



ASX Announcement

CORPORATE DIRECTORY

Chairman + Company Secretary
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

Aurora Labs Limited Quarterly Report and Appendix 4C for Q4 FY2020

Highlights:

- Technology review completed with 12-month Technology Pathway plan adopted
- Commercial Strategy shift to 'partnership, license and royalty' model
- Cost reduction measures deliver significant reduction in cash flow from operations, investor relations and marketing activities

Aurora Labs Limited ("A3D" or "the Company") (ASX:A3D), wishes to provide its quarterly report to shareholders and Appendix 4C for Q4 FY2020.

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Interim CEO, Peter Snowsill said;

"I am pleased that over the past quarter we have been able to respond to the significant challenges facing the Company by clarifying our Technology Pathway and commercialisation strategy, refreshing our team, refining our operational approach and reducing our operational costs. I am energetic about our future success enabled by renewed accountability across the Board, Management and whole team, and our customer-centric approach which will continue to demonstrate the technical, functional and economic benefits of our Rapid Manufacturing Technology."

ASX CODE: A3D

ACN: 601164 505

Technology Pathway¹

At the end of the quarter, A3D announced it had completed a thorough technology review resulting in a focused 12-month plan to achieve commercial readiness and a renewed commercial strategy. The review included analysis of A3D's competitive advantages, the current status of the technology, obstacles impairing development, and the specific steps required to achieving a commercially proven RMP-1 printer.

The A3D Technology Pathway adopts a 'Lily Pad' approach, splitting the 12-month period into quarterly milestones, each milestone representing a key performance achievement or technical deliverable. The customer-centric approach is based on demonstrating performance on specific customer printing projects, primarily in stainless steel, with key benchmarks for success determined by achieving specified material quality, functional requirements and cost of production targets for industrial parts. The Company is deliberately focusing on difficult parts to print, with the goal of accelerating the development of A3D's unique offering in the metal 3D printing space.

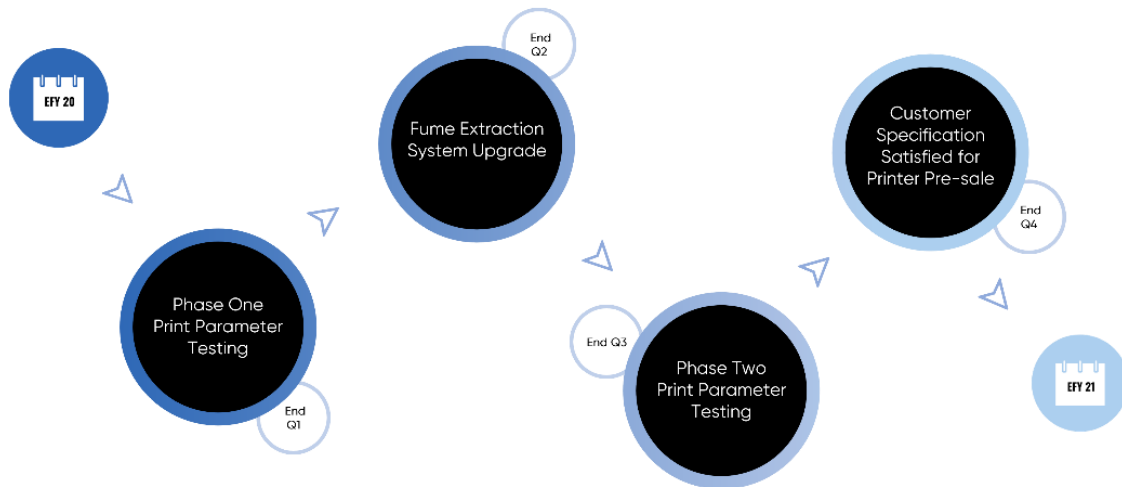


Diagram 1: A3D Technology Pathway Milestones

The review process included a shift of the Company's RMP-1 commercial strategy. Previously based on the manufacture and distribution of printers, the new model is strongly targeted at securing partnerships with Original Equipment Manufacturers and major industry players, licensing of technologies and the associated royalties. This avenue allows A3D to reduce a large part of its operational cost base and seeks to share those responsibilities with potential partners who are in the market, or interested in entering the market, through mutually beneficial, long-term, interlocking collaborations.

