

Aurora Labs Limited - 4C filing for Q4 FY2017

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 fourth quarter Financial Year (FY) 2017 (refer attached).

Small Format Printer (SFP S-Titanium)



In the quarter, Aurora Labs made advancements on its SFP and signed a number of agreements with various distributors. This included an agreement with Novabeans Prototyping Labs (<http://www.novabeans.com>) in India to sell, market, distribute, install, maintain and service Aurora's SFP in the country, in addition to a non-exclusive licence to operate in Sri Lanka, Nepal and Bhutan. Novabeans has begun the process of attaining Bureau of Indian Standards (BIS) approval, required for import of printers and other goods into India at its own expense. Aurora expects this to be completed before the end of the 2017 calendar year allowing shipment into India. Novabeans has already begun actively seeking customers for the SFP, and Aurora is currently producing samples for its customers until a machine is imported.

Interest in the SFP remains high with the volume of quotations and tenders increasing. The samples, required by most customers before committing to a purchase, have been standardised to increase the rate at which Aurora can deliver them and conclude a sale.

The Company has sealed an agreement with 3D-Mectronic (<https://www.3d-mectronic.de/metall/>) to sell, market, distribute, install, maintain and service the SFP, with a sole licence to operate in Germany, and a non-exclusive licence to operate in the rest of Europe (excluding Denmark, Sweden, Norway and Finland).

3D-Mectronic has also purchased a SFP machine and the German distributor is marketing the printer to a number of potential customers, who have requested samples to be tested. Samples, which are the first step towards commercialisation, are being printed and will be sent to the relevant parties over the coming months.

These contracts with Tier One distributors, provide Aurora with the entrance into new and compelling markets, in Asia and in Europe. Furthermore, Aurora Labs is currently in discussions with a Denmark-based company for a distribution agreement covering Scandinavia (Denmark, Finland, Sweden and Norway).

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Aurora has made ongoing product improvement on its SFP with the increase in print resolution and a broadening of materials being printed, including metal alloys such as 304 SS (stainless steel), bronze, NiSiB (nickel, silicon boron) and CoCr (cobalt, chromium).

Aurora has commenced the sales pathway of its SFP with the early stage revenue from new sales recorded during the quarter. The Company is aiming to achieve

regular sales of its SFPs in the second quarter of FY 2018. However, the production and commercialisation of the Medium and Large Format Printers will be Aurora's key focus over the long term.

During the quarter, the Company released new videos showcasing 3D printed materials from its Small Format Printer, which can be viewed on Aurora Labs' YouTube channel https://www.youtube.com/channel/UC5---u_zFRohXQVZYI92pQ.

New premises

Aurora has recently moved into its new headquarters in Bibra Lake, which is 3.5 times the size of the old premises. Importantly, the move has allowed Aurora to shift all its manufacturing in-house, including its materials testing and analysis laboratory. The move will also permit for a substantial improvement in the turnaround time for testing printed parts, now possible in a few hours, rather than weeks.

Half of the space in the workshop will be dedicated to the development of the Company's larger 3D printers.

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

The Company's proprietary technology used to develop the MFP and LFP is different to the technology used for the SFP, with a different development process and pathway to market. The Company believes the Medium and Large Format Printers will be able to replace a percentage of traditional metal manufacturing, and the Large Format Printer will be especially beneficial to the mining and oil and gas industries.

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 technology and to validate Aurora's claims around speed and quality. This machine has been built and is undergoing a series of tests and refinements to get it to the stage where it can print complex parts rapidly. 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 expects the MFP and LFP will have the ability to produce complex metal based 3D printed parts in an extremely rapid time. Aurora is focusing on accelerating the pathway to market with the ultimate goal of delivering the MFP and LFP.

www.auroralabs3d.com

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Strategic Relationships

WorleyParsons

The Company 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 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. The Company expects to be in a position to conclude an agreement in second quarter of FY 2018.

Aurora is further investigating the collaboration with other strategic partners to fast track its commercialisation efforts. In this regard, during the quarter, the Company has approached selected potential industry partners to participate in the first demonstration of the MFP/LFP technology.

Powder production prototype

Test work of a powder production prototype is due to commence in first quarter of FY 2018. The timeline is matched with the development of the MFP/ LFP to meet the increased demand for metal powders upon the completion of the larger printers.

