

Company update – Scaling Production

Highlights:

- **Strong revenue growth in September quarter forecast to accelerate through FY18**
- **Scaling up production of readers and chips for customers**
- **Key customers currently tooling for production**
- **Labcon North America progressing to tooling trials**
- **Genea Biomedx licence income received**
- **Patent granted for ‘Temperature Sensing and Heating Device’**
- **\$2.96m cash in bank provides clear runway to execute**

Bluechiip Limited, a leader in the development of sample tracking technology for harsh environments, is pleased to supply this company update, following release of its Appendix 4C quarterly results on Tuesday 17 October.

The company’s quarterly results underline a growing consistent revenue stream, with \$155,000 received from customers over the past three months via licence fees, sales of Bluechiip technology and delivery of services. Bluechiip’s customers are tooling up for production and the company is scaling up production to meet this demand. This is reflected in the company’s accelerated spending forecast for the December 2017 quarter, as contained in Appendix 4C.

With a cash balance at the end of the quarter of \$2.96M, Bluechiip Limited has a runway to execute its strategy over the financial year.

Andrew McLellan, Managing Director of Bluechiip Limited, said the company’s revenue, though small, continues to grow at a rapid pace. “Cash inflow from sales in the September quarter represents a 295% increase on the same quarter last year and a 40% increase on the previous quarter,” he said. “Each sale we get is further validation of our technology and its applications. It is exciting to be moving into a production scaling phase to meet the demands of our OEM partners as they prepare Bluechiip-enabled products for market”.

Bluechiip's aims remain clear: methodical progression towards the application of its patented, wireless tracking technology across multiple market platforms, including the US\$2b (A\$2.6b) bio-preservation market and large adjacent markets. Bluechiip expect significant revenue growth in this and future years – from licences, engineering services and products – as its partners launch Bluechiip-enabled products into global markets.

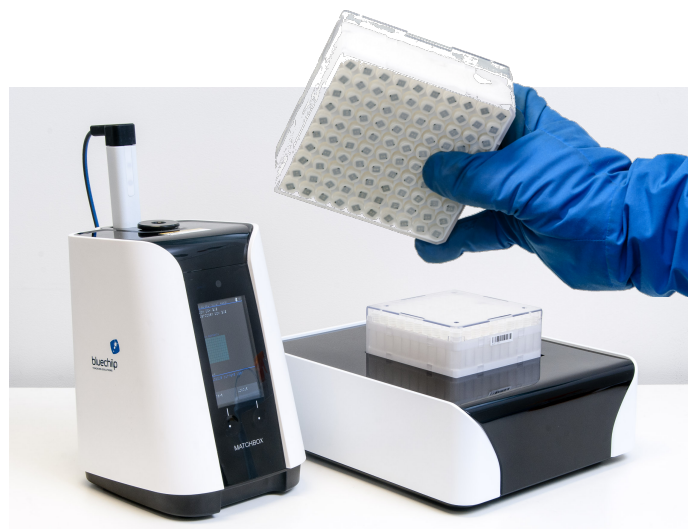


Bluechiip Limited is scaling up production to supply product to its three key partners.

- **Labcon North America (Labcon)** is rapidly progressing tooling a range of vials and storage boxes which will incorporate Bluechiip tracking technology for the bio-specimen storage market. Labcon will finalise its tooling for a variety of products in the near term – including vials and boxes – with a view to launching next year. The supply and licence agreement with Labcon, signed on 10 April 2017, allows Labcon to buy, utilize, sell, market and promote Bluechiip's intellectual property, technology and products.
- **Genea Biomedx** is targeting the US\$20m (A\$25m) in-vitro fertilization (IVF) tracking market under the supply and development agreement signed previously with Bluechiip. Genea Biomedx has paid licence fees and is now progressing on product development.
- A supply agreement with **Planet Innovation**, signed on 15 September 2016 (coupled with an investment in Bluechiip), allows for the two parties to jointly pursue projects. Planet Innovation is engaging with downstream partners while also assisting in final stage development and handover of design for the manufacturing of Bluechiip's new generation readers, including the Multi-Vial Reader.

Scaling production

Bluechiip Limited is now building inventory to supply these partners and other customers. The company has placed orders for 50 units of Matchbox readers from its supplier; it has committed to manufacturing ramp for the Multi-Vial reader with multiple orders already received to supply; and it is configuring and tooling its chips for delivery in various formats, to satisfy orders for volume production in the near term.



Importantly, the market is showing confidence in our products and technology with Bluechiip Limited receiving repeat orders from end-user customers.

Patent expansion

While focused on building the demand and servicing our Original Equipment Manufacturing (OEM) partners, Bluechiip is also further securing its core underlying intellectual property. On 15 August 2017 the company was granted US Patent 9,736,890, Temperature Sensing and Heating Device. This expands Bluechiip's granted patent portfolio to 25, with several Patent applications also in progress.

Applications in progress include the highly valuable Over Temperature technology being developed in conjunction with the University of Melbourne. This collaborative research partnership has now completed phase 2 proof of concept.

Developer kit sales

Recent months have seen a significant increase in the number of developer kits delivered to potential partners, enabling partners to undertake their own due diligence. Each sale of a developer kit has the potential to generate OEM partner agreements. Demand is being driven by an increase in marketing activity and an increase in market presence, especially in North America. Bluechiip anticipates accelerating engagement with partners in North America, Europe and Asia, with conversion into more OEM partnerships.

Bluechiip recently completed a six-minute video, which explains clearly the company's progress, its OEM partnerships and its plans for the future. The video can be seen via this link

<http://www.bluechiip.com/small-investors-partners/>

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About Bluechiip Limited

Bluechiip has developed a wireless tracking solution for the healthcare and life science, security, defence and manufacturing industries which represents a generational change from current methods such as labels (hand-written and pre-printed), barcodes (linear and 2D) and microelectronic integrated circuit (IC)-based RFID (Radio Frequency Identification).

The unique tag is based on MEMS technology and contains no electronics. The tag can either be embedded or manufactured into a storage product, such as vials or bags. Easy identification, along with any associated information from the tag such as temperature can be detected by a reader, which can also sense the temperature of the tagged items. The traditional identification technologies have significant limitations. Whereas a barcode requires a visible tag or line-of-sight optical scan, bluechiip® technology does not. Unlike labels, barcodes and RFID, the bluechiip® technology can sense the temperature of each item a tag is attached to, or embedded in.

The bluechiip® technology has initial applications in the healthcare industry particularly those businesses which require cryogenic storage facilities (biobanks and biorepositories). bluechiip® offers the only technology that enables accurate and reliable tracking of products including stem cells, cord blood, and other biospecimens. In addition to functioning in extreme temperatures, the bluechiip® tracking solution can survive autoclaving, gamma irradiation sterilization, humidification, centrifuging, cryogenic storage and frosting.

The bluechiip® technology has other healthcare applications in pathology, clinical trials and forensics. Several other key markets outside of healthcare include cold-chain logistics/supply chain, security/defence, industrial/manufacturing and aerospace/aviation.

Further information is available at www.bluechiip.com