

## Aurora Labs Limited - 4C filing for Q1 FY2018

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 filing for Q1 Financial Year (FY) 2018 (refer attached).

### Small Format Printer (SFP S-Titanium)

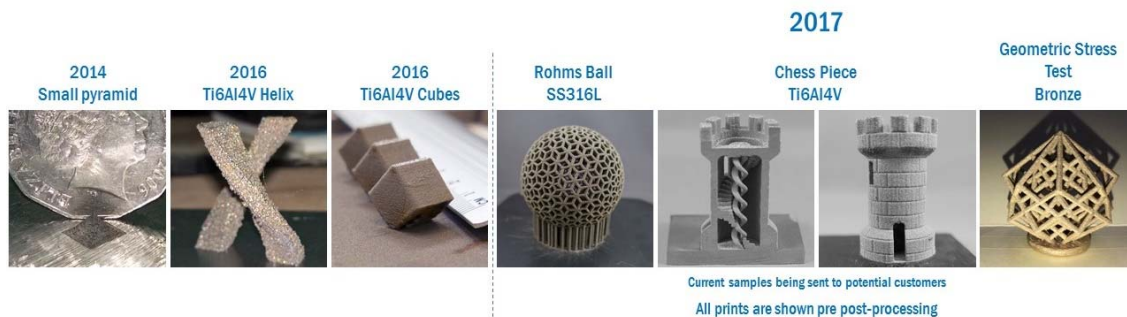
The Company continues to focus on the commercialisation of the Small Format Printer (SFP). The Small Format Printer Technology is placed to compete in the small printer segment of the 3D metal printing market based on cost and specifications.

Distributor agreements play a significant role to accelerate the marketing and commercialisation of the SFP. In the quarter, Aurora Labs made advancements on its SFP and signed a distribution agreement with new distributor Partners Lab. The agreement provides Partners Lab an exclusive right to sell, market, promote, distribute, install, maintain and service Aurora's S-Titanium Pro Small Format Printer (SFP), spare parts and consumables in South Korea. Partner Labs has also purchased an initial S-Titanium Pro SFP.

Meanwhile distributor Novabeans has progressed the initial status of the Bureau of Indian Standards (BIS) with an initial acceptance by the authorities pending further documentation. Aurora and Novabeans are working towards full certification by the end of Q2 FY2018.

The sales of the SFP will assist with funding the development of the Medium and Large Format Printers.

### S-Titanium Pro Print Progression



### Medium Format Printer (MFP) / Large Format Printer (LFP)

Aurora is developing a Large Format Technology with its Medium and Large Format Printer, which is completely different from the SFP Technology. Aurora believes there is a significant commercial opportunity with its MFP and LFP, both because of the higher price point and the much larger markets to enter. The MFP/LFP is expected to be able to replace a percentage of traditional and large scale, metal manufacturing, having the ability to print complex metal based 3D parts at extremely rapid speeds.

There are two separate processes being carried out in parallel for the development of the Large Format Technology. The first is a prototype - this is similar in size and operation to a MFP and is designed to prove out the Large Format Technology and to validate Aurora's claims around speed and quality. Aurora is pleased with the advancements on the development of this prototype.

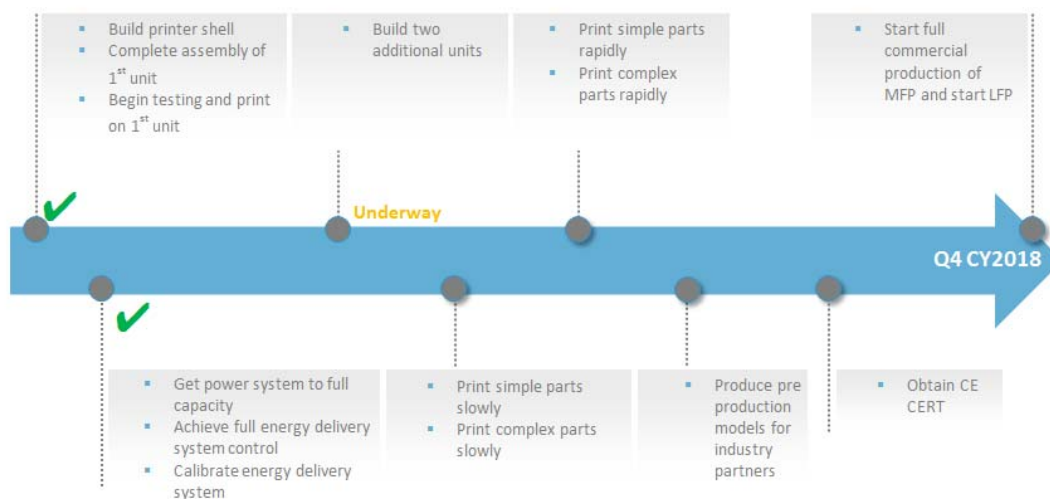
In parallel to the development of the prototype, is the pre-production model of the first MFP machine with the preliminary design almost complete, and with parts on order for the initial build of the first pre-production MFP machine. The Company is targeting pre-production Beta testing for calendar year 2018.

