

ASX Announcement

CORPORATE DIRECTORY

Chairman
PAUL KRISTENSEN

Founder, Managing Director
DAVID BUDGE

Business Development
and Marketing Director
NATHAN HENRY

Non-Executive Director
MEL ASHTON

Non-Executive Director
and Company Secretary
MATHEW WHYTE

Aurora Labs Limited Quarterly Report and Appendix 4C for Q4 FY2018

Highlights:

- **Further enhancement of Large Format Technology Prototype to increase speed and accuracy**
- **Unveiling of Medium Format "Alpha" display unit at RAPID+TCT tradeshow**
- **Post period end, preliminary Industry Partner agreement with engineering company VEEM**
- **First powder produced from prototype Powder Production Unit (PPU)**
- **Expansion of distribution network to Africa through South African Company Weartech for the Small Format Printer**

FAST FACTS

Issued Capital: 65.6m
Quoted Options: 3.7m
Unquoted Options: 12.1m
Market Cap: \$32.1m
Cash: \$3.8m
(As at 30 June 2018)

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 Q4 Financial Year (FY) 2018 (refer attached).

Large Format Technology Enhancements

Aurora has conducted further parameter testing to enhance its Large Format Technology. The testing of a very high-end control system resulted in an immediate increase in speed, accuracy and size of the 3D printer bed. The implementation of a new control system allows achieving a larger bed size with the Medium Format Printer than previously anticipated and gives much finer control and resolution while simultaneously increasing its speed.

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The prototype now has the ability to print simple parts at market speed with further enhancements in control and accuracy. The Company will continue to conduct further testing which will lead the way for the development of the Medium and Large Format Printer (MFP/LFP). The progress of the Large Format Technology is an important step towards reaching the Company's milestone of printing complex parts, and the development and commercialisation of the technology.

ASX CODE: A3D
ACN: 601 164 505

The Company released a video which displays the system melting a 100mm square and successively smaller squares, which is one of the standard tests Aurora conducts to check the accuracy of control systems. The print was filmed in real time, and while it is at a fraction of the ultimate speed targeted for the Large Format Technology, it is indicative of the technology's potential.

[Watch the video here.](#)

Aurora Labs unveils Medium Format “Alpha” display unit and raises visibility at industry conferences

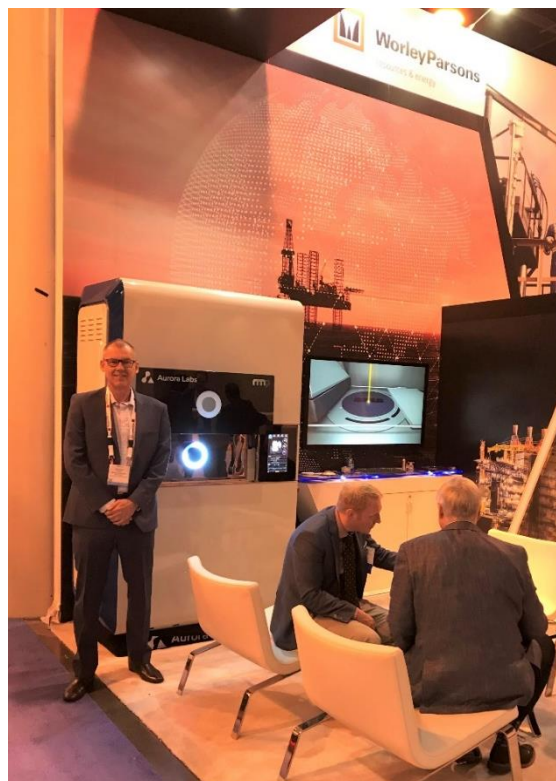
During the quarter, Aurora announced a significant milestone in raising awareness of its Large Format Technology with the unveiling of its Alpha display model of the Medium Format Printer (MFP) at the prestigious RAPID+TCT tradeshow in Fort Worth, Texas. RAPID+TCT is North America’s most recognised event for discovery, innovation, and networking in additive manufacturing. The Alpha model which is for display only showcases the new design that will be standardised through Aurora’s products moving forward.

