



ASX Announcement

CORPORATE DIRECTORY

Chairman
GRANT MOONEY

Non-Executive Director
MEL ASHTON

Non-Executive Director
TERRY STINSON

Non-Executive Director
ASHLEY ZIMPEL

Interim CEO
PETER SNOWSILL

Founder + CTO
DAVID BUDGE

Company Secretary
STEVEN WOOD

Aurora Labs Limited Quarterly Report and Appendix 4C for Q3 FY2020

Highlights:

- Cost Saving Program implemented to deliver over \$6M in annualised savings
- Strategic Placement of \$1.82M
- Board and Executive Refresh completed
- Independent testing for MCP Technology demonstrates Process Validation
- Agreement with DNV GL for independent certification services
- Shareholder Technology Open Day held
- Covid-19 response

CONTACT DETAILS

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Aurora Labs Limited ("Aurora" or "the Company") (ASX:A3D), wishes to provide its quarterly report to shareholders and Appendix 4C for Q3 FY2020.

Interim CEO, Peter Snowsill said;
"Through the changes of the Board and Executive team and responding to the COVID-19 impact on business operations, we remain focused on the continued development and application of our Rapid Manufacturing Technology and increased effort to reduce our operating costs. The difficult decisions taken on the back of the cost saving program are aimed at delivering sustained business operations and success. While addressing the various changes to the business during the quarter, we have also delivered on important steps aimed at pivoting Aurora towards commercialising its 3D metal printing technology, which is currently in Beta-testing phase."

ASX CODE: A3D

ACN: 601 164 505

Finance and Cash Position

The Company has undertaken a review of business operations involving cost cutting measures in light of COVID-19. Aurora's goal is to reduce monthly cash burn to \$250k compared to the recent monthly historical rate of \$750k. Measures include Executive salary cuts and up to a 70% reduction in Aurora's staffing numbers. The measures are forecasted to generate annualised savings of approximately \$6M and provide a future additional cash buffer to support operations and development for as long as possible and hopefully through the period of near term economic disruption created by the COVID 19 pandemic.

During the period Aurora announced the successful completion of a \$1.82M Placement¹ through the issue of 13,000,000 shares at an issue price of \$0.14 per share to a new unrelated cornerstone investor, Dutch entrepreneur Mr Tjeerd Barthen.



Over the period the Company has focused on, and will continue to focus on, the development and optimisation of the RMP-1 Beta printing technology.

There were no related party payments for the period other than the director fees paid from the approved pool of fees as approved by shareholders of \$200k.

As at 31 March 2020, the Company's cash at bank and on deposit was approximately \$1.9M.

Board and Executive Refresh Complete

In March, Aurora announced the finalisation of its Board Refresh Strategy. The changes are aimed at enhancing the Company's capability to deliver the final stages of commercialisation of Aurora's 3D metal printing technology and include a reduction and reorganisation of the Executive team in order to focus skills and strengthen current and new expertise toward successful commercialisation.

Summary of changes;

CHIEF EXECUTIVE OFFICER (CEO)

The Company's foundational CEO David Budge has taken up the new role of Chief Technology Officer to focus his technical and innovation expertise on the continuing development of Aurora's unique 3D printing technology. Peter Snowsill, previously Chief Operating Officer (COO), is now Interim CEO pending a new CEO appointment. Given Mr Snowsill's industry experience and integral involvement in daily operations, the transition to CEO is expected to go smoothly and have a positive impact on productivity and management of the Company going forward.

RETIREMENTS

Non-Executive Chairman Paul Kristensen, Executive Directors David Budge and Nathan Henry and Non-Executive Director and Company Secretary Mathew Whyte agreed to retire from the Board to support the Board Refresh Strategy and ensure the appropriate Board makeup for a Company of Aurora's size and stage of development. The refreshed Aurora Board is non-executive in makeup and in keeping with best practice for ASX-listed companies. Mr Budge remains an Executive in the business focused on delivering on key technical initiatives and achievement of technical milestones. Mr Henry has accepted a redundancy and will serve out his 6-month notice period working closely with Peter Snowsill and the Board on special projects.