In addition, Aurora will be working on the ability for its prototype of the MFP/LFP technology to print simple and complex parts slowly then to print simple parts rapidly then complex parts rapidly. In Q4 CY2018, the Company expects to start full commercial production of the MFP and commence the commercialisation of the LFP.

Aurora's indicative timeline for the development of the LFP technology is set out 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.

David Budge, Managing Director, commented: "Our milestones on the LFP technology indicate key points we will be seeking to achieve on our pathway to commercialise this technology. The two additional units will be used for accelerating our testing program and an initial pre-production model of the MFP. An important item to note with the LFP technology is that it is scalable therefore when we will announce the ability to print complex parts rapidly, this will indicate that the technology has been proven at a fundamental level for both the MFP and LFP printers. The pre-production models we will produce for industry partners will initially be MFP printers to be followed by LFP printers at a later date."

### Large Format Technology Timeline



Source: Company Estimates.

During the period, Aurora also appointed a reputable management consulting firm to assist with the company's go-to-market strategy, whilst providing sector analysis beneficial to Aurora's marketing plans.

Aurora will be able to provide an update on the continuing evolution of its strategy. The full outline of the Company's strategy can be found at the following link: <http://auroralabs3d.com/wp-content/uploads/2017/10/Aurora-Labs-Investor-Update-23-Oct-2017.pdf>

The Company remains determined with the commercialisation of the MFP and LFP while continuing sales of its SFPs. Aurora looks forward to the current prototyping stage of the MFP and LFP rolling on into a successful commercialisation of its ground breaking technology.

## **Strategic Relationships**

Industry partnerships are a key focus for the Company, as a means to accelerate Aurora's pathway to market and increase the awareness and rapid adoption of its 3D metal printers. The Industry Partner Program recently announced will allow industry partners to receive access to early testing and a sneak peak of Aurora's technology.

Aurora Labs continues to work with Advisian, WorleyParsons' global advisory and consulting business, on a formal contract, which will replace the non-binding term sheet released to the market on 20 January 2017. The Company expects to be in a position to conclude an agreement in the second quarter of FY 2018.

## **Powder production prototype**

Test work on the powder production prototype is planned in Q2 FY2018. The timeline is matched with the development of the MFP/ LFP to meet the increased demand for metal powders upon the completion of the Large Format Technology.

## **Tradeshows**

The Company participated in a number of trade events during the quarter. Tradeshows are particularly relevant to increase visibility and awareness of Aurora to a global, targeted, audience.

The Company exhibited at the TCT Show in Birmingham, UK, in September. The TCT Show is one of the world's premier additive manufacturing events, attracting a large international audience. Aurora received a positive reception from the event, resulting in more distributor enquiries than anticipated. A dozen printed samples were handed to particularly interested parties, and further significant contacts were made in the areas of product and service development.

Post period end, Aurora's Co-Founder and Managing Director, David Budge, presented as the keynote speaker at the SOLIDWORKS 2018 launch event run by InterCad in Perth, WA. SOLIDWORKS is a leading CAD software package used by over two million engineers and designers at more than 165,000 companies, worldwide. David's presentation was well received and generated significant interest in Aurora Labs' home market.

Aurora Labs is currently preparing to exhibit at Formnext, the world's biggest additive manufacturing tradeshow based in Frankfurt, Germany. With this year's show being twice the size of last years, Aurora expects positive reception from the event.



Figure.1 David Budge presenting at the SOLIDWORKS 2018 launch



Figure.2 Aurora Labs exhibiting at the TCT Show in Birmingham, UK

## Strengthening Executive Management Team

In September, Aurora Labs also appointed Mr Steven Daw to the newly created role of General Manager. Mr Daw has commenced his new position and will lead the operational and day to day management of the SFP and MFP/ LFP. The appointment of Steven Daw is a step forward to strengthen the management team and accelerate the commercialisation of Aurora's 3D printers.

