ASX Announcement

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CORPORATE DIRECTORY

Chairman
GRANT MOONEY

Non-Executive Director
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TERRY STINSON

Non-Executive Director
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PETER SNOWSILL

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Aurora Labs Limited Quarterly Report for Q1 FY2021

Highlights:

- Technology Development Pathway on track – high power, high density printing results demonstrate Rapid Manufacturing Technology (RMT) capability and will enable increased print process speed and technology scale-up beyond competitor laser bed fusion printers
- Operating cost savings being delivered in line with plan
- Successful $2M Capital Raising + $1M Share Purchase Plan (Post Qtr)
- Patents granted for MCP in China and Japan

Aurora Labs Limited ("A3D" or "the Company") (ASX:A3D), is pleased to provide its quarterly report to shareholders for Q1 FY2021.

CEO, Peter Snowsill said;

"We are pleased that the team has established a strong operational rhythm over the past quarter, delivering significant technical outcomes and achieving reduced operating costs. This is as an endorsement of Board and Executive plans and our confidence in delivering the technology development pathway over the coming 9-months.

Vitally, the road to commercial readiness for the RMP-1 has been backed with appropriate funding through the successful Capital Raising and Share Purchase Plan, and we appreciate the support from our long term and new Shareholders."

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 milestones, the first of which was the Company's primary focus during Q1.

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Phase One: Print Parameter Testing Progress[1]

Parameter testing during the period focused on 316L stainless steel with the goal to determine the required printer input parameters to achieve high print quality across the full laser power operating range of A3D's RMP-1 Beta prototype. Most commercially available powder bed fusion printers operate at significantly lower laser power levels than A3D have been testing.

Testing undertaken by a 3rd party NATA certified laboratory in accordance with appropriate powder bed fusion printing standards demonstrate compliance with the standards though achievement of as printed density greater than 99% and tensile properties in line with other commercially available powder bed fusion printers; the key difference is that this has been achieved at considerably higher laser power.

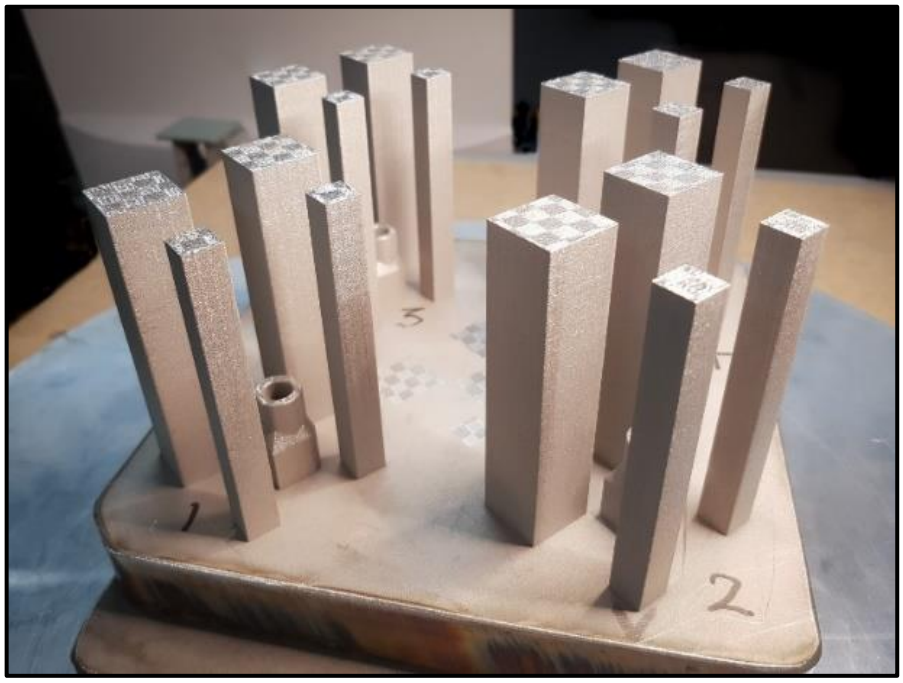


Fig 1: Tensile Bars printed at high laser power

A3D considers these test results to be significant in demonstrating the capability of our RMT to produce high quality prints at high laser power. Incorporation of high power, high quality printing into the suite of technologies A3D is developing and implementing in our RMT will enable us to increase the print process speed and scale up our technology beyond competitor laser bed fusion printers.

The fume extraction system upgrade project which is addressing the common industry challenge of fume emissions impacting on print process speed is on track with major equipment items being shipped from Europe for installation and commissioning by the end of Dec 20.

Parameter testing and sample printing will continue over the coming quarter, building on the initial test work concurrently with fume extraction upgrade activities.