REFRESHED NON-EXECUTIVE BOARD

Three new non-executives joined the Board in February and March - Grant Mooney as Non-Executive Chairman, and Terry Stinson and Ashley Zimpel as Non-Executive Directors. Together with Non-Executive Director Mel Ashton, the refreshed Board comprises a variety of specialised skills in extensive global commercialisation, raising capital, corporate compliance administration, strategic planning, sales and marketing, technology development and international collaborations.

Mr Mooney will assume the role of Company Secretary under his business Mooney & Partners effective 1 May 2020. The Company wishes to thank outgoing Company Secretary Steven Wood for his service during the quarter.

MORE INFORMATION

For Director biographies, CEO material employment terms, incentive options and other details please refer to ASX Announcements 27 February 2020 "Aurora Labs Board Refresh to Support Commercialisation Strategy", 25 March 2020 "Aurora Board and Executive Changes to Strengthen Commercialisation Capability" and 28 March 2020 "Aurora effects cost saving program targeted to deliver over \$6M in annualised savings".

MCP Process Validation²

During the quarter, a series of independent tests were carried out on samples printed in Stainless Steel 316L, using Aurora's patented MCP™ technology. The tests delivered results exceeding ASTM Standard A479/276 and f3184-16 in Ultimate Tensile Strength and Yield Strength. This clearly demonstrates that the process meets or exceeds the relevant engineering standards.

Unlike traditional laser bed fusion printers, the MCP technology prints multiple layers in a single pass which increases the production speeds. The very positive test results play a critical role in highlighting to customers that the MCP technology is a viable method of metal 3D printing.

AdditiveNow Joint Venture Update

Announced post quarter end on 30 April, Aurora and AdditiveNow mutually agreed that the lease agreement will not proceed as originally planned. As structured, the lease agreement did not sufficiently serve the commercial interests of either party. As a continuation of Aurora's recent Executive and Board changes announced on the 25th March, Aurora's Interim CEO Peter Snowsill and Non-Executive Director Terry Stinson joined the AdditiveNow Board to strengthen the contribution and support of the joint venture, replacing representative Board directors David Budge and Nathan Henry. Aurora Labs and AdditiveNow are committed to continuing the collaboration, having assisted clients with printing commercial parts produced for AdditiveNow over the last six months.

DNV GL Certification Framework Agreement Executed³

On January 30, Aurora announced the execution of a Framework Agreement with global quality assurance and risk management company DNV GL. Under the agreement, DNV GL will provide certification services for A3D's unique 3D metal printers.

Both parties have since continued regular discussions aiming to explore how best to utilise the DNV GL certification procedures with Aurora's current and potential customers. The use of this independent certification process will help strengthen Aurora's competitive position within the 3D printing industry.

Shareholder Technology Open Day

Over two days in February, the Company opened its Bibra Lake facility for shareholders to tour the workshops, view its Multi-Layer Concurrent Printing (MCP) technology in action and meet key members of the team. Shareholders were able to see the RMP-1 Beta and Alpha-2 machines printing parts for customers live.

Shareholders were invited to hold in depth conversations with Aurora's management, print technicians, material scientists and engineers and viewed and handled a variety of printed parts including early test prints and recently printed customer samples.

The Sales & Marketing team displayed the RMP-1 demonstration show unit alongside a hands-on Virtual Reality experience showcasing the potential for remote sales and maintenance.

Aurora Labs would like to thank attendees for their participation in what was a rewarding and successful event.



Aurora Labs Shareholder Technology Open Day February 2020

Covid-19 Update

On March 19, the Company published an open letter outlining the effects of Covid-19 on business operations. The proactive safeguard measures Aurora put in place are ongoing and include;

BUSINESS CONTINUITY

Aurora has a very small team of employees who have been working daily at the Bibra Lake workshop to provide operational services. These include the running of the printers to keep supplying customers with printed parts and continue with parameter and printer development activities.

