

ASX ANNOUNCEMENT

30 January 2018

Aurora Labs Limited – Appendix 4C for Q2 FY2018

Highlights:

- **Binding Term Sheet signed with WorleyParsons to establish Additive Manufacturing Solution Centre, a comprehensive consultative service to the mining, oil and gas and major infrastructure industries**
- **Agreement to advance independent certification of Aurora’s 3D-printed parts by DNV GL**
- **Post quarter end; Enhanced the Board with appointments of Mr. Paul Kristensen and Mr. Mel Ashton**

Aurora Labs Limited (“Aurora” or “the Company”) ([ASX:A3D](#)), an industrial technology and innovation company that specialises in the development of 3D metal printers, powders, digital parts and their associated intellectual property, has today released its quarterly Appendix 4C for Q2 Financial Year (FY) 2018 (refer attached).

Medium and Large Format Printers under development

The truly significant commercial opportunity for Aurora Labs is within the Large Format Technology, with its Medium and Large Format Printer (MFP and LFP), given the remarkable opportunities available in the large-scale manufacturing space.

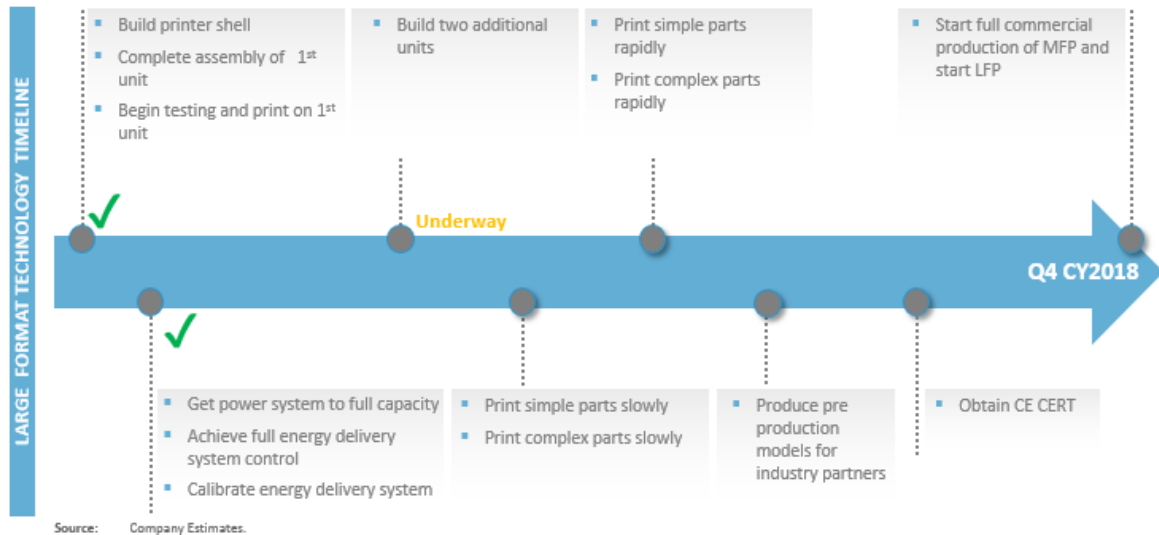
This technology is entirely different from the technology used to develop the SFP, with the expected ability to print complex metal-based 3D-printed parts at very high speeds. The Large Format Technology is aiming for a capability to print parts of up to 1 tonne in 24 hours, and currently, no global competitor has a printer which combines the Large Format Printer’s targeted print size with its targeted speed and precision.

Aurora is in the process of testing a prototype designed to prove out the Large Format Printer technology, and in parallel is building a pre-production model of the first Medium Format Printer machine. The Company aims to begin assembly of a pre-production Large Format Printer to print complex parts at rapid speeds during CY2018.

Aurora currently remains on track to deliver the key milestones outlined in the timeline below. These are the milestones the Company will be looking to announce which will demonstrate the progress in the development and ultimate commercialisation of the Medium and Large Format Printer.

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Large Format Technology Timeline



Industry Partner Program

Aurora launched an Industry Partner Program to identify and collaborate with potential partners in relevant sectors and drive the adoption of the MFP and LFP.

As a result of the Industry Partner Program, Aurora signed a binding term sheet with WorleyParsons to establish an Additive Manufacturing Solution Centre. The agreement with WorleyParsons is to distribute Aurora's 3D printing machines, create a Joint Venture to form a Solution Centre, and potentially create a Print Bureau using Aurora's technology and explore options for bulk powder production.

The Solution Centre will focus specifically on the design and certification of parts and assemblies of parts, including company inventory evaluation and redesign. The Solution Centre will provide a comprehensive consultative service, evaluating company inventory and assessing how that can be digitised and optimised by using 3D-printing.

The aim of the Solution Centre is to introduce 3D-printing to major infrastructure, mining and other resource companies globally, and to provide those companies with a competitive advantage over the general market through expert use of key technologies.

This is a significant achievement for Aurora and provides a validation of the technology the company is developing from one of the largest engineering firms in the world.

