



ASX Announcement

CORPORATE DIRECTORY

Chairman

GRANT MOONEY

Non-Executive Director

MEL ASHTON

Non-Executive Director

TERRY STINSON

Non-Executive Director

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Aurora Labs Limited Quarterly Report and Appendix 4C for Q2 FY2021

Highlights:

- Technology Development Pathway on track – RMP-1 Beta fume extraction system installation complete. System effectiveness for soot removal demonstrated. Commissioning and performance testing to be completed end-Jan 2021.
- Gränges AB Research Project (NRE-1) phase 1 completed
- Intellectual Property Project (IP Project) initiated to support commercial readiness
- \$3M cash in hand and operating cost savings being delivered in line with plan
- SPP (\$1M) and R&D (\$1.24M) funds received

Aurora Labs Limited ("A3D" or "the Company") (ASX:A3D), is pleased to provide its quarterly report to shareholders and Appendix 4C for Q2 FY2021.

CEO, Peter Snowsill said;

"The successful delivery of the RMP-1 Beta upgrades in the past quarter consolidates the technical outcomes from the previous quarter and reinforces our confidence in our progress towards realizing commercial returns. We are thankful for the ongoing support of our Shareholders for this exciting phase of our development journey and assure you that our whole team and Board remain highly committed and energetic for the year ahead."

Technology Pathway Update

The Company continues to progress its Technology Development Pathway plan with the goal to achieve commercial readiness for the RMP-1 by the end of the 2021 fiscal year. The "Lily Pad" approach identified in the pathway comprises a series of technical milestones, the second of which was the Company's primary focus during Q2.

Fume Extraction System Upgrade¹

Printer development work during the period focused on system upgrades to improve lasing generated print condensate (soot & fume) removal from A3D's RMP-1 Beta prototype print chamber, designed to improve print quality and speed, and operational efficiency and safety.

Aurora's state-of-the-art fume extraction system was successfully developed, procured, installed, integrated and commissioning commenced during the quarter. Preliminary testing has proven the system capacity and measured significant reduction of airborne soot particulates in the chamber when lasing, enabling considerably higher laser power to be utilised. These results are early indications of the effectiveness of the system for soot removal.

System commissioning and performance testing is scheduled for completion by the end of January 2021 and including proof of print quality and demonstrated printing speed improvements. Successful completion of the commissioning and performance testing activities will enable continuation of parameter testing and progression of printing of parts for potential customers to keep A3D on track for commercial readiness.



Figure 1:
Fully Installed Fume Extraction Unit

Intellectual Property Update

During the period, the Company launched an internal Intellectual Property Project aimed at formalising the identification, capture, categorisation, preliminary valuation, protection and commercialisation potential of individual elements of IP associated with the suite of technologies A3D is developing and implementing in our Rapid Manufacturing Technology (RMT). The project includes ongoing management of existing patent filing processes which protect core elements of our novel technology in key global jurisdictions. A3D's commitment to this project signals the importance of effectively protecting and demonstrating our IP as part of achieving commercial readiness.

Strategic and Industry Partners

Gränges

The Company is pleased to report A3D's technical team has completed the first phase of the Gränges AB Research Project (NRE-1) during the quarter, investigating "as-printed" material properties of their specialist Aluminium alloys. A comprehensive and confidential report along with print coupons for material quality testing and simple printed parts, have been provided to Gränges for review, testing and assessment.

Management continues to interface with organisations in which potential partnerships may develop at the completion of the technology pathway, such that those organisations are suitably familiar with the Company's technology status.



AdditiveNow

A3D has continued to evaluate printing projects for AdditiveNow clients during the quarter and is actively managing these print requirements within the Technology Pathway to contribute to the RMP-1 commercial readiness goal. Parts assessments for confidential customers determining printing suitability of inventory assets are ongoing with the goal of printing parts to meet required standards and creating cases studies to promote printing application.

HP²

During the period A3D has been evaluating the HP Universal Build Manager software package, including the Dyndrite™ Accelerated Geometry Engine, to assess compatibility with our RMP-1 printer software and potential to optimise print speeds. This evaluation is ongoing.

Finance and Cash Position

Capital Raising³

As reported in our last quarterly report, post quarter, the Company announced it successfully raised \$1.03 million before costs through an oversubscribed Share Purchase Plan at \$0.085 per share (SPP). Proceeds from the SPP were received during the quarter.

Operating Costs

The Company's FY2020 Research & Development⁴ tax claim of \$1.24 million was received during the quarter. The secured loan facility of \$724k from Radium Capital has been fully discharged.

The first \$100k tranche of the Export Market Development Grant (EMDG) was received during the quarter. During the period, the cash in flow from operating and investing activities was approx. \$370k. When the R&D tax refund and corresponding loan interest charges are removed, the net cost incurred for operating and investing activities for the quarter was approx. \$820k which equates to approx. \$270 per month. The quarter included one-off costs for final executive redundancy payment and post COVID facility lease arrears payment that were largely offset by EMDG grant receipt. The underlying operating costs for this quarter remain line with our targeted operating costs and representative of ongoing operating cost requirements to maintain the current operational rhythm and continue to deliver the technology development pathway activities.

We note that the net operating cost includes JobKeeper payments received in the period.

As at 31 Dec 2021, the Company's cash at bank and on deposit was approximately \$3.04M.

Annual General Meeting

The Company's Annual General Meeting was held in person at Unit 2, 79 Bushland Ridge, Bibra Lake WA 6163 on Friday, 20 November 2020 at 11.00am (AWST).

Covid-19 Update

A3D's operations practices and business continuity measures remain in place with adherence to Government health advice. The Company has adapted to business during the pandemic and continues to conduct customer, partner, and investor relations communications using video conferencing and other forms of communication. A3D is capable of reverting to lockdown status with minimal impact on its day to day business should it be required.

The Company is monitoring international trade and shipping lead times and influence on program timing due unavoidable Covid-19 related delays remains an operational risk.

All staff domestic and international travel remains on hold.



Note 6 to Appendix 4C

Payments to related parties of the entity and their associates: During the quarter \$70,000 was paid to Directors and associates for salaries superannuation and consulting fees.

Ends

Approved for release by the Company's Board of Directors.
For further information, please contact: Grant Mooney, Company Secretary
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¹Refer ASX Announcements 26 October 2020 "Fume Extraction Progress Update", 18 December 2020 "Fume Extraction Update"

²Refer ASX Announcements 29 October 2020 "A3D Explores Software Innovation with HP"

³Refer ASX Announcement 7 October 2020 "SPP Closes Oversubscribed"

⁴Refer ASX Announcement 10 November 2020 "R&D Tax Incentive Refund Received"

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