

ASX Announcement

CORPORATE DIRECTORY

Chairman
PAUL KRISTENSEN

Founder, Managing Director
DAVID BUDGE

Business Development
and Marketing Director
NATHAN HENRY

Non-Executive Director
MEL ASHTON

Non-Executive Director
and Company Secretary
MATHEW WHYTE

Aurora Labs Limited Quarterly Report and Appendix 4C for Q1 FY2019

Highlights:

- Rapid Manufacturing Technology (RMT) reached the ability to print complex parts at Market Speed
- Post quarter end, significant speed increases achieved with the RMT now able to print 20 times faster than market speed
- Expansion of Industry Partner Program signing preliminary agreement with VEEM
- Since the end of quarter, the signing of a non-binding Industry Partner Agreement with Fortescue Metals Group

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 Q1 (FY) 2019 (refer attached).

FAST FACTS

Issued Capital: 67.8m
Quoted Options: 3.7m
Unquoted Options: 10.2m
Market Cap: \$47.4m
Cash: \$2.82m

Rapid Manufacturing Technology Enhancements

The Company reached a new milestone in the development of the Rapid Manufacturing Technology, achieving the ability to print complex parts¹ at Market Speed. The standard speed of a comparable sized machine on the market is about 81.7 grams per hour. The Company's speed far exceeded this at a rate of 662g/hour or 15.88 kg/day, equivalent to 8 times faster than market speed.

Post quarter end, Aurora realised an additional breakthrough in the development of the Rapid Manufacturing Technology reaching further significant speed increases for the current "Alpha Unit" of the printer. Following a series of tests, the Company achieved a print speed 20 times faster than Market Speed², equivalent to a print capacity of 40kg/day. This is an important step in Aurora's path to commercialising the RMT as it proves the fundamentals of the technology.

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ASX CODE: A3D
ACN: 601 164 505



The "Alpha Unit" of the RMP1 has reached the ability to print complex parts at market speed

¹ A complex part is a part that has a series of curves and internal structures that would normally be considered difficult to manufacture using traditional methods. Examples of this would include a valve body, a turbine wheel or a lattice structure like the bracelet printed.

² Aurora Labs defines Market Speed as the speed at which a comparable machine can print Titanium (CP-Ti). Market research has shown this to be 81.7 g/hr or 1.96 kg per day.

Moving forward, Aurora will focus its efforts on significantly increasing its speed and build areas with the ultimate goal of achieving a print speed of 1,000kg/day.

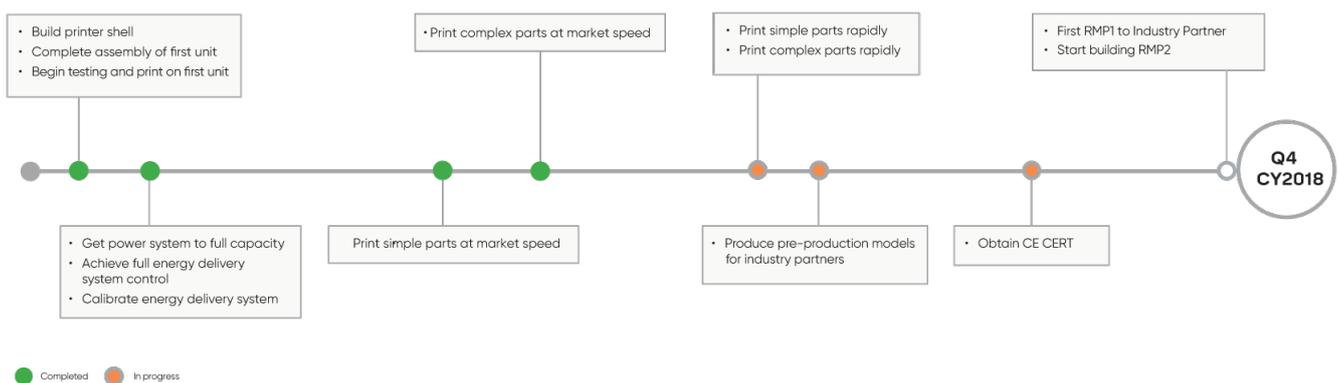
The Company is also looking to link two or more "Alpha Unit" cores together to form a faster platform to allow for high-speed printing. The Rapid Manufacturing Printer (RMP) has been designed to be scalable through its modular nature.

