



25 January 2016

The Manager Announcements
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

**NOTICE UNDER SECTION 708A(12D) OF THE CORPORATIONS ACT 2001 (CTH)
("Act")**

The Company gives this notice pursuant to Section 708A(12D) of the Act (as notionally inserted by ASIC Class Order 10/322) in relation to the issue of a Convertible Notes as set out in the attached Appendix 3B.

The Company issued the Convertible Note without disclosure to investors under Part 6D.2 of the Act.

The Company, as at the date of this notice, has complied with:

- (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
- (b) section 674 of the Act.

As at the date of this notice, there is no information to be disclosed that is excluded information under section 708A(7) of the Act, that is reasonable for investors and their professional advisers to expect to find in a disclosure document other than as set out in this notice.

Yours faithfully,

Peter Hatfull
Algae.Tec Limited
Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

ALGAE.TEC LIMITED

ABN

16 124 544 190

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1 +Class of +securities issued or to be issued

Convertible Notes

2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

650,000 convertible notes

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Principal terms of the Convertible Note:

- A 'Maturity Date' of 22 July 2017
- Convertible to fully paid ordinary shares
- Conversion price of \$0.049 – a 15% discount to the 5 day volume weighted average share for the Company's ordinary shares for the 5 trading days prior to the initial issue of the Convertible Notes. This conversion factor will set the price that all future conversions and payments made
- Interest rate 12.5% per annum – interest payable in cash or shares at conversion price at election of noteholder
- In the event of conversion noteholder will receive 2 options (1 exercisable at \$0.10 within 12 months of conversion, 1 exercisable at \$0.20 within 24 months) of conversion for every 2 shares issued, subject to shareholder approval

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Conversion shares and shares issued in payment of interest rank equally in all respects from the date of issue with the existing class of fully paid ordinary shares.</p>
<p>5 Issue price or consideration</p>	<p>\$650,000</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issue of Convertible Notes to sophisticated investors as part of the capital raising of up to \$1.5m to accelerate the commercialisation of the Company's production facilities and ongoing product development at its manufacturing and development centre in Atlanta, Georgia USA.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>13 November 2015</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>650,000 Convertible Notes, convertible to maximum of 15,752,551 ordinary shares if all principal and interest converted to shares</p>

+ See chapter 19 for defined terms.

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New issue announcement

6d	Number of +securities issued with security holder approval under rule 7.1A	N/A	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of securities issued under an exception in rule 7.2	N/A	
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Remaining 7.1 capacity – 35,037,125 Remaining 7.1A capacity – 33,859,784	
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	22 January 2016	
8	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in section 2 if applicable)	Number	+Class
		338,597,845	Ordinary Shares

+ See chapter 19 for defined terms.

Number	+Class
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+ See chapter 19 for defined terms.

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New issue announcement

<p>9 Number and ⁺class of all ⁺securities not quoted on ASX (including the securities in section 2 if applicable)</p>	<p>28,728,607</p> <p>1</p>	<p>Unlisted options exercisable at \$0.1636 on or before 20 January 2019</p>
		<p>Convertible Note</p> <ul style="list-style-type: none"> • A 'Maturity Date' of 9 July 2016 • Convertible to fully paid ordinary shares • Conversion price is \$0.075 and subject to adjustment in the event of a rights issue based on ASX Listing Rules formula and if there is any future issue of equity securities (as defined in the ASX Listing Rules) other than the issue of equity pursuant to the conversion of any convertible security issued prior to the date of the Convertible Note by the Issuer at any time or times during the period before the Note is converted or redeemed and the consideration for such equity securities is less than \$0.075 per equity security, then the conversion price will be adjusted down to the lower or, if there is more than one occasion when such equity securities are issued, the lowest price.
	<p>1,000,000</p>	<p>Unlisted options exercisable at \$0.20 on or before 1 March 2018</p>
	<p>16,000,000</p>	<p>Unlisted options exercisable at \$0.09 on or before 30 June 2019</p>
	<p>650,000</p>	<p>Convertible Notes</p> <ul style="list-style-type: none"> • A 'Maturity Date' of 22 July 2017 • Convertible to fully paid ordinary shares • Conversion price of \$0.049 – a 15% discount to the 5 day volume weighted average share for the Company's ordinary shares for the 5 trading days prior to the initial issue of the Convertible Notes. This conversion factor will set the price that all future conversions and payments made • Interest rate 12.5% per annum – interest payable in cash or shares at conversion price at election of noteholder • In the event of conversion noteholder will receive 2 options (1 exercisable at \$0.10 within 12 months, 1 exercisable at \$0.20 within 24 months) for every 2 shares issued, subject to shareholder approval

+ See chapter 19 for defined terms.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividend policy established
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Part 2 - Bonus issue or pro rata issue N/A

11	Is security holder approval required?	N/A
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12	Is the issue renounceable or non-renounceable?	N/A
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13	Ratio in which the ⁺ securities will be offered	N/A
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14	⁺ Class of ⁺ securities to which the offer relates	N/A
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15	⁺ Record date to determine entitlements	N/A
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16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
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17	Policy for deciding entitlements in relation to fractions	N/A
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18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents	N/A
	Note: Security holders must be told how their entitlements are to be dealt with.	
	Cross reference: rule 7.7.	

19	Closing date for receipt of acceptances or renunciations	N/A
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+ See chapter 19 for defined terms.

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20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	N/A

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

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New issue announcement

Entities that have ticked box 34(b)

38 Number of securities for which
 +quotation is sought

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39 Class of +securities for which
 quotation is sought

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40 Do the +securities rank equally in
 all respects from the date of
 allotment with an existing +class
 of quoted +securities?

If the additional securities do not
 rank equally, please state:

- the date from which they do
- the extent to which they
 participate for the next
 dividend, (in the case of a
 trust, distribution) or interest
 payment
- the extent to which they do
 not rank equally, other than in
 relation to the next dividend,
 distribution or interest
 payment

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41 Reason for request for quotation
 now

Example: In the case of restricted securities, end
 of restriction period

(if issued upon conversion of
 another security, clearly identify
 that other security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 25 January 2016
(Director/Company secretary)

Print name: Peter Hatfull

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

N/A

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	318,545,052
Add the following: <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	20,052,793
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	
“A”	338,597,845

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	50,789,676
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	15,752,551
“C”	0
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	50,789,676
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	15,752,551
Total [“A” x 0.15] – “C”	35,037,125

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	338,597,845
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	33,859,784
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	0
“E”	0

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	33,859,785
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	0
Total [“A” x 0.10] – “E”	33,859,784 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.