

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 September 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	119,792	119,792
1.2 Payments for (a) staff costs	-569,724	-569,724
(b) advertising and marketing	-2,755	-2,755
(c) research and development	-17,029	-17,029
(d) leased assets	-	-
(e) other working capital	-1,006,545	-1,006,545
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	129	129
1.5 Interest and other costs of finance paid	-45,047	-45,047
1.6 Income taxes received	-	-
1.7 Other (provide details if material)	2,265,789	2,265,789
Net operating cash flows	744,610	744,610

+ See chapter 19 for defined terms.

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	Current quarter \$A	Year to date (12 months) \$A
1.8 Net operating cash flows (carried forward)	744,610	744,610
Cash flows related to investing activities		
1.9 Payment for acquisition of:	-	-
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	-39,630	-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	-39,630
Net investing cash flows		
1.14 Total operating and investing cash flows	704,980	704,980
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	144,723	144,723
1.18 Repayment of borrowings	-1,757,910	-1,757,910
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	-1,613,187	-1,613,187
Net increase (decrease) in cash held	-908,207	-908,207
1.21 Cash at beginning of quarter/year to date	1,105,130	1,105,130
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	196,923	196,923

+ 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	258,334
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 \$354,470 was outstanding at the end of this quarter of which US \$312,250 was paid during October. 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, The 2015 advances (\$1,725,000) were fully repaid in this quarter following receipt from the tax office of \$2,265,789 in relation to the research and development expenditure for the 2015 financial year.

Item 1.18: This includes the full repayment of the 2015 Macquarie facility of \$1,725,000 as referred to in Item 1.17 above.

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

- 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	1,900,000	-
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 19th 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 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.

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. 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 was paid 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

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	196,923	1,070,016
4.2 Deposits at call	39,471 ¹	35,114
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	157,452²	1,105,130

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		

+ See chapter 19 for defined terms.

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: 30/10/2015
(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.