

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Algae. Tec Limited

ABN

16 124 544 190

Quarter ended ("current quarter")

31 December 2014

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A	Year to date (6 months) \$A
1.1	Receipts from customers	104,371	864,876
1.2	Payments for (a) staff costs	-633,600	-1,211,092
	(b) advertising and marketing	-2,902	-16,541
	(c) research and development	-52,703	-63,818
	(d) leased assets	-	-
	(e) other working capital	-762,966	-1,072,394
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	944	1,799
1.5	Interest and other costs of finance paid	-41,329	-78,627
1.6	Income taxes paid	2,212	4,714
1.7	Other (provide details if material)	2,174,210	2,174,210
Net operating cash flows		788,237	603,127

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	Current quarter \$A	Year to date (6 months) \$A
1.8 Net operating cash flows (carried forward)	788,237	603,127
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:	-	-
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	-2692	-4,360
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	5,759	5,759
(e) other non-current assets		
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	3,067	1,398
<b>Net investing cash flows</b>		
1.14 <b>Total operating and investing cash flows</b>	791,304	604,526
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	1,400,000	1,700,000
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	550,147	736,192
1.18 Repayment of borrowings	-1,826,050	-1,875,100
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	124,097	561,092
<b>Net increase (decrease) in cash held</b>	915,401	1,165,618
1.21 Cash at beginning of quarter/year to date	552,983	302,766
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 <b>Cash at end of quarter</b>	1,468,384	1,468,384

+ See chapter 19 for defined terms.

## **Payments to directors of the entity and associates of the directors**

### **Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A
1.24	Aggregate amount of payments to the parties included in item 1.2	225,401
1.25	Aggregate amount of loans to the parties included in item 1.11	-

#### **1.26 Explanation necessary for an understanding of the transactions**

Item 1.1: This represents receipts for the provision of engineering specifications related to the pilot plant currently under construction on behalf of the Reliance Group. Further amounts of US \$404,500 have been invoiced during the quarter and are awaiting payment..

Item 1.2: As a result of elimination in the consolidation of the accounts of Algae.Tec Limited and Algae Energy Inc., allocated research and development costs from Algae Energy Inc. appear within their specific payment categories (a, b and e) rather than the research and development category (c).

Item 1.15: The subscription agreement with Reliance Industrial Investments and Holdings reported in the September 4C was superseded with a revised agreement resulting in a purchase of shares to the value of \$1,400,000. The new agreement commits Reliance to further additional minimum exercise of options of \$1,000,000 by October 2015.

Item 1.17: This includes funding by Macquarie Bank in relation to Research and Development expenditure for the 2014 financial year (\$1,500,000) plus advances relating to the current year of \$542,952. This 2014 advances were fully repaid in October 2014 following receipt from the tax office of \$2,174,210 in relation to the research and development expenditure for the 2014 financial year.

Item 1.18: This includes the full repayment of all monies due to La Jolla Cove Investors of \$140,154 (US\$118,338) and a repayment of the 2014 Macquarie facility of \$1,500,000 as referred to in Item 1.17 above. There was also a repayment of the Convertible Note bonds (Platinum Road) of \$188,750 at the time of the renewal of the loan for a further 12 months on the remaining balance of \$486,250

Item 1.24: Payments to Directors consist of Directors' salaries and the Directors' fees paid during the quarter, including superannuation.

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**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Conversions to the value of \$172,600 were made during the quarter against the Platinum Road debt resulting in the issue of 2,775,253 shares.

The renewal of the Platinum Road convertible bond facility in October gave rise to an interest charge of \$61,350 to the existing debt,

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A	Amount used \$A
3.1 Loan facilities	1,725,000	542,952
3.2 Credit standby arrangements	Nil	Nil

On 6 September 2012, the Company entered into a facility agreement of A\$2,000,000 with Macquarie Bank Limited. This facility was increased to A\$3,000,000 on 19<sup>th</sup> April 2013 and provides for advance funding of the Research and Development Tax Incentive. An amount of \$2,610,270 had been drawn down in respect of 2013 financial year Australian eligible Research and Development expenditure. This was fully repaid in November 2013. Renewal of this facility to cover the Research and Development expenditure for the 2014 financial year was negotiated and \$1,500,000 had been drawn down as at 30 September 2014 and was fully repaid in October 2014. This facility was renewed in line with projected expenditure for the 2014/15 financial year of \$1,725,000.

An amount of \$2,174,210 was received by Algae.Tec Limited on 14<sup>th</sup> October 2014 from the Australian Taxation Office in relation to the eligible research and development expenditure for the financial year ended 30 June 2014.

Funding of \$750,000 was secured through Platinum Road Pty Ltd by way of a series of convertible notes and this was advanced in October 2013. The facility was renewed in October 2014 for the outstanding debt amount of \$547,600 (including interest) and conversions to shares in the value of \$122,600 have been made to 31 December 2014.

RIHL and Algae.Tec Limited also entered into a technical and equipment supply agreement detailing collaboration where Reliance will pay for a pilot plant and technical supervision in India. This plant will be fully funded by Reliance with the work being undertaken by Algae Energy Inc based in Cumming, USA. This funding will cover the cost of Algae.Tec's American operations.

The value of the pilot plant for RIHL as mentioned above is US\$2,400,000 of which US\$960,000 had been paid to 30 June 2014, US\$720,000 was paid in July 2014 and the remaining US\$720,000 will be paid within the next 6 months.

Reliance also agreed an additional minimum exercise of options of \$1,200,000 over 2 years and of which \$300,000 was exercised in July 2014 with a further minimum of \$600,000 to be exercised over the next 9 months. This was revised in December 2014 resulting in a payment in return for shares of \$1,400,000 with further exercise of options to take place in two tranches of \$500,000 each (the first in May 2015 and the second in October 2015)

On 9 January 2015 Algae.Tec Limited ("AT") announced a funding agreement with China Finance Strategies Investment Holdings Ltd ("CFS") whereby AT received US\$500,000 by way of a convertible bond bearing a 12% interest component payable in arrears and repayable or convertible within 18 months from the date of issue. In addition, subject to the achievement of certain milestones, up to a further US\$ 5,000,000 will be provided to AT by CFS through share options at an exercise price (within 2 years of issue) of A\$0.075 per share.

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A	Previous quarter \$A
4.1 Cash on hand and at bank	1,432,717	486,550

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4.2	Deposits at call	35,667	66,058
4.3	Bank overdraft	-	-375
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>		<b>1,468,384</b>	<b>552,983</b>

**Acquisitions and disposals of business entities**

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	Nil	Nil
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

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Sign here: ..... Date: 29/01/2015  
(Director/Company secretary)

Print name: Peter Hatfull

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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