

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 FY2019

Highlights:

- **Execution of Memorandum of Understanding with Gränges AB**
- **Test printing on Rapid Manufacturing RMP1 Beta Printer**
- **Strengthened management team with new COO**
- **R&D Incentive Rebate Received**

FAST FACTS

Issued Capital: 88.6m
Quoted Options: 3.7m
Unquoted Options: 2.8m
Market Cap: \$32.0m
Cash: \$3.6m
(As at 30 June 2019)

Aurora Labs Limited ("Aurora" or "the Company") (ASX:A3D), has today released its quarterly Appendix 4C for Q4 (FY) 2019 (refer attached).

During the quarter Aurora has made significant progress on several fronts towards commercialisation of the MCP and its RMP1.

The ability of Auroras printers to print successfully in metals that are envisaged to be in high demand in Additive Manufacturing combined with revolutionary print speeds have attracted the interest of several potential customers.

The transformation of the focus of Aurora from mainly research and development to a commercial focus on future revenue streams has commenced and will continue.

The team at Aurora has worked diligently to make achievements during this quarter.

CONTACT DETAILS

U2/79 Bushland Ridge,
Bibra Lake, WA
AUSTRALIA 6163

enquiries@auroralabs3d.com
t. +61 (0)8 9434 1934
auroralabs3d.com

Memorandum of Understanding with Gränges AB

The MoU provides a framework for potential future transactions between the Aurora and Gränges in relation to:

- The pre-order an Aurora RMP-1 Rapid Manufacturing Printer by Gränges;
- The supply by Gränges of its proprietary aluminium powder to Aurora;
- Engagement of Aurora to conduct research and development projects regarding the use of aluminium in additive manufacturing; and
- Collaboration in market research to better understand the opportunities for the use of aluminium in additive manufacturing for the automotive and other industries.

The terms of the MoU require Aurora and Gränges to hold constructive negotiations to enter into formal agreements.

ASX CODE: A3D

ACN: 601 164 505

The terms of the proposed transactions are indicative only until such formal agreements are signed.

The MoU is to operate for a term of up to five (5) years. Either party may elect to terminate the MoU for default/insolvency or otherwise on giving 180 days' notice.

In respect to the MoU Aurora's Managing Director David Budge said;

"This is a remarkable relationship for Aurora, and we are very pleased to partner with Gränges, a forward thinking and innovative company with products extensively placed across the automotive sector. The proposed transactions, if consummated, could potentially be worth up to approximately US\$7.75m in revenue to Aurora. Further, if Gränges purchases one of our RMP-1s, it will lead to some exciting and innovative developments in both the internal combustion engine and electric vehicle markets. Aurora is expecting to see enormous growth in additive manufacturing through the automotive sector in coming years."

Test printing and parameter development on Rapid Manufacturing RMP1 Beta Printer

Aurora has achieved a significant milestone in the Company's commercialisation process finalising the build and first live test of its pre-production RMP1 Beta Printer. Since the first live test we have been printing various materials and test prints as part of the commissioning and development process. Advanced discussions continue around the potential sale of the RMP1 Beta Printer to one of the Company's industry partners. This is intended to enhance their competitive advantage and allow more direct feedback on the performance of the RMP1.

The RMP1 Beta Printer is a pre-production machine which will be almost identical in operation to the Company's final production line machines, with the exception of improvement and changes that come from feedback from customers. The company is actively pursuing pre-orders for these machines and has attracted substantial interest from several potential customers both here and overseas including Gränges

The RMP1 Beta Printer is significantly more sophisticated than any previous machine that Aurora has built. The print bed is 450 mm x 400 mm and can print parts 10 times the volume of the Company's previous test machine (Alpha2 printer). It incorporates sensing and tracking equipment that are the foundations that Aurora is building the certification system on for developing digitally certified parts (DCPs).

To reflect the technological uniqueness of the RMP1 Beta Printer, the Company engaged an industrial design firm to create a modern design, fit for purpose reflective of the cutting-edge advantage from using Aurora's 3D printer.

Now that the mechanics of the RMP1 have been proven to this phase, the designers will complete the industrial designs for the enclosure of the RMP1 Printer.



RMP1 Beta Printer

In respect to the development of parameters and full size test prints Aurora's Managing Director David Budge said;

"The fact that the RMP1 Beta Printer is operational is a key milestone for the team. Developing and refining our technology has been long in the making and the RMP1 Beta Printer is now built and ready to go live. We are transitioning from a heavy R&D phase with the RMP1 Beta Printer and we will now be able to move to a commercialisation and sales stage much more strongly with the technology we have developed."

Strengthen Management Team

Since period end the Company is pleased to advise it has significantly strengthened its senior executive team with the appointment of a Chief Operating Officer (COO) as it moves closer to commercialisation of its Rapid Manufacturing Printer (RMP-1).

Aurora has appointed experienced engineering and technology executive Peter Snowsill to the newly created position of COO, effective 1st July 2019.

Mr Snowsill has over 25 years technology-based executive, engineering and project management experience across Australia, Asia Pacific and the Americas including SME, multinational, Government and not-for-profit sectors.

