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JUNE 2022 QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

AML3D Limited (ASX: AL3) (**"AML3D"** or **"the Company"**), a leader in large scale Wire Additive Manufacturing technology and 3D metal printing solutions, is pleased to provide the Quarterly Activities Report and Appendix 4C for the quarter ended 30 June 2022 (Q4FY22).

KEY HIGHLIGHTS DURING THE QUARTER

AML3D continues to deliver against its multi-phase growth strategy, built upon accessing immediate, medium and longer-term value drivers. Sales and installation of three Arcemy® units, recent contract wins, and ongoing contract negotiations with Tier 1 companies provide solid evidence of this trend.

Revenue during the quarter was $1.4 million with total revenue for the 2022 financial year (FY22) of $2 million, an increase on the prior financial year's revenue of over 200%.

Total cash receipts for the quarter were $1.2 million including receipts from customers of $667,000 and $513,000 in R&D tax incentives. Net operating cash outflow for the quarter was $200,000 with cash on hand, as at 30 June 2022, of $2.9 million, representing over 14 quarters of available funding based on the current quarter's outflow.

Key activities during the quarter included:

- Installation of Arcemy® units sold to Queensland University and the Royal Melbourne Institute of Technology, in addition to an Arcemy® unit installed at the Tonsley Factory of the Future through a joint venture with BAE and Flinders University.
- Completion of printed parts for customers across Oil and Gas, and Mining.
- Ongoing development of increased deposition rates to reduce production lead times and improve the commercial applications of our process.
- Progressed discussions with key customers for repeat volume orders including orders received from AdditiveNow, ExxonMobil and Boeing.
- Becoming an approved supplier of 3D printed parts for power plants for a major Australian Energy company.

Immediate and medium-term value drivers

The performance to date reflects AML3D's focus on its immediate and medium-term value drivers of building on our current successes in winning business in the Oil and Gas sector (e.g. AdditiveNow & ExxonMobil), and expanding over the mid-term into the Marine, Defence, Aerospace (e.g. Boeing) and Resources markets.

AML3D signed an initial $22,000 purchase agreement to supply an industrial component to AdditiveNow for a Tier 1 Oil and Gas end customer. AML3D has a global collaboration agreement in place with AdditiveNow to supply integrated additive manufacturing design and printing services.

AML3D's Adelaide facilities and technology were the subject of an, in person, inspection by Boeing's Director of Global Additive Manufacturing in March 2022. Following that inspection a scope of work, for a high strength aluminium parts program, was agreed to by both AML3D and Boeing. During the Quarter, AML3D submitted proposals based on that scope, to Boeing.

As announced 5 July 2022, AML3D received a purchase agreement for $140,000 from Boeing on standard commercial terms, to supply various aluminium test pieces and structural components typically used for structural "fly" components, for intense test evaluation in North America. These parts will be manufactured using AML3D's proprietary Wire Additive Manufacturing (WAM®) process. This purchase agreement is for various key test artifacts and structural components to be used for testing and validation purposes that will be the basis of near-term future work.

Following the end of the Quarter, AML3D has also signed a $190,000 manufacturing purchase order with ExxonMobil to create the World's largest 3D metal printed commercial pressure vessel, with an expected delivery date of September 2022. The 8-tonne pressure vessel will be 8 metres in length by ~1.5 meters in diameter and printed from AML3D's higher strength metal feedstock.

AML3D's advanced WAM® technology's fast lead times to manufacture and sustainable process were key considerations to securing the ExxonMobil contract. Specifically, total delivery time for the part is 12 weeks, which includes all stages of production, from technical set-up activities, print production, final machining, quality assurance and delivery.

Following its announcement on 19 May 2022, that ALM3D entered into a supply agreement for 3D printed metal components to one of Australia's leading energy companies, the company now has two energy sector customers for which it supplies printed parts on an as needed basis. This creates an important entry point for our products into a key target market. The timing and quantum of supply within these agreements is variable and will be a function of emerging demand within each customer's business. However, an initial order for a high value, nickel aluminum bronze impeller was received, printing of which commenced during the quarter with a delivery date in Q1FY23.

During the quarter, AML3D installed two Arcemy® units sold to each of Queensland University and the Royal Melbourne Institute of Technology (RMIT). These units will form part of the Universities' additive manufacturing curriculum with a significant number of students to be trained in the use our technology, understand its prospective uses and potentially drive its adoption across our target markets.

A further Arcemy® unit installed at the Tonsley Factory of the Future through a joint venture with BAE and Flinders University.

