurora Labs Limited ("the company"), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the company.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the financial statements of Aurora Labs Limited comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

INDEPENDENT AUDITOR'S REPORT (continued)

HLB Mann Judd

Auditor's opinion

In our opinion:

(a) the financial report of Aurora Labs Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's financial position as at 30 June 2016 and its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the Remuneration Report of Aurora Labs Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman Glad

N G Neill
Partner

Perth, Western Australia
29 September 2016

ASX ADDITIONAL INFORMATION

SHAREHOLDER INFORMATION

The security holder information set out below was applicable as at 26 September 2016.

1) Quoted Securities – Fully Paid Ordinary Shares

There is one class of quoted securities, being fully paid ordinary shares.

a) Distribution of Security Number

Category	Ordinary Shares	
(Size of holding)	Shareholders	Shares
1 – 1,000	111	71,390
1,001 – 5,000	226	649,691
5,001 – 10,000	163	1,437,380
10,001 – 100,000	249	8,426,473
100,001 and over	56	44,415,066
Total	805	55,000,000

There are 805 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

b) Marketable parcel

There are 15 shareholders with less than a marketable parcel (basis price $1.25), being 1,272 shares.

c) Voting rights

On a show of hands every person present who is a member or a proxy, attorney or representative of a member has one vote and upon a poll every person present who is a member or a proxy, attorney or representative of a member shall have one vote for each share held

d) Substantial Shareholders

There was one substantial shareholder listed on the Companies register as at 26 September 2016, being David Budge, holding 23,946,785 fully paid ordinary shares, being 43.5% of the fully paid ordinary shares on issue.

f) On market buy-back

There is no on-market buy-back scheme in operation for the company's quoted shares.

ASX ADDITIONAL INFORMATION (continued)

SHAREHOLDER INFORMATION (continued)

g) Top 20 security holders

The names of the twenty largest holders of each class of quoted equity security, being fully paid ordinary shares, the number of equity security each holds and the percentage of capital each holds is as follows:

Number	Shareholder Name / Entity	Number of Ordinary Shares	% of Issued Capital
1	David James Budge	23,946,785	43.54
2	Gasmere Pty Ltd	2,652,137	4.82
3	Peter Anthony	1,590,000	2.89
4	William McKenzie Crisp	1,436,415	2.66
5	Jessica C E Snelling	1,330,377	2.42
6	Citicorp Nom Pty Ltd	1,232,750	2.24
7	Pabasa Pty Ltd	1,093,750	1.99
8	Basapa Pty Ltd	1,000,000	1.82
9	Kacha Pty Ltd	932,151	1.69
10	John Nathan Henry	832,151	1.51
11	Anna Felicia Belton	515,000	0.94
12	David R Parker	460,000	0.84
13	Anna Katherine Campbell	399,113	0.73
14	Klockmann Inv Pty Ltd	300,000	0.55
15	Edward Max Dozak	275,000	0.50
16	Martin James Daley	266,074	0.48
17	Aileen & Arthur Budge	266,074	0.48
18	ACNS Cap Markets Pty Ltd	262,500	0.48
19	Lee Miller Inv Pty Ltd	254,314	0.46
20	Malcruizer Pty Ltd	210,000	0.38
Total		**39,281,591**	**71.42**

ASX ADDITIONAL INFORMATION (continued)

SHAREHOLDER INFORMATION (continued)

2) Unquoted Securities – Company Options and Performance Shares

There are two classes of unquoted securities, being Company Options and Performance Shares.

2A) Company Options

a) Distribution of unquoted Option holder numbers

Category (Size of holding)	Ordinary Options Option holders	Options
1 – 1,000	-	-
1,001 – 5,000	13	57,500
5,001 – 10,000	8	80,000
10,001 – 100,000	27	1,030,000
100,001 and over	20	10,082,500
Total	68	11,250,000

There are 68 holders of Company Options.

b) Voting rights

Unlisted options do not entitle the holder to any voting rights.

c) Holders of more than 20% of unquoted options.

There are no holders, holding more than 20% of the unquoted options on issue.