Rebranding from Large Format Technology to Rapid Manufacturing Technology

Aurora also underwent a name change of its technology during the quarter, from Large Format Printer to Rapid Manufacturing Technology to more effectively convey the purpose and advantage of this technology. The terminology of the Medium Format Printer was also changed to RMP1 (Rapid Manufacturing Printer).

Rapid Manufacturing Technology Development Timeline

The milestones below demonstrate the progress in the development and ultimate commercialisation of the Rapid Manufacturing Technology.



The Company is targeting the global metal manufacturing market, expected to reach USD \$4 trillion per annum by 2020³. High speed, high-quality 3D printing can reduce both cost and lead time for replacement parts. Successful scaling of the RMT will allow printed parts to be manufactured at a price that is expected to be cost competitive with traditional metal manufacturing.

Expansion of the Company's Industry Partner Program

Aurora continued to make progress with its Industry Partner program and signed a non-binding term sheet with VEEM Ltd (ASX:VEE). VEEM is an ASX-listed company that specialises in high-technology propellers and gyro stabilisers.

The non-binding agreement allows the opportunity for Aurora to work directly with VEEM for early access to the Rapid Manufacturing Technology, the potential to purchase the Company's 3D-printing machines and the ability to do R&D on areas that are appropriate for VEEM's business. The Program also gives Aurora direct feedback on how its machines can be improved.

³ Research and Markets, Global Metal Manufacturing Market Briefing 2018 – ResearchAndMarkets.com, February 21, 2018, <https://www.businesswire.com/news/home/20180221005897/en/Global-Metal-Manufacturing-Market-Briefing-2018>

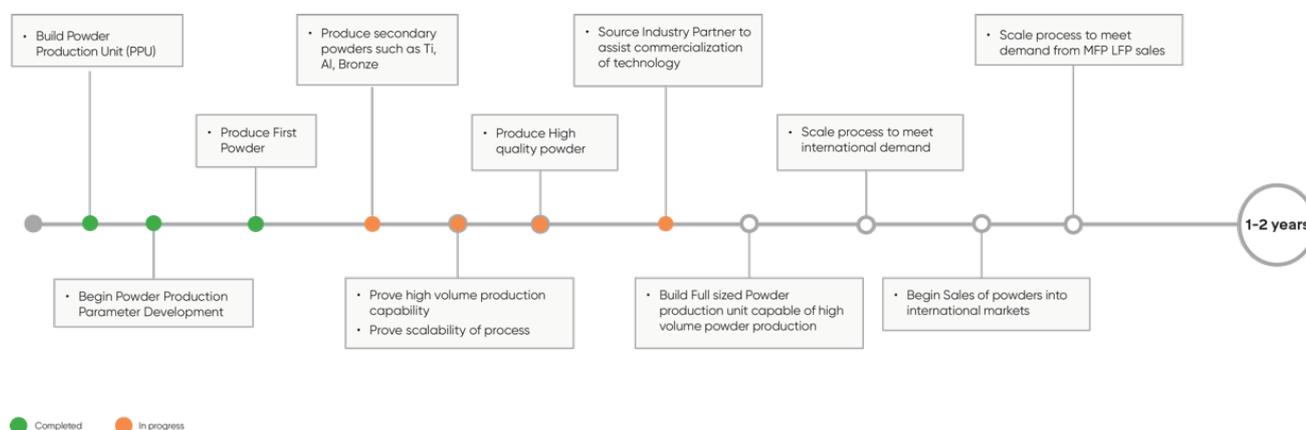
During the quarter Aurora and WorleyParsons made steady progress towards the commencement of the 50/50 joint venture which will be formalised by the establishment of AdditiveNow*. AdditiveNow plans to introduce 3D printing to major infrastructure, mining and other resource companies globally.