During Q2 FY2018, the Company was also pleased to announce the signing of a non-binding term sheet with DNV GL, which allows for the independent certification of Aurora's 3D-printed parts as fit for their intended purpose and meeting global certification requirements. The agreement also provides Aurora with enhanced credibility when speaking to potential customers.

DNV GL is a leading global quality assurance and risk management company, providing classification, technical assurance, software and independent expert advisory services to the maritime, oil & gas, power and renewables industries.

Aurora is currently in discussions with a number of additional potential industry partners with a view to signing term sheets. Aurora is seeking to involve key partners from major industries including mining, oil and gas, marine, automotive, aerospace, engineering and major projects.

Ongoing commercialisation of the Small Format Printer (SFP S-Titanium)

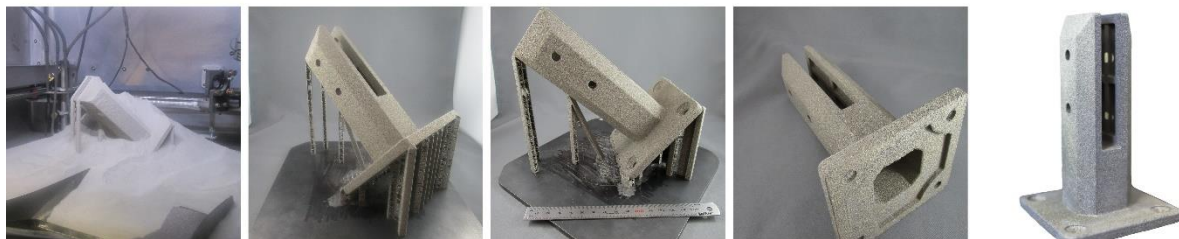
Aurora has undertaken a large amount of pre-sale activity during the quarter, including the provision of sample parts to potential customers, integrating samples in various applications, and participating in trade show events. Since the end of the quarter, Aurora has sold two of its Small Format Printers (with sales to be reflected during the current quarter) and has a strong pipeline of orders awaiting confirmation.

During the quarter, Aurora also announced that it would refund the parties who had taken part in the 2014 pre-sale campaign established to raise funds for the R&D of the Small Format Printer. The Company had orders from the pre-sale for a total of 27 SFPs at discounted prices. Aurora made the commercial decision to offer to return the pre-order funds of A\$192k to the original pre-sales customers, given the extensive disconnect between the original pre-order price and the current list price. The product Aurora has now developed is also substantially different to the machine originally offered in 2014. Aurora has commenced refunding those parties during the quarter, and is in discussions with the remaining groups.

The Company continues to focus on generating sales of its Small Format Printer, which is placed to compete in the small printer segment of the 3D metal printing market based on cost and specifications. Aurora continues to work on developing its overseas distributor network in order to generate indirect sales of its SFP. The strong distributor network has been achieved by the Company cementing its presence in new markets with partnerships signed with key distributors, including Novabeans Prototyping Labs and Partners Lab. In addition, Novabeans have informed Aurora that they have received provisional Bureau of Indian Standards (BIS) approval and on that basis have begun import of SFPs into India. Aurora continues to work with Novabeans to reach full BIS certification.

Sales generated by the SFP will assist with funding the development of the Large Format Technology, which has extensive commercialisation opportunities and remains the long-term focus for Aurora.

Mechanical Fixture DMLM Printed in 316L Stainless Steel on an S-Titanium Pro



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AURORA LABS LTD

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Powder production prototype

The Company has made significant progress in the manufacture of the proof of concept (POC) powder production unit and plans on beginning testing and parameter development in Q3 FY18. This process, when proven, will be a significant step in the development of an integrated printing platform, as it will allow for quality, high volume powder production to meet the demand created by the LFPs projected high utilization of consumables. It would also allow quality control of powders to levels required for certification of finished parts. In addition, Aurora will be exploring the significant market opportunities available by applying this technology to other powder metal markets external to 3D printing. Global metal powder is currently a multi-billion-dollar market.

Tradeshows

Aurora participated in a number of significant tradeshows in Q1 – Q2 including the TCT Show in Birmingham, held on the 26 and 28 of September. TCT Birmingham attracted over 10,000 attendees and had 330+ exhibitors. Aurora attracted significant interest at this show both for direct sales and for distributorships.

Aurora also participated in Formnext in Frankfurt, Germany on the 14 – 17 November. This is considered by many to be the preeminent 3D-printing and print services tradeshow with 21,492 attendees and 470 exhibitors. It resulted in a significant potential client list of interested parties.



Corporate

The Company held its annual general meeting (AGM) on 29th November 2017 and all resolutions were passed.

Post-period end, Aurora announced the appointment of Mr. Paul Kristensen as Non-Executive Chairman and the appointment of Mr. Mel Ashton as Non-Executive Director.

Mr. Kristensen replaced Mr. David Budge who stepped down from his position of Interim Chairman to focus solely on his Managing Director role.