Tradeshows



Nathan Henry presents at the Inside 3D Printing Expo Conference in Seoul, South Korea



Jordan Zacha presents to a prospect on the stand and

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

Aurora joined the [Rapid+TCT expo and convention in Pittsburgh](#), Pennsylvania, USA, in May. The show was successful and generated a number of sales enquiries as well as significant contacts for product and service development.

Concurrent with Rapid+TCT, the Company took part in the Expo at [Inside 3D Printing in Melbourne](#), Australia, with a number of requests received for quotes for printers.

At the end of June, Aurora also attended the [Inside 3D Printing expo and conference in Seoul](#), South Korea, which hosted 9,000 visitors in 2016. Aurora's Marketing and Product Development Director, Nathan Henry, presented at the conference on **3D Printing Development Tools for Materials and Parameters**. The response to Aurora Labs and the S-Titanium Pro (SFP) was very positive with over 200 visitors coming through the stand with a high proportion expressing interest in purchasing a printer. Significant interest in becoming a Tier One or Tier Two distributor for South

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Korea, Japan and China was received, and initial discussions with qualified companies are underway.

The Company's German distributor, 3D-Mectronic also showcased the S-Titanium Pro SFP at [Rapid.Tech \(20-22 June 2017\)](#), Europe's leading Additive Manufacturing and 3D printing event, which counted 4,800 attendees this year.

Financial and Cash Position

Cash at bank and on deposit at 30 June 2017 was A\$5.23 million and the Company continues to remain debt free.

During the quarter, Aurora recorded cash receipts of A\$103,000. These receipts came from the European and the Asian regions with the completion of sales and new sales of the Small Format Printer.

Net cash used in operating and investing activities of A\$1.52 million for the quarter was in line with budget, and while the Company continues its commercialisation efforts and research and development of the MFP and LFP, Aurora will focus on cost savings to reduce its overall operating costs wherever possible.

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

Corporate

Anticipated changes to the Board occurred during the quarter, with the resignation of Mr Hendrikus Herman as a Non-Executive Director, to focus on his private legal practice, and the resignation of Chairman Mr Paul Kehoe on 30 June to retire from corporate life.

Since the end of the quarter, there have been further changes at the Chairman's level with the resignation of Ms Samantha Tough, 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 will immediately commence a search process to identify an appropriately qualified permanent replacement.

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

In the month of June, the Company held an Extraordinary General Meeting (EGM) for shareholders to refresh the Company's placement capacity and to approve the issue of employee share plan options to David Budge and Nathan Henry. All the resolutions from the EGM were passed.

The Board and Founders are confident in delivering continued progress with the development and commercialisation of Aurora Labs' 3D metal printers.

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

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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 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

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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 June 2017

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	103	112
1.2 Payments for		
(a) research and development * (Medium and Large Format Printer (MFP and LFP))	(281)	(493)
(b) product manufacturing and operating costs (Small Format Printer (SFP))	(282)	(897)
(c) advertising and marketing	(56)	(148)
(d) leased assets	-	-
(e) staff costs	(656)	(1,745)
(f) administration and corporate costs	(268)	(827)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	26
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 R & D grants received	-	324
1.8 Other (Net GST)	70	(67)
1.9 Net cash from / (used in) operating activities	(1,354)	(3,715)

*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 12 months \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(151)	(346)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(12)	(161)
(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	(163)	(507)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	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	-	(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)	-	-
3.10 Net cash from / (used in) financing activities	-	7,103

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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	6,750	2,353
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,354)	(3,715)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(163)	(507)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	7,103
4.5 Effect of movement in exchange rates on cash held	1	-
4.6 Cash and cash equivalents at end of quarter	5,234	5,234

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	1,228	2,750
5.2 Call deposits	4,006	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)	5,234	6,750

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	140
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. 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	(211)
9.2 Product manufacturing and operating costs	(28)
9.3 Advertising and marketing	(81)
9.4 Leased assets	-
9.5 Staff costs	(704)
9.6 Administration and corporate costs	(192)
9.7 Property, plant and equipment & Intellectual property	(92)
9.8 Total estimated cash outflows	(1,308)

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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):

- 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.
- 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.
- 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.
- 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, 6,300,000 Class A Performance Shares were automatically redeemed and cancelled as the relevant Milestone for their conversion was not satisfied by the required dated (i.e. by 30 June 2017). Refer Aurora's announcement to ASX dated 14 July 2017 ('Release of Options from Escrow & other changes to Securities')..
- No Milestones were met during the current quarter.

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:



 Company Secretary

Date: 31 July 2017

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

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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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