A total of five of AML3D's proprietary Arcemy® industrial scale 3D metal printing units have now been sold and commissioned to date. Three of these units have been operating within commercial businesses and will provide the Company with ongoing revenue from license fees and service support. In addition, an agreed program of works is currently underway with Rowlands Metalworks to increase the utilization of their Arcemy® unit, specifically to meet their customer demand.

Longer term value drivers - welding wire composition projects

Leveraging AML3D's Research and Development ("R&D") work to create new opportunities, enhanced technology enabled solutions and branded products is key to unlocking longer-term value in the business. Significant progress has been made across several AML3D R&D projects.

The 'Optimising of Scandium Containing Aluminium Alloys Project' in partnership with Deakin University's, Institute for Frontier Materials ("IFM") and the IMCRC has been conducting trials using AML3D's facilities to create high strength, commercially viable aluminium-scandium compounds. The project is investigating the effect of Scandium as a strengthening element for existing aluminium welding wire to be used in AML's WAM® process. The optimisation of

aluminium-scandium alloys has the potential to allow AML's WAM® process to create higher strength, industrial scale, aluminium components and 3D printed products, while removing the need for age hardening heat treatment.

The new aluminium-scandium alloy composition developed for use with AML3D's proprietary WAM® technology has, to date, meet all expectations for the delivery of high strength, corrosion resistant WAAM structures. The combination of AML3D's proprietary technology and the new alloy composition has the potential to create significant commercial applications by overcoming the historical technological limitations that have restricted the adoption of high strength aluminium-scandium alloys for industrial use.

Following excellent initial results of the 'Optimising of Scandium Containing Aluminium Alloys Project', IFM and IMCRC extended the project to incorporate final repeatability commercial trials. Those trials are currently nearing completion. The decision to extend the project attracted interest from industry buyers and discussions are continuing with regard to commercial projects. A successful conclusion, following the recent extension to the project, is expected to facilitate many new applications for WAM®. The Automotive, Resources (mining, oil & gas) and broader Marine and Transport industries, such as shipbuilding, are all showing strong interest in high strength, corrosion resistant aluminium products.

AML3D has also signed a further framework agreement with the IFM to complete a series of proof-of-concept projects exploring incorporating Boron Nitride Nanotubes (BNNTs) in AML3D's WAM® technology. BNNT's are considered the world's strongest and most advanced fibre and have the potential to greatly enhance the properties of WAM® deposited alloys.

IFM is recognised both nationally and internationally for developing advanced materials for commercial applications and has commenced two feasibility studies to create much stronger, lighter, and more thermally and radiation-resistant aluminium composites using BNNTs. Initial outcomes have been positive and indicate a high probability of commercial applications for the BNNT/aluminium composites. The project has already started to attract commercial interest.

The ongoing proof-of-concept projects with the IFM have the potential to significantly enhance AML3D's WAM® technology and increase the revenue prospects for the company, over time, through increased opportunities in both printer sales and contract manufacturing services. A successful conclusion to these projects is expected to result in AML3D gaining a competitive advantage from access to new Australian owned intellectual property. The potential to create new commercial applications across the space, aerospace, marine, defence, and transport industries is significant. Any new commercial applications will also have the potential to be rolled out in AML3D's current target markets of Asia Pacific (incl. Japan, South Korea), Europe (Germany, France & UK), and North America.

Longer term value drivers - ongoing investment in technology

With continuing independent validation of the quality of our products, AML3D's internal R&D focus remains firmly on increasing deposition rates to reduce production lead times and improve the commercial applications of our process. Twin wire application and enhancements for our ARCEMY® units are the key to achieving targeted deposition rates of 30 kgs per hour. AML3D's work on increasing deposition rates builds on the Next-Generation Hybrid Printing project with the CSIRO, who developed a material strength prediction tool, to support the creation of a higher quality, one stop production process.

Financial

Total cash receipts for the quarter were $1.2 million, including receipts from customers of $667,000 and $513,000 in R&D tax incentives. Customer receipts were predominantly comprised of proceeds from the sales of Arcemy® units to Queensland University and RMIT, as well as the final payment from ST Engineering, with approximately 20% relating to the printing of parts.

The Company's cost base remained better aligned with current and expected medium term demand. Net operating cash out flow for the quarter was $1.4 million, marginally up on the prior quarter due to the completion, installation and commissioning of Arcemy® units.

Net operating cash outflow for the quarter was $200,000, with cash on hand, as at 30 June 2022, of $2.9 million, representing over 14 quarters of available funding based on the current quarters outflow.