He has extensive business and project leadership success including business growth, company sale and integration, technology development and significant project management and governance in water treatment and renewable energy technologies through CEO, Business Unit Director and General Manager roles.

Aurora's Managing Director David Budge said;

"We are delighted to have recruited Peter as our new COO. He brings substantial experience of operating in high growth, technology companies. He will provide valuable leadership and skills as we continue to execute our commercialisation and growth strategies in both Australia and overseas. He is a strong addition to our Executive team."

AdditiveNow™

AdditiveNow™, the Company's 50/50 incorporated joint venture (JV), commenced work with clients generating \$ 185,000 in sales revenue since its incorporation in December 2018 with a gross profit in the JV of \$10,000.

AdditiveNow™ aims to provide a complete additive manufacturing service, primarily for oil & gas, mining and major infrastructure clients by bringing together Aurora's products and technology with an existing substantial network to most major mining and oil & gas companies in the world. The joint venture combines Aurora's RMT with engineering expertise from Advisian Digital to design, produce and deploy complex components. To read more about AdditiveNow™, visit the website at <https://additivenow.com/>

Finance and Cash Position

During the quarter Aurora received an advance payment of A\$1,350,000 from Radium Capital (**Radium**) against future research and development tax incentive funds. The advance from Radium representing up to 80% per cent of anticipated R&D Refund resulting from expenditure on R&D programs during the current financial year.

The funds will be used for working capital purposes. The Agreement avoids diluting shareholders and strengthens cashflow. The Company will repay the funds advanced once received from the Australian Government.

As at 30 June 2019, cash at bank and on deposit was approximately \$3.6 million.

Please refer to the Appendix 4C quarterly commitments report for the period ended 30 June 2019 for further information.

ABOUT ADDITIVENOW

AdditiveNow is an incorporated joint venture between A3D Holdings Pty Ltd (a member of the Aurora Labs group of companies) and WorleyParsons Services Pty Ltd (a member of the WorleyParsons group of companies). It is operated through AdditiveNow Pty Ltd (ACN 630 628 134) and AdditiveNow Holdings Pty Ltd (ACN 630 609 068). This document was prepared by Aurora Labs. None of AdditiveNow Pty Ltd, AdditiveNow Holdings Pty Ltd or WorleyParsons Services Pty Ltd takes any responsibility or liability for the statements contained in this document."

ABOUT AURORA LABS

Aurora Labs Limited ("the Company"), 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)

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 2019

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	146	731
1.2 Payments for		
(a) research and development ¹ (Medium and Large Format Printer (MFP and LFP)) Powder production unit (PPU)	(571)	(2,298)
(b) product manufacturing and operating costs (Small Format Printer (SFP))	(228)	(724)
(c) advertising and marketing	(155)	(393)
(d) leased assets	-	-
(e) staff costs	(1,060)	(3,993)
(f) administration and corporate costs	(713)	(2,655)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17	44
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 R & D grants received	27	1,451
1.8 Other (Net GST)	59	74
1.9 Net cash from / (used in) operating activities	(2,478)	(7,763)

^{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 12 months \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(40)	(164)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(63)	(257)
(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	(103)	(421)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	6,997
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	(2)	(345)
3.5 Proceeds from borrowings	1350	1350
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(1)	(1)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,347	8,001

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	4,842	3,790
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,478)	(7,763)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(103)	(421)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,347	8,001
4.5 Effect of movement in exchange rates on cash held	(4)	(3)
4.6 Cash and cash equivalents at end of quarter	3,604	3,604

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	3,604	842
5.2 Call deposits	-	4,000
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)	3,604	4,842

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	165
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	1,350	1,350
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.		

8.1 Radium Capital – Secured Loan advance on future research and development tax incentive claims fully drawn 28 June 2019 (Refer ASX Announcement dated 28 June 2019)

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(250)
9.2 Product manufacturing and operating costs	(91)
9.3 Advertising and marketing	(209)
9.4 Staff costs	(1,190)
9.5 Administration and corporate costs	(548)
9.6 Property, plant and equipment & Intellectual property	(99)
9.7 Total estimated cash outflows	(2,387)

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):

- The number of Performance Shares at the beginning of the current quarter was 7,612,500 Class C Performance Shares.
- Each Performance Share was to convert into a fully paid ordinary shares (**Shares**), on a one-for-one basis, upon the satisfaction of the milestone that Aurora (or an entity controlled by Aurora) had cumulative revenue of A\$7,250,000 before 30 June 2019 (**Milestone**).
- As announced on 12 July 2019 the Milestone for 7,612,500 Class C Performance Shares was not satisfied by the required date and the Class C Performance Shares were automatically redeemed and cancelled by Aurora for the sum of \$0.00001 each in accordance with their terms. To ensure the redemption is properly effected, Aurora will seek shareholder approval at its 2019 annual general meeting for a selective capital reduction in relation to the Class C Performance Shares.

Compliance statement

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

Sign here: 
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Company Secretary

Date: 26 July 2019

Print name: Mathew Whyte

Notes

- 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.
- 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.
- 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.