Following RAPID+TCT, Aurora’s Alpha model was displayed in conjunction with AdditiveNow* at the 2018 Offshore Technology Conference (OTC) in Houston. OTC is the premier offshore technology conference for the oil and gas industry.

Showcasing the Alpha model is an important step in Aurora’s much wider commercialisation strategy for its Large Format Technology aimed at raising visibility of the product, while establishing relationships with potential customers and industry partners at tradeshow.

During the period, the Company also exhibited at the Additive Manufacturing Users Group (AMUG) in St Louis, Missouri, and at ISTE 2018 in Chicago, Illinois.

[See an animation of the Alpha Unit here.](#)



The Company’s Alpha model on display for AdditiveNow at OTC

Expansion of the Company’s Industry Partner Program

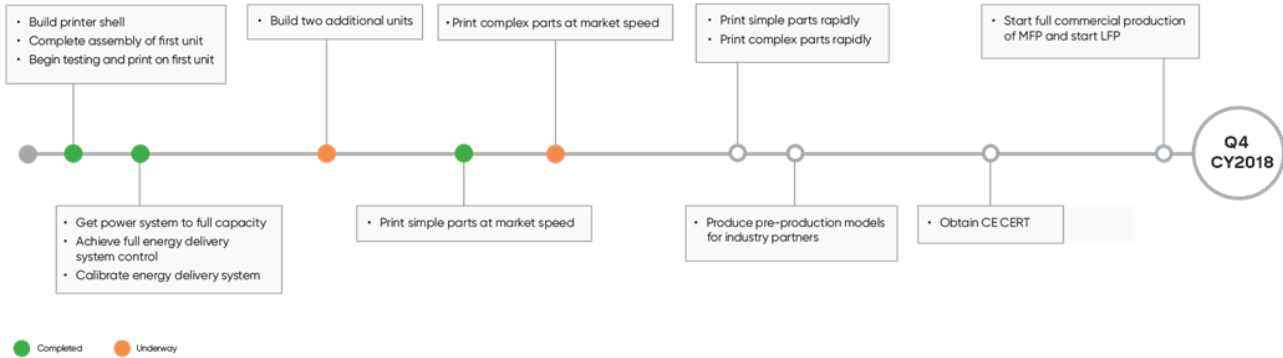
The Company continues to make progress with its Industry Partner Program both with AdditiveNow* and with the non-binding term sheet signed with VEEM Ltd post period end. The non-binding agreement outlines the opportunity for Aurora to work directly with VEEM for early access to the Company’s technology, the potential for the purchase of the Company’s 3D-printing machines and the ability to do R&D on areas that are appropriate for VEEM’s business.

VEEM is an ASX-listed company (ASX:VEE) that specialises in high-technology propellers and gyrostabilisers. Having VEEM as an industry partner creates a significant opportunity for Aurora as the engineering firm would be looking to implement the Company’s Medium and Large Format Printers, when fully developed, in its production of both ship propellers and gyrostabilisers.

Aurora will continue to grow the Industry Partner Program, and the agreements with VEEM and AdditiveNow* reflect the interest of companies willing to explore the use of Aurora’s technology. The partnerships are a validation of Aurora’s business and acknowledge the potential that 3D printing has in how parts are created and optimised.

Estimated Large Format Technology Development Timeline

The milestones below will demonstrate the progress in the development and ultimate commercialisation of the Medium and Large Format Printers.



Achieving milestones with first powder produced from prototype Powder Production Unit (PPU)

Aurora's prototype Powder Production Unit (PPU) successfully produced laboratory test scale powder in June, which was a significant achievement in the process to commercial powder production. The development of the PPU has potential to open considerable new markets for Aurora and be a source of ongoing revenue for the Company.