Use of Funds

Pursuant to Listing Rule 4.7C2, the comparison of the Company's actual expenditure since listing on the ASX on 20 April 2020 against the Use of Funds as set out in its Prospectus is summarised as follows:

Use of Funds under Prospectus		Funds allocated under the Prospectus	Funds expended to 30 June 2022
Singapore Bureau establishment	1	4,270,000	983,568
Relocation and expansion of Adelaide facility	2	2,840,000	3,369,785
Development of integrated print/machining	3	400,000	61,252
IP protection	4	400,000	106,591
Unallocated working capital - Adelaide		950,000	950,000
Unallocated working capital - Singapore	1	1,100,000	-
Expenses of the offer		1,100,000	1,110,198
Total		**11,060,000**	**6,581,395**

- **Singapore Bureau Establishment:** Whilst Singapore revenue opportunities are increasing, the Company has determined the best course of action to service this market is to be the continuing demonstration of our capabilities through the established relationship with ST Engineering and the servicing of customers via Australian operations. The Company has therefore decided to defer the establishing of its own facility in that market.
- **Relocation and Expansion of Adelaide Facility:** The relocation and expansion of the Adelaide facility was completed during Q1FY22 with a portion of funds under the Prospectus for the Singapore Bureau establishment reallocated to expand the Adelaide facility to provide greater local capacity.
- **Development of Integrated Print/Machining**: Whilst initial research, planning, and concept design has been undertaken, our current focus has been on improvements and enhancements to our existing Arcemy® unit.
- **IP Protection:** AML3D has secured an Australian Patent 2019251514 for its WAM® process, along with patent in South Korea and New Zealand. Patents have been examined in the USA and Europe and AML has provided its responses in Q3FY22 with no further challenges to date. Patent status is now in the last final stages of grant award.

Related Party Payments

Pursuant to Listing Rule 4.7C3, the Company confirms the following related party payments made during the quarter:

- The Company engaged the services of a company controlled by AML3D Managing Director, Mr Andrew Sales' sister to provide IT services. These services were conducted on standard commercial terms. Payments for these services during the quarter totaled $1,333.

Events Subsequent to Quarter End

On 14 July 2022, AML3D announced the successful Placement of shares, raising an additional $2.7 million (before costs). The Placement was completed 20 July 2022 with the issue of 37,605,038 shares at a price $0.0714 per share.

Funds raised will be applied to:

- Accelerating growth initiatives, following recent contract wins;
- Build on the existing business development team and sales and marketing pipeline;
- Continue the enhancement of AML3D technology to remain a market leader; and
- Meet working capital demands of a scaling business

Outlook

With the current order book, our Facility will continue to operate at high capacity over the coming months. Key production contracts with ExxonMobil and Boeing, as well as ongoing customer support being provided to Rowlands Metalworks and STE across a range of projects, require completion prior to the end of Q1FY23.

In addition to the industry certifications and standards already in place, AML3D will focus on obtaining AS9100D certification over the coming 12 months. This standard specifies additional aviation, space, and defense industry requirements, enhancing our prospects within these key market segments.

This announcement has been authorised for release by the Board of AML3D.

For further information, please contact:

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About AML3D Limited

AML3D Limited, a publicly listed technology company founded in 2014, utilises new technologies to pioneer and lead metal additive manufacturing globally. Disrupting the traditional manufacturing space, AML3D has developed and patented a Wire Additive Manufacturing (WAM®) process that metal 3D prints commercial, large-scale parts for Aerospace, Defence, Maritime, Manufacturing, Mining and Oil & Gas. AML3D provides parts contract manufacturing, from its Technology Centre in Adelaide Australia, and is the OEM of ARCEMY®, an industrial metal 3D printing system that combines IIoT and Industry 4.0 to enable manufacturers to become globally competitive.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
AML3D Limited	
ABN	**Quarter ended ("current quarter")**
55 602 857 983	30 June 2022

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	667	1,454
1.2	Payments for		
	(a) research and development	(304)	(1,608)
	(b) product manufacturing and operating costs	(202)	(886)
	(c) advertising and marketing	(7)	(152)
	(d) leased assets	-	-
	(e) staff costs	(495)	(1,955)
	(f) administration and corporate costs	(367)	(1,204)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	6
1.5	Interest and other costs of finance paid	(6)	(24)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	513	542
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(200)**	**(3,827)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(6)	(331)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	59
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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**	**(6)**	**(272)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	10
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(46)	(179)
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**	**(46)**	**(169)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,185	7,201
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(200)	(3,827)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(272)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(46)	(169)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,933**	**2,933**

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	2,933	3,185
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,933**	**3,185**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	1
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(200)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,933
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,933
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	15

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2022

Authorised by: the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.