

# 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")

30 June 2015

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (12 months) \$A
1.1 Receipts from customers	336,088	1,234,583
1.2 Payments for		
(a) staff costs	-718,368	-2,653,534
(b) advertising and marketing	-	-24,178
(c) research and development	-	-69,159
(d) leased assets	-	-
(e) other working capital	-708,094	-2,498,619
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	491	3,611
1.5 Interest and other costs of finance paid	-48,966	-155,898
1.6 Income taxes received	-622	32,225
1.7 Other (provide details if material)	-	2,174,210
<b>Net operating cash flows</b>	<b>-1,139,471</b>	<b>-1,956,759</b>

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	Current quarter \$A	Year to date (12 months) \$A
1.8 Net operating cash flows (carried forward)	-1,139,471	-1,956,759
<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	-38,138	-46,391
(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	19,959	39,238
(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)	-	-
	-18,179	-7,153
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>-1,157,650</b>	<b>-1,963,912</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	500,000	2,200,000
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	1,080,834	2,508,593
1.18 Repayment of borrowings	-46,591	-1,942,317
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
	1,534,243	2,766,276
<b>Net financing cash flows</b>		
<b>Net increase (decrease) in cash held</b>	<b>376,593</b>	<b>802,364</b>
1.21 Cash at beginning of quarter/year to date	728,537	302,766
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 <b>Cash at end of quarter</b>	<b>1,105,130</b>	<b>1,105,130</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	233,987
1.25	Aggregate amount of loans to the parties included in item 1.11	-

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1.26 Explanation necessary for an understanding of the transactions

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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 \$396,250 is awaiting payment and further amounts of US\$147,250 have been invoiced since the end of this quarter. Delivery of the Pilot Plant to Jamnagar, India is now 95% complete with a final container due to be shipped in July 2015.

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 in January 2015. The new agreement commits Reliance to further additional minimum exercise of options of \$1,000,000 of which \$500,000 was exercised in May 2015 and a further \$500,000 will be exercised 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 \$1,590,924. 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 1.17: 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 (AU\$627,116) 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.

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. The Convertible Note bonds (Platinum Road) were fully discharged by way of conversion of debt to shares during the period with no cash effect.

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 \$185,000 were made during the quarter against the Platinum Road debt resulting in the issue of 2,886,110 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, but this along with outstanding debt wa fully discharged during the quarter by way of issue of shares and which has had no cash effect.

- 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.*

- 3.1 Loan facilities

- 3.2 Credit standby arrangements

Amount available \$A	Amount used \$A
1,725,000	1,590,924
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 \$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 of which \$1,590,924 had been utilised at 30 June 2015.

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 the full debt have been made at 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. This funding will cover the cost of Algae.Tec's American operations.

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 has been invoiced during the year (US\$295,000) and is currently awaiting payment.

The value of the pilot plant for RIHL as mentioned above is US\$2,400,000 and in addition a variation to the order was made for additional equipment (US\$172,500) bringing the total order value to US\$2,572,500. At 30 June 2015 US\$101,250 was outstanding for work completed with a further US\$147,250 being invoiced in July 2015. This leaves a further US\$257,250 for work still to be completed.

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 paid in May 2015 and the second due 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.

On 13 April 2015 Algae.Tec Limited ("AT") entered into a collaboration agreement with Larimar Energy SRL ("LE") of the Dominican Republic. The agreement potentially has 3 phases covering the project development and implementation of a demonstration multi module and production plant in the Dominican Republic.

Phase 1 covers a feasibility assessment and is valued at US\$320,000 with US\$35,000 having been paid upon the signing of the agreement and further stage payments upon the achievement of certain milestones over a 6 month period from commencement.

Phases 2 and 3 will be dependent upon the results of Phase 1 and will cover the development and implementation of a demonstration plant of 2-10 modules valued at between US\$5 million and US\$10 million and to be completed within 12 months from the completion of Phase 1 (Phase 2) with phase 3 to cover the development, implementation and operation of a production plant of 50-400 modules at an as yet undetermined value.

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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	1,070,016	651,859
4.2 Deposits at call	35,114	76,678
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	<b>1,105,130</b>	<b>728,537</b>

### Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
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

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- 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: 27/07/2015  
(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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