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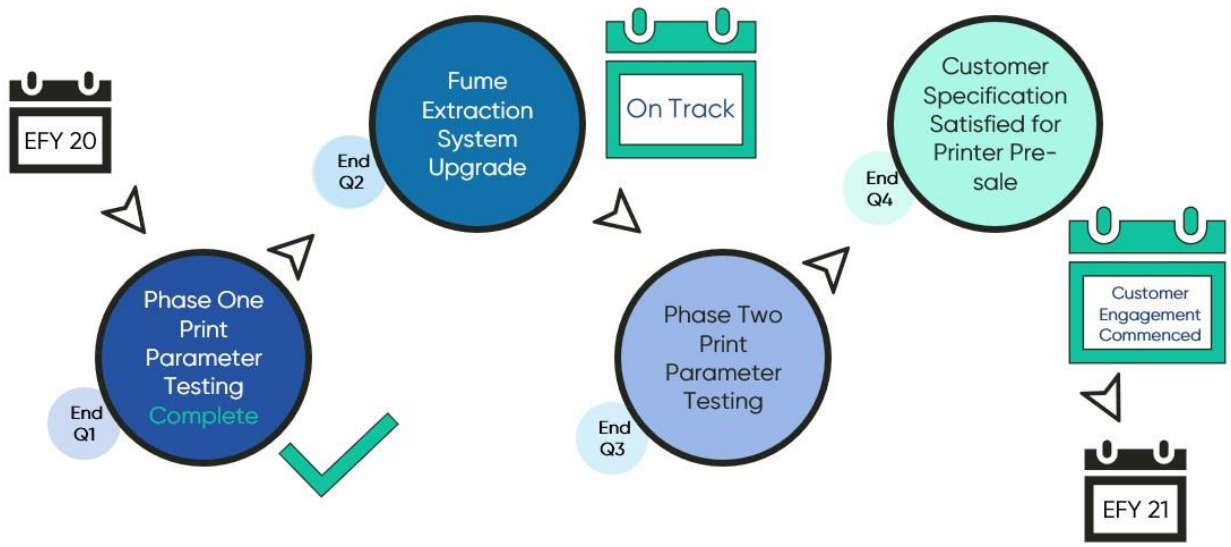


Fig 2: RMP-1 Technology Development Pathway

Intellectual Property Update[2]

During the period, the Company announced that it had been granted a patent in China for a key part of its Multi-Layer Concurrent Printing™ (MCP) technology. Since then, the same core patent has been granted in Japan. The granting process for MCP patents in other regions is ongoing and the Chinese and Japanese endorsements are a positive step in the process toward protecting A3D's novel technology globally.

Strategic and Industry Partners

Gränges

The Company is pleased to report A3D's technical team has made good progress on the Gränges AB Research Project (NRE-1) during the quarter having commenced assessment of the achievable "as-printed" material properties of their specialist Aluminium alloys.

AdditiveNow

A3D has continued to evaluate printing projects and print parts for confidential AdditiveNow clients during the quarter and is actively managing these print requirements within the Technology Pathway so as not to compromise the RMP-1 technology development process. 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.

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Industrial manufacturing 5mm hole punches printed in 17-4PH to be used in the manufacture of rubber screen mats in the mining industry (Printed on A3D's Alpha2 machine)

Finance and Cash Position

Capital Raising[3]

Throughout September, Aurora successfully launched and completed a bookbuild for a placement of 23,529,412 shares at an issue price of $0.085 per share to professional and sophisticated investors to raise $2 million before costs ("Placement"). Blue Ocean Equities acted as Lead Manager to the placement. Post quarter, the Company also announced it successfully raised an additional $1.027 million before costs through an oversubscribed Share Purchase Plan at $0.085 per share (SPP).

Operating Costs

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 for operating and investing activities to approximately $260k per month compared to the previous quarter of approximately $435k per month. The operating costs for this quarter are in 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.

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

Receipt of the Export Market Development Grant (EMDG) has been delayed due to a large volume of applications for the year. The grant was previously anticipated during August, but Austrade have advised processing of the first instalment is now expected in October 2020 at the earliest.

There were no related party payments for the period other than the director fees, super and company secretarial fees paid from the approved pool of fees as approved by shareholders of $68k.

As at 30 Sep 2020, the Company's cash at bank and on deposit was approximately $2.4M. Proceeds from the Share Purchase Plan totalling $1.027 million have since been received to further bolster the Company's cash position.

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Regional Innovation Summit

At the end of the quarter, CEO Peter Snowsill was invited to speak at the Regional Innovation Summit in Geraldton, hosted by the Department of Primary Industries and Regional Development, and attended by Hon Alannah MacTiernan MLC, Minister for Regional Development; Agriculture and Food; Ports; Minister Assisting the Minister for State Development, Jobs and Trade and Hon Dave Kelly BA MLA
Minister for Water; Forestry; Innovation and ICT; Science; Youth.

A3D was the subject of an innovation case study alongside other Western Australian companies, and Mr Snowsill addressed the Summit on the Company's funding journey and innovation culture.



CEO Peter Snowsill addressed the Regional Innovation Summit in Geraldton in September 2020

Annual General Meeting

The Company's Annual General Meeting will be 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.

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Note 6 to Appendix 4C:
Payments to related parties of the entity and their associates: during the quarter $68,000 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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[1]Refer ASX Announcement 20 October 2020 "A3D Delivers Phase 1 Milestone Successfully"

[2]Refer ASX Announcement 7 September 2020 "MCP™ Patent Granted for China" and 13 October 2020 "MCP™ Patent Granted for Japan"

[3]Refer ASX Announcements 11 September 2020 Ä3D Launches Capital Raising to Raise up to $3.5 million" and 7 October 2020 "SPP Closes Oversubscribed"

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