Since the end of the quarter, Aurora has announced the signing of a non-binding term sheet with subsidiaries of Fortescue Metals Group ("Fortescue") (*Refer to Aurora's ASX Announcement dated 24 October 2018*). The agreement comprises an Industry Partner Program, which involves the opportunity for Aurora to work directly with Fortescue on the Company's Rapid Manufacturing Technology (RMT) to demonstrate the potential for its application across their significant integrated mining operations in the Pilbara region of Western Australia.

Estimated Powder Production Unit Development Timeline

Aurora sees a significant opportunity with powders and testing has commenced via its Powder Production Prototype Unit (PPU). The Company successfully produced its first laboratory test scale powder demonstrating a very tight size distribution. The prototype is intended to demonstrate the technology for producing very high quality powders at a lower cost than existing processes.

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



Progress with Aurora's S-Titanium Pro (STP)

Aurora is pleased with the continued progress from its S-Titanium Pro with sales revenue increasing to near 70% of the total of FY2018 in the first quarter of FY2019 with a good pipeline of future sales and enquiries.

Tradeshows

Aurora participated in the TCT tradeshow and conference in Birmingham, England, displaying the RMP1 to a European audience for the first time. TCT draws over 10,000 key purchasers from 40 countries to see the latest technology in the Additive Manufacturing space. There was significant interest in both the RMP1 and the STP with a number of options to purchase the S-Titanium Pro taken for later follow up.

Financial and Cash Position

As at 30 September 2018, cash at bank and on deposit was \$1.84 million. Since quarter end the Company has received;

- a \$1.38 million tax incentive refund;
- \$498,000 from the exercise of \$0.20 unquoted Options; and
- Is expecting a further \$1.4 million from the exercise of the remaining \$0.20 Options before expiry on 31 December 2018.

Please refer to the Appendix 4C quarterly report for the period ended 30 September 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

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 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.

[See more at the AdditiveNow website here.](#)

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

Aurora Labs Limited (ASX: A3D)

ABN

44 601 164 505

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 3 months \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	309	309
1.2 Payments for		
(a) research and development ¹ (Rapid Manufacturing Technology (RMT)) Powder production unit (PPU)	(477)	(477)
(b) product manufacturing and operating costs (Small Format Printer (SFP))	(192)	(192)
(c) advertising and marketing	(94)	(94)
(d) leased assets	-	-
(e) staff costs	(944)	(944)
(f) administration and corporate costs	(581)	(581)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 R & D grants received	-	-
1.8 Other (Net GST)	1	1
1.9 Net cash from / (used in) operating activities	(1,965)	(1,965)

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 3 months \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(62)	(62)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(22)	(22)
(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	(84)	(84)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	117	117
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	(21)	(21)
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	96	96

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 3 months \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,790	3,790
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,965)	(1,965)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(84)	(84)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	96	96
4.5 Effect of movement in exchange rates on cash held	3	3
4.6 Cash and cash equivalents at end of quarter*	1,840*	1,840

* Since the end of Quarter the Company has received: \$1,882

- R & D tax refund of \$1,384,000 (Refer 9.7)
- Exercise of \$0.20 Options \$498,000 (Refer 9.8)

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	840	1,990
5.2 Call deposits	1,000	1,800
5.3 Bank overdrafts	-	-
5.4 Other (Cash on Hand)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,840*	3,790

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$A'000
164
-

- 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 ¹	(250)
9.2 Product manufacturing and operating costs	(50)
9.3 Advertising and marketing	(80)
9.4 Staff costs ¹	(970)
9.5 Administration and corporate costs	(450)
9.6 Property, plant and equipment & Intellectual property	(100)
9.7 R & D tax offset received 8 October 2018	1,384
9.8 Estimated receipts from \$0.20 Options exercised before expiry on 31/12/ 2018	1,400
9.9 Total estimated cash (outflows)/Inflows	884

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

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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 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.
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 October 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.