2B) Performance Shares (Class A, Class B & Class C)

a) Distribution of unquoted Performance Shares (Class A, Class B & Class C)

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Category	Performance Shares Class A		Performance Shares Class B		Performance Shares Class C	
(Size of holding)	Shareholders	Shares	Shareholders	Shares	Shareholders	Shares
1 – 1,000	-	-	-	-	-	-
1,001 – 5,000	2	3,692	2	4,156	2	4,460
5,001 – 10,000	20	180,926	2	16,618	2	17,844
10,001 – 100,000	27	1,025,032	44	1,229,558	44	1,320,646
100,001 and over	4	5,090,350	5	5,837,168	5	6,269,550
Total	53	6,300,000	53	7,087,500	53	7,612,500

There are 53 holders of Performance Shares (Class A, B & C).

ASX ADDITIONAL INFORMATION (continued)

SHAREHOLDER INFORMATION (continued)

b) Voting rights

Unlisted Performance Shares (Class A, Class B & Class C) do not entitle the holder to any voting rights.

d) Holders of more than 20% of unquoted Performance Shares (Class A, Class B & Class C)

- Performance Shares Class A: David Budge owns 4,420,945 Performance Shares Class A which is equal to 70.2% of the Performance Shares Class A on issue.
- Performance Shares Class B: David Budge owns 4,973,563 Performance Shares Class A which is equal to 70.2% of the Performance Shares Class B on issue.
- Performance Shares Class A: David Budge owns 5,341,975 Performance Shares Class A which is equal to 70.2% of the Performance Shares Class A on issue.

ADDITIONAL ASX INFORMATION (continued)

OTHER ASX INFORMATION

1. Corporate Governance

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is contained within the Director's Report.

This corporate governance statement is current as at the Company's reporting date and has been approved by the Board of the Company.

2. Company Secretary

The name of the company secretary is David Parker.

3. Address and telephone details of the entity's registered administrative office and principle place of business:

12A Ambitious Link
Bibra Lake WA 6163
Telephone: +61 (08) 9434 1934
Email: enquiries@auroralabs3d.com

4. Address and telephone details of the office at which a registry of securities is kept:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Telephone: (08) 9315 2333
Fax: (08) 9315 2233

5. Stock exchange on which the Company's securities are quoted:

The Company's listed equity securities are quoted on the Australian Stock Exchange.

6. Review of Operations

A review of operations is contained in the Directors' Report.

7. Consistency with business objectives - ASX Listing Rule 4.10.19

In accordance with Listing Rule 4.10.19, the Company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily design, development and manufacture of metal 3D printers and associated products and services.

The Company believes it has used its cash in a consistent manner to which was disclosed under the prospectus dated 9 June 2016.

ADDITIONAL ASX INFORMATION (continued)

OTHER ASX INFORMATION (continued)

8. Restricted Securities

Class	Number Escrowed	Date Escrow Period Ends
Fully Paid Ordinary Shares (FPOS) comprising:		
175,000 FPOS issued on 6/11/2015	175,000	06/11/2016
50,000 FPOS issued on 13/11/2015	50,000	13/11/2016
200,000 FPOS issued on 2/12/2015	200,000	02/12/2016
325,000 FPOS issued on 15/12/2015	325,000	15/12/2016
32,260,696 FPOS issued on various dates	32,260,696	12/08/2018
Total FPOS escrowed	33,010,696	n/a
Unquoted Options (all options are exercisable at $0.20 on or before 31/12/2018) comprising:		
1,817,500 options issued on 4/8/2016	1,817,500	04/08/2017
9,012,500 options issued on various dates	9,012,500	12/08/2018
Total Options escrowed	11,250,000	n/a
Performance Shares (PS) comprising:		
473,410 PS Class A issued on 31/12/2015	473,410	31/12/2016
532,587 PS Class B issued on 31/12/2015	532,587	31/12/2016
572,036 PS Class C issued on 31/12/2015	572,036	31/12/2016
5,826,590 PS Class A issued on various dates	5,826,590	12/08/2018
6,554,913 PS Class B issued on various dates	6,554,913	12/08/2018
7,040,464 PS Class C issued on various dates	7,040,464	12/08/2018
Total Performance Shares escrowed	21,000,000	n/a