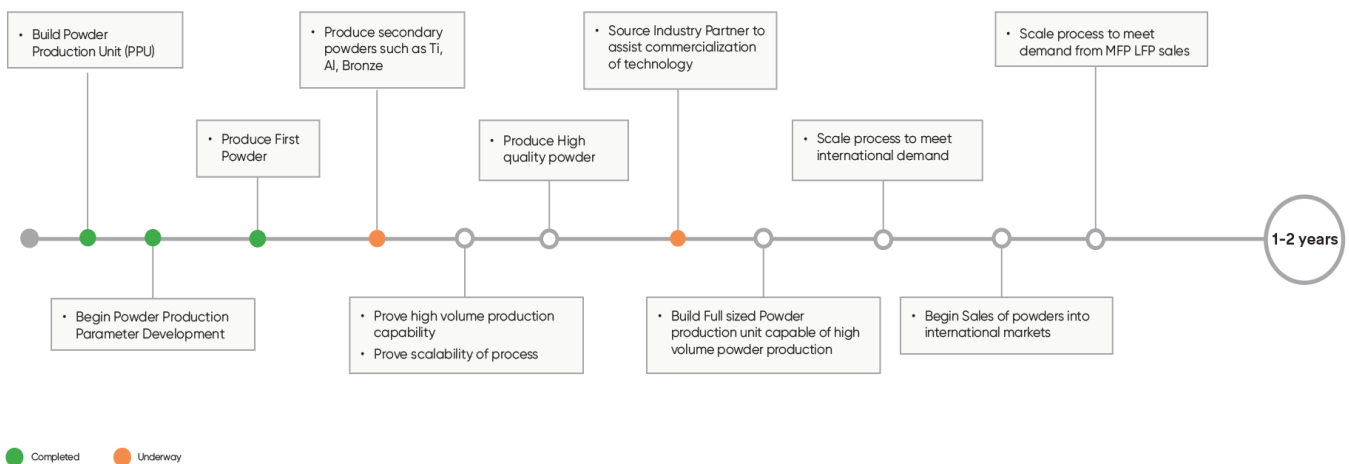
The powder from the test samples has demonstrated a very tight size distribution, and this is a positive indication of the very high yields that Aurora is targeting. The primary advantage the Company is aiming to achieve is to produce a higher quality product at a lower cost of production.

It is intended that the powders will support part of the projected high utilisation of consumables from the Company's Large Format Printer which is currently under development. Currently, the international powdered metals market, e.g. Metal Injection Moulding (MIM) powders, is valued in the billions of dollars. Advancing Aurora's PPU technology is intended to develop significant synergies between metal powder production and the anticipated demand created by additive manufacturing.

Aurora will also be exploring business models and commercial opportunities internationally where there is a large demand for metal powders in markets not related to 3D printing.

Estimated Powder Production Unit Development Timeline

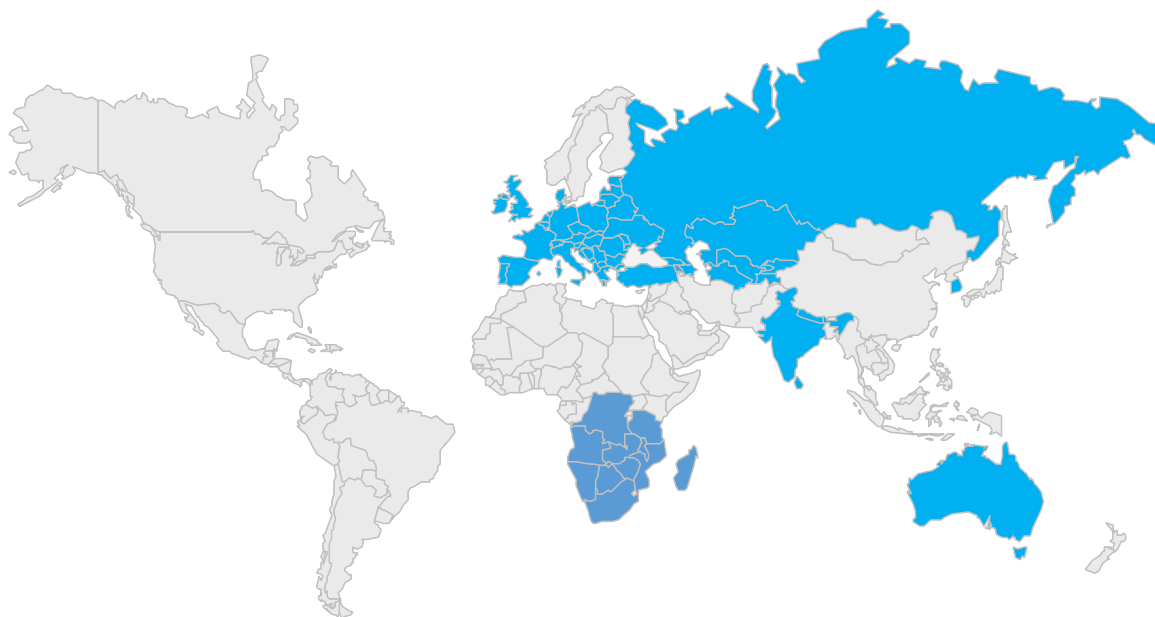
The Company continues to deliver on the key milestones outlined in the timeline below.



