



8 September 2016

ASX Announcement

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

Market Update Nutraceutical Plant Upgrade

The Company is pleased to announce that with the completion of the US\$1m injection by Gencore the nutraceutical plant upgrade is progressing extremely well and ahead of schedule.

The goals of the upgrade project primarily target improvements in the plant's production efficiency, enhancements in product quality, and upgrades in the plant's flexibility to produce multiple nutraceutical products and will continue the development of the Company's core technology.

As a result it is now expected that initial sales will be made to Gencore within weeks with full production being achieved within 3 months. At full production, and under the Gencore agreement, it is anticipated this first plant will generate revenue of approximately US\$2.5m per annum. The current small scale plant is designed to produce up to 50 tonnes of algae per year, dependent upon the type of algae produced, which is a fraction of the available nutraceutical market.

Peter Hatfull, the Companies Managing Director stated " Gencor, having recently signed a supply agreement and invested in the expansion program, and followed up with two rounds of visits including the Sales and Marketing team and Product development chief to Cumming, gave the team great confidence and expressed satisfaction with the progress made and feel confident to progress further their marketing and sales efforts to sell both traditional and new algae products by Algae.Tec."

The Company is now in discussion with other strategic partners in relation to the structure and financing of a larger nutraceutical plant capable of significantly greater volumes.