

## Aurora Labs Limited - 4C filing for Q3 FY2017

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 has today released its quarterly Appendix 4C filing for Q3 FY2017 (refer attached).

### SMALL FORMAT PRINTER (SFP)

Aurora has been making steady progress towards preparing the SFP for sale. This is a methodical process which can't be rushed. Quality control is extremely important and it is crucial that all machines sold bearing the Aurora Labs logo meet our high standards and user expectations.

In order to illustrate the progress the Company has made, we set out below a timeline showing key milestones.

Milestone	Announcement title	Date
SFP prototype	Prospectus	9-Jun-16
Beta testing	4C filing for Q1 FY 2017	31-Oct-16
US FDA approval	Receipt of United States FDA Submission Accession Number	30-Nov-16
First shipment	Aurora Shipping S-Titanium Pro Printer	23-Dec-16
Substantial Improvements	Company Update 2016	18-Jan-17
Additional shipments	Corporate Update March 2017	21-Mar-17
CE Certification	Granting of CE Certificate of Conformance	23-Mar-17

In terms of a technology manufacturing operation, this is considered very rapid progress – especially in light of the fact that Aurora does not compromise on quality control in order to speed up progress. Regulatory approval usually takes a considerable amount of time as it typically involves a back and forth approach with the authorities requesting additional or amended documentation. Aurora spent considerable effort ensuring its documentation was to a very high standard before submission which eliminated much of the additional enquiries. Aurora's final regulatory approval (CE Certificate of Conformance) was received last month.

During the period since listing, Aurora also lodged several additional patents. In addition, we grew our staff numbers from three persons to twenty-nine in order to accelerate the development of the Medium Format Printer (MFP) and Large Format Printer (LFP), and to be in a position to scale up as our operations grow.

To date, Aurora hasn't focussed significantly on sales as we needed production capability, quality controls and regulatory approvals in place before we could ship to most international jurisdictions.

We are now ready to focus on sales.

## CHANNELS TO MARKET

### Direct Sales

Aurora has a backlog of purchasing enquiries for the SFP. However, customers generally want to see test prints. Aurora held back progressing these because it was making improvements to the SFP. Aurora now has two dedicated SFP machines set up running test prints. These prints are in the process of being sent to potential customers.

Aurora has delivered printers to customers in Australia, Japan and Germany with shipments pending for Malaysia and Latvia. Aurora anticipates that sales volumes will increase in the months ahead. Sales may start slowly but Aurora anticipates that sales will gather speed as Aurora's reputation in the sector grows.

### Distribution Agreements

Being a Perth based company, and hence geographically remote, it is not feasible for Aurora to rely only on direct sales.

Aurora has been in discussion with a number of potential distributors in different geographical locations. It is expected that selling through a distributor will speed up the process of getting the machines to diverse geographical markets and provide installation, training and service support in these key markets. It will also reduce Aurora's capital needs as Aurora won't be required to set up its own distribution networks.

Aurora does due diligence on each potential distributor to ensure their reputations are sound and that they have financial and operational capabilities. This takes time.

Aurora is in advanced discussions with a potential distributor in Germany which will encompass several other countries in Europe (excluding Scandinavia). The proposed German distributor has purchased a SFP machine and it has been shipped to them. The distributor is using the machine to demonstrate its features and intends to make test prints to send out to potential customers. Aurora is also in advanced discussions with an Indian distributor.

These proposed distributors are established players in the 3D printer distribution markets (refer announcement of 21 March 2017 for further details).

Aurora anticipates being in a position to announce distribution contracts with one or both of these proposed distributors in the coming weeks.

In addition, Aurora recently hosted a Denmark based distributor for training on the SFP. This Danish



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AURORA LABS LTD

Principal Address 12A Ambitious Link, Bibra Lake WA 6163 Postal Address PO Box 1531, Bibra Lake DC, WA 6965

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group wishes to distribute the SFP throughout Scandinavia. Aurora has also had initial discussions with several potential distributors for China.

## **WorleyParsons**

Aurora is currently working with Advisian, WorleyParsons' global advisory and consulting business on a formal contract which will replace the "Non-Binding Term Sheet for Proposed Commercial Venture" announced on 20 January 2017. As noted in that announcement, this agreement is directed at selling Aurora's 3D metal printing machines to the resources industry via a licence proposed to be granted to WorleyParsons. However, it is also intended to encompass a design business, print bureau and powder production.

Aurora is optimistic that a formal agreement will be concluded later in the year.