Much of the Company's workforce has been working remotely. All normal development, software and engineering work continues. Staff safety remains the Company's priority, so while the current measures allow for normal operations, management continues to monitor changes to the COVID-19 situation relative to the business and will adjust accordingly.

TRAVEL BAN AND TRADESHOWS

Aurora has postponed all domestic and international travel for staff. During the quarter this impacted the Company's ability to exhibit at a number of North American tradeshow, all of which have been postponed to a later date with no financial impact on Aurora.

JOB KEEPER APPLICATION

As part of its ongoing review of operational costs, Aurora is currently applying for and assessing what government assistance it may be eligible for. This includes but is not limited to the recently announced "Job Keeper" stimulus package by the Australian Federal Government.

USA FACILITY

Additionally, and in line with the Company's cost reduction strategies during the Covid-19 pandemic, Aurora has terminated its United States lease and staff contract. The Company's USA operations will be reviewed with the potential to reinstate once global business activity resumes in a feasible manner.

The Company will continue to monitor COVID-19 measures, and continue to respond as necessary.

Ends

Approved for release by the Company's Board of Directors.



For further information, please contact: Steven Wood, Company Secretary

+61 (0)8 943 1934 or by email enquiries@auroralabs3d.com

¹ Refer to ASX Announcement 13 February 2020 "Aurora Complete \$1.82M Strategic Placement"

² Refer to ASX Announcement 18 February 2020 "Major Step Towards MCP Process Validation"

³ Refer to ASX Announcement 30 January 2020 "Aurora Executes Certification Services Agreement with DNV GL"

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 cash flow report for entities subject to Listing Rule 4.7B

Name of entity
Aurora Labs Limited (ASX: A3D)
ABN
44 601 164 505
Quarter ended ("current quarter")
31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 9 months \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	87	473
1.2 Payments for		
(a) research and development ¹ (Medium and Large Format Printer (MFP and LFP)) Powder production unit (PPU)	(158)	(622)
(b) product manufacturing and operating costs (Small Format Printer (SFP))	(69)	(370)
(c) advertising and marketing	(43)	(212)
(d) leased assets	-	-
(e) staff costs	(1,324)	(3,866)
(f) administration and corporate costs	(750)	(2,641)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	17
1.5 Interest and other costs of finance paid	-	(63)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	2,012
1.8 Other (provide details if material)	10	-
1.9 Net cash from / (used in) operating activities	(2,242)	(5,272)

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

2. \$40,000 EMDG grant re-allocated from 1.8 to 1.7

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 9 months \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(76)	(365)
(d) investments	-	-
(e) intellectual property	(35)	(201)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) 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	(111)	(566)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,820	5,820
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(68)	(316)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(1,350)
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	1,752	4,154

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 9 months \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,507	3,604
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,242)	(5,272)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(111)	(566)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,752	4,154
4.5	Effect of movement in exchange rates on cash held	5	(9)
4.6	Cash and cash equivalents at end of period	1,911	1,911

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	1,911	1,007
5.2	Call deposits	-	1,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,911	2,507

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
200
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements (Credit Card)

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
10	-
-	-
-	-

7.5 **Unused financing facilities available at quarter end**

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities

\$A'000

8.1 Net cash from / (used in) operating activities (Item 1.9)

2,242

8.2 Cash and cash equivalents at quarter end (Item 4.6)

1,911

8.3 Unused finance facilities available at quarter end (Item 7.5)

8.4 Total available funding (Item 8.2 + Item 8.3)

1,911

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

0.85

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No. The Company has taken active steps to reduce its operating costs.

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes. The Company is utilising an R&D loan facility for the 30 June 2020 financial period expenditure to date, actively completing ongoing budget reviews and investigating the various government packages available as a result of the COVID-19 pandemic to reduce operating costs, and is considering capital raising alternatives to raise further capital via debt and/or equity.

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company expects to be able to continue its operations and to meet its objectives based on its responses above.

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.

30 April 2020

Date:

Authorised by: ..The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.