Mr Daw is an experienced General Manager, with a proven track record gained providing strategic and operational advice in senior operational leadership roles around the world. Steven has more than two decades of experience, specifically delivering results for multi-disciplinary engineering businesses, and has strong capabilities in strategy, sales and execution. Mr Daw has proven to be responsible for P&L budget for up to A\$500 million, managed multiple direct management reports and several hundred staff and contractors. He has worked in senior operational leadership roles in Australia and internationally, and his global experience provides him with a significant understanding of a diverse range of markets, commercial and industrial environments.

Mr Daw's employment history includes leadership roles at Immersive Technologies, Dynamic Digital Depth, West Coast Energy, Vossloh Cogifer, Ogenic Technologies amongst others.

## Financial and Cash Position

Cash at bank and on deposit at 30 September 2017 was A\$3.20 million and the Company continues to remain debt free.

During the quarter, Aurora recorded cash receipts of A\$6,000. Aurora remains confident in achieving regular sales from its SFP by the end of the 2017 calendar year.

Net cash used in operating and investing activities was A\$1.91 million for the quarter. While the Company continues its research and development efforts for the MFP and LFP, Aurora will continue to adopt a conservative approach to keep operating costs stable.

The Company is pleased to confirm that it expects to receive an Australian Tax Office (ATO) Research and Development (R&D) Grant of up to A\$1 million in the December quarter. Proceeds from the R&D grant will further contribute to the development of the MFP and LFP.

Please refer to the Appendix 4C quarterly commitments report for the period ended 30 September 2017 for further information.

## Corporate

At the Board level, Ms Samantha Tough resigned from her role of Chairman, following her appointment to the board of the Federal Government's Clean Energy Finance Corporation (CEFC). Managing Director, David Budge, has been appointed interim Chairman and Aurora Labs is in the process to identify an appropriately qualified permanent replacement.

Aurora Labs' Company Secretary, Mathew Whyte, joined the Board as a Non-Executive Director with effect from 26 July 2017.

The Company also notifies that it will be hosting its Annual General Meeting (AGM) for shareholders on Wednesday, 29 November 2017. The AGM will be held at Room 4, Technology Park Function Centre, Brodie Hall Drive, Bentley, Western Australia at 10:00am (WST).

## 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](mailto: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](http://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")**

**30 September 2017**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date 3 months \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	6	6
1.2 Payments for		
(a) research and development * (Medium and Large Format Printer (MFP and LFP))	(245)	(245)
(b) product manufacturing and operating costs (Small Format Printer (SFP))	(185)	(185)
(c) advertising and marketing	(59)	(59)
(d) leased assets	-	-
(e) staff costs	(1,012)	(1,012)
(f) administration and corporate costs	(424)	(424)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	30	30
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)	(23)	(23)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,912)</b>	<b>(1,912)</b>

\*Note: Not inclusive of allocation for staff, administration and corporate costs.

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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date 3 months \$A'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(149)	(149)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(20)	(20)
(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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(169)</b>	<b>(169)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	39	39
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)	(2)
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>37</b>	<b>37</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date 3 months \$A'000</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,250	5,250
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,912)	(1,912)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(169)	(169)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	37	37
4.5 Effect of movement in exchange rates on cash held	(2)	(2)
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>3,204</b>	<b>3,204</b>

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

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	135
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.

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7. <b>Payments to related entities of the entity and their associates</b>	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. <b>Financing facilities available</b> <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. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(318)
9.2 Product manufacturing and operating costs	(37)
9.3 Advertising and marketing	(60)
9.4 Leased assets	-
9.5 Staff costs	(767)
9.6 Administration and corporate costs	(305)
9.7 Property, plant and equipment & Intellectual property	(114)
<b>9.8 Total estimated cash outflows</b>	<b>(1,601)</b>

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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 21,000,000, comprising:
  - 6,300,000 Class A Performance Shares;
  - 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 A Performance Shares – upon achievement of Aurora (or an entity controlled by Aurora) having cumulative revenue of A\$1,500,000 before 30 June 2017;
  - 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. None of the Performance Shares in any class were converted or cancelled during the current quarter. However, it is noted that since the end of the current quarter, 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 to be automatically redeemed in accordance with their terms. To ensure the redemption is properly effected, Aurora will also seek 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: 26 October 2017

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.

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