## **MEDIUM FORMAT PRINTER (MFP) / LARGE FORMAT PRINTER PROTOTYPE (LFP)**

In conjunction with the ongoing work on the SFP as detailed above, Aurora has also been rapidly progressing the MFP/LFP prototype. On 21 March 2017, Aurora announced that it had completed a whole systems test on the prototype machine. This is indicative of the machine sustaining controlled melting of metal which is the first step in parameter development.

Test work now involves an ongoing process of increasing the complexity of the prints. The initial test print was simply a series of spherical dots. This is now progressing to printing lines and squares and the step after that is a 3-dimensional shape. Whilst these test prints are ongoing, Aurora's technical team is working on improving the control software for the machines affording improvements in quality of the prints and the speed at which the machines function.

Aurora is very excited about the progress made to date. The prototype development and testing progress has exceeded Aurora's expectations. The mathematics and physics behind the proprietary technology support Aurora's belief in the likelihood of a successful outcome. Nonetheless, Aurora recognises that there is a risk of failure until such time as it proves the concept.



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## **POWDER PLANT**

The development of a powder plant prototype is also rapidly progressing. The proposed development timeline is presently matched to the development of the MFP/LFP due to the need to meet increased demand for metal powders upon the successful development of the MFP/LFP.

## **CORPORATE AND FINANCIAL**

On 24 February 2017, the Company announced that it had successfully raised \$7 million (before costs) in a placement of 2.8 million ordinary shares to institutional and sophisticated investors. Aurora had \$6.75 million cash at bank as at 31 March 2017.

### **Strategic Relationships**

As has been reported in the press, Aurora has in the past been contacted by several international conglomerates which for various reasons have an interest in the 3D metal printing space. Given the rapid progress Aurora has made to date, some of those parties have shown renewed interest.

It is important that the Company has flexibility in terms of its balance sheet and dealing with potential strategic partners. Aurora intends to call an Extraordinary General Meeting of shareholders shortly to refresh the Company's placement capacity and also to seek approval to issue the options awarded to David Budge and Nathan Henry, (refer to ASX announcements on 23rd November 2016 and 16th March 2017).

### **Potential Changes To The Board Of Directors**

Aurora's pre-IPO Board of Directors was structured to suit a start-up Company seeking a listing on the ASX. The non-executive Board members had experience in ASX listing rules, capital raisings and relevant legal and commercial skills which were very useful for the IPO process and early business development.

Going forward, Aurora wishes to engage Non-Executive Directors to add skills to its Board that are suitable for taking the Company to the next level in terms of its operations and rapid technological development. All of the existing Directors are aligned with, and support, this strategy.

In the coming months we will introduce new Board members to the team and we may farewell some existing Directors who have contributed to the success of the Company but are no longer needed for the Company's future development.

## **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.

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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 is an Australian based 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 has primarily focused on developing innovative 3D metal printing technology to address gaps in the current market for 3D metal printers. By focusing on development of the intellectual property related to these technologies it is seeking to meet the markets current and future needs.

Aurora Labs is listed on the Australian Securities Exchange ([ASX:A3D](https://www.asx.com.au/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")**

**31 March 2017**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date 9 months \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	9	9
1.2 Payments for		
(a) research and development * (Medium and Large Format Printer (MFP and LFP))	(148)	(212)
(b) product manufacturing and operating costs (Small Format Printer (SFP))	(207)	(615)
(c) advertising and marketing	(52)	(92)
(d) leased assets	-	-
(e) staff costs	(507)	(1,089)
(f) administration and corporate costs	(232)	(559)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 R & D grants received	324	324
1.8 Other (Net GST)	(120)	(137)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(929)</b>	<b>(2,361)</b>

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

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date 9 months \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(52)	(195)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(100)	(149)
(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>(152)</b>	<b>(344)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	7,020	7,766
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	(439)	(663)
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>6,581</b>	<b>7,103</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date 9 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	1,250	2,353
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(929)	(2,361)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(152)	(344)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	6,581	7,103
4.5 Effect of movement in exchange rates on cash held	-	(1)
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>6,750</b>	<b>6,750</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	2,750	1,249
5.2 Call deposits	4,000	-
5.3 Bank overdrafts	-	-
5.4 Other (Cash on Hand)	-	1
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,750</b>	<b>1,250</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	121
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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<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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.		

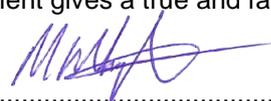
<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(155)
9.2 Product manufacturing and operating costs	(323)
9.3 Advertising and marketing	(131)
9.4 Leased assets	-
9.5 Staff costs	(688)
9.6 Administration and corporate costs	(249)
9.7 Property, plant and equipment & Intellectual property	(76)
<b>9.8 Total estimated cash outflows</b>	<b>(1,622)</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	-	-

### 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: 28 April 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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