Expansion of distribution network to Africa with Aurora's Small Format Printer (SFP)

Aurora signed a distribution agreement with South African Company Weartech Pty Ltd ('Weartech'). Weartech has exclusive distribution rights to Aurora's Small Format Printers (SFP) in South Africa. This agreement gives Aurora a foothold in the South African market. Weartech was also granted a non-exclusive distribution license in the 14-member countries of the Southern African Development Community. This agreement gives Aurora a strong presence without having to develop infrastructure in the region.

Aurora continues to focus on sales of the SFP while developing the Large Format Technology.



Aurora Labs' latest distributor network

Corporate

During the quarter the Company hosted an Investor Q&A Webinar with Managing Director David Budge to provide an overview of the Company and its progress. A recording of the webinar can be accessed through the link below:

https://auroralabs3d.com/#!/media/videos/20180404_01

Financial and Cash Position

As at 30 June 2018, cash at bank and on deposit was A\$3.8 million.

Please refer to the Appendix 4C quarterly commitments report for the period ended 30 June 2018 for further information.

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

ABOUT ADDITIVENOW

AdditiveNow Pty Ltd is a company being established as an incorporated joint venture between Aurora Labs Limited and Advisian Digital, a division of the WorleyParsons Group of Companies.

To learn more about AdditiveNow, please visit: www.additivenow.com

FORWARD LOOKING STATEMENTS

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

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

For further information, please contact:

enquiries@auroralabs3D.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

Aurora Labs Limited (ASX: A3D)

ABN

44 601 164 505

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 12 months \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers ¹	40	157
1.2 Payments for		
(a) research and development ² (Medium and Large Format Printer (MFP and LFP)) Powder production unit (PPU)	(253)	(1,038)
(b) product manufacturing and operating costs (Small Format Printer (SFP))	(192)	(537)
(c) advertising and marketing	(76)	(237)
(d) leased assets	-	-
(e) staff costs	(854)	(3,389)
(f) administration and corporate costs	(541)	(1,864)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	30	90
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 R & D and other grants received	45	1,053
1.8 Other (Net GST)	11	66
1.9 Net cash from / (used in) operating activities	(1,790)	(5,699)
¹ Receipts from SFP Sales	122	306
Refund of Pre sales receipts	<u>(82)</u>	<u>(149)</u>
Net Receipts from customers	40	157

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 12 months \$A'000
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2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(65)	(284)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(168)	(300)
(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	(233)	(584)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	105	5,305
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	(52)	(480)
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	53	4,825

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 12 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	5,759	5,250
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,790)	(5,699)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(233)	(584)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	53	4,825
4.5 Effect of movement in exchange rates on cash held	1	(2)
4.6 Cash and cash equivalents at end of quarter	3,790	3,790

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,990	1,752
5.2 Call deposits	1,800	4,007
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)	3,790	5,759

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	162
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	(184)
9.2 Product manufacturing and operating costs	(78)
9.3 Advertising and marketing	(150)
9.4 Leased assets	-
9.5 Staff costs	(1,007)
9.6 Administration and corporate costs	(424)
9.7 Property, plant and equipment & Intellectual property	(95)
9.8 Total estimated cash outflows	(1,938)

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. The Milestone for the 7,087,500 Class B Performance Shares was not satisfied by the required date (i.e. by 30 June 2018) and the Class B Performance Shares were automatically redeemed in accordance with their terms. To ensure the redemption is properly effected, Aurora will seek shareholder approval at its 2018 annual general meeting for a selective capital reduction in relation to the Class B Performance Shares.
6. 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: 
Director/Company Secretary

Date: 27 July 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.