

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 2016

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	512,186	1,100,594
1.2 Payments for (a) staff costs	-832,663	-3,344,475
(b) advertising and marketing	-140	-5,155
(c) research and development	-9,713	-9,594
(d) leased assets	-	-
(e) other working capital	-484,125	-2,597,884
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	25	550
1.5 Interest and other costs of finance paid	-125,055	-283,997
1.6 Income taxes received	-	-
1.7 Other (provide details if material)	-	2,265,789
Net operating cash flows	-939,485	-2,874,172

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	Current quarter \$A	Year to date (12 months) \$A
1.8 Net operating cash flows (carried forward)	-939,485	-2,874,172
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
(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
Net investing cash flows		
1.14 Total operating and investing cash flows	-939,485	-2,913,802
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	59,969	559,969
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	1,153,392	3,368,053
1.18 Repayment of borrowings	-48,757	-1,849,554
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	1,164,604	2,078,468
Net increase (decrease) in cash held	225,119	-835,334
1.21 Cash at beginning of quarter/year to date	44,677	1,105,130
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	269,796	269,796

+ 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	235,882
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. Delivery of the Pilot Plant to Jamnagar, India is now 95% complete. Additional orders have been received to modify the Pilot Plant (US\$899,000) plus reimbursement for the design of engineering specifications (US\$230,000).

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.

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 \$1,730,744 for R & D expenses from July to May 2016 leaving an undrawn amount of \$169,256 to cover R & D costs for June 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

- 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	1,730,744
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 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 \$1,233,918 had been drawn as at 31 March 2016.

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. The current amount drawn down from Macquarie Bank in respect of R & D Expenditure (\$1,730,744) covers eligible expenditure to the end of May 2016. The balance of the approved Macquarie facility (\$169,256) is anticipated to be drawn down in July 2016. The R & D rebate from the Australian Taxation Office of approximately \$2,400,000 is expected to be received in September 2016.

RIHL and Algae.Tec Limited also entered into further technical and equipment supply agreements in March 2016. These were to cover detailed engineering specifications in relation to the pilot plant (US\$230,000) and additional supplies in relation to a modified solar collection system (US\$899,000). The engineering specifications work had already been completed and submitted at the end of March and payment is expected by the end of this month. In addition payment was received for 20% of the modified solar collection system (US\$179,800) on 25th April 2016. The remainder of the work will be billed during the latter part of this calendar year.

A pilot nutraceutical production plant was completed in Atlanta and became operational during this quarter. Further modifications are under way and sales of the sample product are expected to occur within the next six months.

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

A capital raising by way of a convertible note was announced in January 2016 and \$825,000 has been received.

As per the announcement on 8th July 2016, a convertible note in the value of US\$350,000 was issued and the funds received during the quarter. A further US\$150,000 is available during the next quarter subject to meeting equity criteria.

Following the signing of a supply agreement with Gencor during the quarter in relation to the supply of nutraceutical from the test plant in the USA, Gencor have also invested US\$1,000,000 for the further development of the US based test plant.

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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	269,505	44,677
4.2 Deposits at call	291	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	269,796	44,677

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: 29/07/2016
(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.