Mr. Kristensen, a technology venture veteran, brings a wealth of business and insight and a proven track record of commercialisation strategies for technology companies.

Mr. Mel Ashton contributes to Aurora with his outstanding financial capabilities and has a strong track record helping organisations achieve growth. His experience is particularly relevant to Aurora's growth plan, and he will leverage his strategic approach and business network in his role.

The Company is extremely pleased with the appointment of these two senior figures who will contribute to Aurora's growth and direction ahead.

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Financial and Cash Position

As at 31 December 2017, cash at bank and on deposit was A\$2.682 million and the Company continues to remain debt free.

Net cash used during the quarter under review was A\$0.522 million, of which:

- A\$0.507 million was used in operating activities, including;
 - gross cash receipts of \$73k from sales of SFP, which was offset by repayment of \$62k to refund some of 2014 pre-sales campaign outstanding (refer page 3);
 - A\$1.0 million cash was received from the Australian Government's Research and Development Tax Incentive Program for research and development activities conducted during the financial year 2017;
 - A\$1.52 million was used in general operations and research and development.
- A\$109k was used in investing activities, including patent costs of \$72k; and
- A\$94k was received from financing activities, including proceeds of Options exercised in the period.

Please refer to the Appendix 4C quarterly commitments report for the period ended 31 December 2017 for further information.

FORWARD LOOKING STATEMENTS

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

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

For further information, please contact:

enquiries@auroralabs3D.com

ABOUT AURORA LABS

Aurora Labs Limited ("the Company") ([ASX: A3D](#)), an industrial technology and innovation company that specialises in the development of 3D metal printers, powders, digital parts and their associated intellectual property.

Aurora Labs is listed on the Australian Securities Exchange ([ASX: A3D](#)).

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

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

Aurora Labs Limited (ASX: A3D)

ABN

44 601 164 505

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 6 months \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers ¹	11	16
1.2 Payments for		
(a) research and development ² (Medium and Large Format Printer (MFP and LFP))	(260)	(505)
(b) product manufacturing and operating costs (Small Format Printer (SFP))	(82)	(267)
(c) advertising and marketing	(56)	(115)
(d) leased assets	-	-
(e) staff costs	(744)	(1,756)
(f) administration and corporate costs	(476)	(900)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17	47
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 R & D grants received	1,008	1,008
1.8 Other (Net GST)	75	53
1.9 Net cash from / (used in) operating activities	(507)	(2,419)

1.	Receipts from SFP Sales	\$73,120
	Refund of Pre sales receipts	(<u>\$62,238</u>)
	Net Receipts from customers	\$10,882

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 6 months \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(37)	(186)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(72)	(92)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(109)	(278)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	98	137
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(4)	(6)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	94	131

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 6 months \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,204	5,250
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(507)	(2,419)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(109)	(278)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	94	131
4.5 Effect of movement in exchange rates on cash held	-	(2)
4.6 Cash and cash equivalents at end of quarter	2,682	2,682

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	678	1,004
5.2 Call deposits	2,004	2,200
5.3 Bank overdrafts	-	-
5.4 Other (Cash on Hand)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,682	3,204

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	129
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Item 6.1 includes salaries and directors fees paid to directors.

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

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements (Credit Card)	(10)	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(277)
9.2 Product manufacturing and operating costs	(29)
9.3 Advertising and marketing	(33)
9.4 Leased assets	-
9.5 Staff costs	(812)
9.6 Administration and corporate costs	(276)
9.7 Property, plant and equipment & Intellectual property	(20)
9.8 Total estimated cash outflows	(1,447)

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

Performance Shares

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

1. Number of Performance Shares at the beginning of the current quarter was 14,700,000, comprising:
 - 7,087,500 Class B Performance Shares; and
 - 7,612,500 Class C Performance Shares.
2. Each Performance Share will convert into a fully paid ordinary shares (**Shares**), on a one-for-one basis, upon the satisfaction of the following milestones (**Milestones**):
 - for Class B Performance Shares – upon achievement of Aurora (or an entity controlled by Aurora) having cumulative revenue of A\$5,000,000 before 30 June 2018; and
 - for Class C Performance Shares – upon achievement of Aurora (or an entity controlled by Aurora) having cumulative revenue of A\$7,250,000 before 30 June 2019.
3. If the relevant Milestone for a class of Performance Share is not achieved by the required date, then each Performance Share in that class will be automatically redeemed and cancelled by Aurora for the sum of \$0.00001 within 10 business days of non-satisfaction of that Milestone.
4. The Milestone for the 6,300,000 Class A Performance Shares was not satisfied by the required date (i.e. by 30 June 2017) and the Class A Performance Shares were automatically redeemed in accordance with their terms. To ensure the redemption was properly effected, Aurora obtained shareholder approval at its 2017 annual general meeting for a selective capital reduction in relation to the Class A Performance Shares.
5. No Milestones were met during the current quarter.

Compliance statement

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

Sign here:



 Company Secretary

Date: 30 January 2018

Print name: Mathew Whyte

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose

additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.