

# 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 2015

### 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	446,092	565,884
1.2 Payments for (a) staff costs	-1,002,930	-1,572,654
(b) advertising and marketing	-1,006	-3,761
(c) research and development	1,984	-15,045
(d) leased assets	-	-
(e) other working capital	-671,762	-1,678,307
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	326	455
1.5 Interest and other costs of finance paid	-60,597	-105,644
1.6 Income taxes received	-	-
1.7 Other (provide details if material)	-	2,265,789
<b>Net operating cash flows</b>	<b>-1,287,893</b>	<b>-543,283</b>

+ See chapter 19 for defined terms.

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	Current quarter \$A	Year to date (6 months) \$A
1.8 Net operating cash flows (carried forward)	-1,287,893	-543,283
<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	-	-39,630
(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		
(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)	-	-
	-	-39,630
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>-1,287,893</b>	<b>-582,913</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	500,000	500,000
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	747,848	892,571
1.18 Repayment of borrowings	-31,209	-1,789,119
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>1,216,639</b>	<b>-396,548</b>
<b>Net increase (decrease) in cash held</b>	<b>-71,254</b>	<b>-979,461</b>
1.21 Cash at beginning of quarter/year to date	196,923	1,105,130
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 <b>Cash at end of quarter</b>	<b>125,669</b>	<b>125,669</b>

+ 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	250,705
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. An amount of US \$17,250 was outstanding at the end of this quarter. Delivery of the Pilot Plant to Jamnagar, India is now 95% complete.

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 1.2: Included in the Other Working Capital payments (d) is a payment to Deloitte for their fees in the administration of the R & D tax allowances and based upon the refund received. The total paid during the quarter covered all fees for the 2015 financial year and amounted to \$237,079.

Item 1.7: This represents the R & D tax refund received for the 2015 financial year.

Item 1.15: Under the previously reported subscription agreement with Reliance Industrial Investments and Holdings \$500,000 was exercised in October 2015.

Item 1.17: This includes funding by Macquarie Bank in relation to Research and Development expenditure for the 2015 financial year of \$134,076 which was fully repaid in September and 2016 advances of \$695,376 for R & D expenses from July to October 2016 leaving an estimated undrawn amount of \$393,793 in relation to R & D costs for November and December 2016.

Item 1.18: YTD includes the full repayment of the 2015 Macquarie facility of \$1,725,000 being drawn funds against 2015 R & D Expenditure

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

Nil
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- 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
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**Financing facilities available**

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

	Amount available \$A	Amount used \$A
3.1 Loan facilities	1,900,000	695,376
3.2 Credit standby arrangements	Nil	Nil

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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 fully repaid in October 2014. This facility was renewed in line with projected expenditure for the 2014/15 financial year of \$1,725,000 and this was fully repaid in September 2015. A further renewal of the facility \$1,900,000 was completed in October 2015 covering projected expenditure for the 2015/6 financial year and of which \$695,376 had been drawn as at 31 December 2015

An amount of \$2,265,789 was received by Algae.Tec Limited in September 2015 from the Australian Taxation Office in relation to the eligible research and development expenditure for the financial year ended 30 June 2015.

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.

A Technical Services agreement (US\$590,000) is also on place with RIHL to cover the engineering requirements of the Pilot Plant. 50% of this (US\$295,000) was paid in October 2015.

RIHL exercised options to the value of A\$500,000 during the quarter.

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.

A pilot nutraceutical production plant was completed in Atlanta and will become operational during the next quarter.

The RIHL pilot plant is expected to be installed and under operational testing within the next 6 months.

In January 2016 a capital raising of up to \$1,500,000 by way of a convertible note was announced. \$650,000 had been received as at 28 January 2016.

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**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	125,669	196,923
4.2 Deposits at call	38,561	39,471
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>164,230</b>	<b>236,394</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		

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## 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.



Sign here: ..... Date: 29/01/2016  
(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.