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ASX Announcement/Media Release

Company Announcement Office
ASX Limited
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Sydney NSW 2000

Algae.Tec Limited to raise up to \$1.5m via Convertible Note Offer

Algae.Tec Limited (“**AEB**” or “the **Company**”) is pleased to announce that it has finalised a capital raise of up to \$1.5m via a convertible note Offer.

The Offer will comprise the issue of up to 1,500,000 convertible unsecured notes (“**Notes**”) with a face value of \$1.00 per Note to raise up to \$1,500,000 before costs (“**Offer**”). Applications for the minimum \$800,000 have already been received.

The proceeds of the Offer will be utilised to accelerate the development of the Company’s production facilities and ongoing product development at its Manufacturing & Development Centre in Atlanta, Georgia, USA.

The modular plant was recently commissioned and has been designed to produce a range of algae-based nutraceutical products using its proprietary photo-bioreactor technology. These details were outlined in the ASX release on 6 January 2016.

Mr Hatfull, Managing Director commented:

“We are very pleased to be able to finalise the terms of this capital raising, in such a short time frame from initial commissioning of our facility in Georgia.

This capital raising will allow us to build on this early production success and enable us to direct our energy to achieve additional product validation and production milestones “.

The Notes are to be issued utilising the Company’s existing 15% placement capacity.



The terms of the Notes are as follows;

Term:	18 months
Interest Rate:	12.5% per annum
Interest Payment:	Quarterly
Interest Payment Method:	Satisfied by way of issue of shares or payment of cash, at the Note holders' discretion. The Conversion Factor to be utilised for the calculation of the number of shares to be issued to the Note holder (should they elect to receive shares) is outlined below.
Conversion factor:	A 15% discount to the 5 day volume weighted-average share price for the Company's ordinary shares for the 5 trading days prior to the initial issue of the Notes. This Conversion Factor will set the price that all future conversions and interest payments are made.
Options:	<p>Those Note holders who elect to convert at maturity will receive two separate unlisted options for every two shares received on conversion.</p> <p>One of the options will have a term of 12 months from the date of the Notes maturity and be exercisable at 10c.</p> <p>The second option will have a term of 24 months from the date of the Notes maturity and an exercise price of 20 cents.</p>

About Algae.Tec

Algae.Tec's vision is to create and implement long-term value-added, renewable and sustainable food and energy solutions.

Founded in 2007, Algae.Tec is a specialist algae producer, focused on developing technology that captures waste carbon dioxide to produce commercial quantities of algae for use in the food and fuel sectors.

Algae.Tec has carried out in excess of six years of laboratory, bench-scale and pilot tests and product trials to-date; assessed competitive algae technologies; and has applied the development phase results to detailed engineering evaluations of commercial plant operations. Collectively, these activities have led to the development of unique proprietary technology and know-how for high efficiency production and harvesting of algae.

Algae.Tec's algae technology has demonstrated exceptional performance, providing step-change improvements in productivity, product yield, carbon dioxide sequestration, plant footprint requirements and substantial capital/cost savings versus agricultural crops and other competitive algae processes in the industry.

Algae and its by-products can be used for many applications including nutraceuticals, personal products such as soap and face cream, protein food sources plus bio-polymers and fuels.