Non-Executive Director Terry Stinson said;

"Peter Snowsill invited me to participate in Aurora's weekly project status reviews and the opportunity to learn and contribute is appreciated. I am very excited about Aurora's plans and the achievements to date working toward the goals we've have set as a Company. I am in the building on a regular basis and take the opportunity to visit the workshop to see, "first-hand", what was accomplished during the previous week and to review the plans and challenges laid out for the week to come.

My read is the team has embraced Peter's guidance and leadership, he is very involved, has set aggressive goals, and has put in place upgraded systems, measures and reporting to ensure key development milestones are closely tracked and met. I feel a renewed energy and growing confidence from the team at Aurora. As the Chair, Grant Mooney noted in the last ASX release, the team and board are all sharply focused on achieving the performance and timing goals we have set for ourselves and to proving the technical and commercial viability of Aurora's unique technology."

Operational Activities

The Company's reduced team structure has been refreshed and a "one team" approach has been adopted to incorporate printing, engineering and production resources to deliver printing, printer maintenance and upgrade activities, and streamlined shared services to support focused business activities. Detailed operational plans have been developed to provide clarity and accountability across the team for achieving the technology development milestones identified above.



Strategic and Industry Partners

The Company is pleased to report receipt of machinery critical to the previously announced Gränges AB Research Project² during the quarter. The machinery had previously been held up overseas due to the ongoing Covid-19 global pandemic. The arrival of the equipment will allow A3D's technical team to formally kickstart the NRE-1 project within the Technology Pathway plan. The research project has the aim of exploring the material properties the parties can develop using their combined expertise in Aluminium alloys and Additive Manufacturing. The project is expected to have a maximum value of USD \$250,000.

The Company has continued to print parts for confidential AdditiveNow clients during the quarter and is actively managing these print requirements within the Technology Pathway.

Finance and Cash Position

Cost Saving Program

During the period, the Company continued to implement the Board's cost saving program with disciplined use of Aurora's funds achieving a significant reduction in cash flow from operating and investing activities to approximately \$435k per month compared to the previous quarter of approximately \$785k per month. The operating costs for this quarter include staff redundancies undertaken progressively in April and May, the resultant progressive reduction in residual staff salary and progressive reduction in administration and corporate costs over the period. The Company confirms the plan to target a monthly cash burn rate of approximately \$250k in future months.

In addition to its cost saving program, A3D applied for and was granted participation in the Australian Federal Government's JobKeeper initiative and have received two payments to date.

A secured loan facility of \$724,000 was established with Radium Capital against the Company's future FY2020 Research & Development tax claim and has been fully drawn down. The loan will be fully repaid with the receipt of the FY2020 Research & Development tax claim.

Grant Applications

Prior to the end of the financial year, the Company made significant progress with its applications for both the Research & Development tax claim and Export Market Development Grant (EMDG). Initial drafts have since been submitted and Aurora has been advised to expect the first instalment of the EMDG during the month of August.

Aurora continues to assess the market for any further grants it may be eligible for and will update the market should any financially material applications be successful.

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 \$58k.

As at 30 June 2020, the Company's cash at bank and on deposit was approximately \$1.3M.

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, however influence on program timing could be a consequence of unavoidable Covid-19 related delays.

All staff domestic and international travel remains on hold.

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 1 July 2020 "Review of Printing Technology Completed – 12 Month Development Pathway Set for RMP-1 Printer" and "Technology Pathway Presentation – A Revised Focus"

²Refer ASX Announcement 3 December 2019 "Aurora Labs Executes Binding Service Contract with Granges AB for Research Project (NRE-1)"

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