



24 May 2017

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

Announcement

Algae.tec's Managing Director Peter Hatfull and Operations Director Earl McConchie are currently in Uruguay meeting with the Board of Winter Garden Biosciences to finalise due diligence for the recently announced Collaboration and Licensing Agreement that expands Algae.tec into the medicinal marijuana industry.

Mr Hatfull will then travel to the United States to give presentations to the investment community to roadshow the Company for capital raising associated with the Collaboration and Licensing Agreement.

A copy of his presentation to investors is hereby attached.



ALGAE.TEC



NATURAL HEALTH AND ENERGY

**A Renewable, Sustainable
and Scalable Business**

Disclaimer

This presentation has been prepared by Algae.Tec Limited. This presentation contains a number of forward-looking statements that are subject to risks, contingencies and uncertainties. Such statements involved known and unknown risks and certain assumptions that may cause the actual results, performance or achievements of the Company to be materially different from the statements in this presentation.

Actual results could differ depending on factors including, but not limited to, the availability of resources, testing of the Company's technology on a commercial scale, timing and effects of regulatory actions, liquidity of the Company's shares and the Company's commercial partners.



Company Overview

A global leader in diversified quality algae and medicinal cannabis products.

- ✓ Algae.Tec is a specialist producer, focused on developing technology that captures waste carbon dioxide to produce commercial quantities of a range of plant derived products for use in the fuel, nutraceuticals, animal feed, aquaculture and medicinal 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 technologies; and has applied the development phase results to detailed engineering evaluations of commercial plant operations.
- ✓ Algae.Tec's technology has demonstrated exceptional performance, providing step-change improvements in productivity, product yield, carbon dioxide sequestration, plant footprint requirements and substantial capital and operational cost savings versus agricultural crops and other competitive processes in the industry.
- ✓ Algae.Tec's is uniquely positioned to develop, produce and supply nutraceuticals, animal feed, aquaculture and cannabinoids that enable and enhance the delivery and commercial success of those products
- ✓ Algae.Tec is on the fast track to multiple cash flow streams

Our Proprietary Technology

- Modular “photobioreactor system” (PBR) with unique and patented engineering design for high performance in a controlled environment. All processes and input variables are controlled. Water use is kept to a minimum in the enclosed system. Totally protected from external variables.
- Direct injection of bottled or power plant flue gas (stack gas) CO₂ into the modules for 80% reduction of greenhouse emissions on first pass.
- Innovative process technologies for algae and cannabis harvesting, oil extraction, recovery of products and conversion to downstream products.
- Proprietary technologies show significant increases in productivity, footprint reduction, and viability compared to other technologies.
- The Algae.Tec technology is proprietary and currently covered under a variety of patents and know how.



Algae Based Biofuels – Reliance Industries

**Reliance Industries is India's largest company
And is Algae.Tec's major strategic partner**

- The initial contract with Reliance was signed in May 2013 with a value over \$5m
- The contract was for equity participation in Algae.Tec by Reliance and for Algae.Tec to complete agreed operational objectives
- Reliance currently holds 13.32% of the Company
- Algae.Tec is contracted to evaluate certain algae for fuel products, to build a pilot plant in Jamnagar, India, and, following successful trials, to build a full size commercial plant.
- Reliance owns the world's largest refinery situated in Jamnagar producing thousands of tonnes of CO₂ which will be the site of the major commercial plant
- The evaluation of specific algae has been successfully completed
- Equipment including photobioreactors has been dispatched and is on site in Jamnagar
- Plant to be commissioned mid CY17

Nutraceutical Markets

- A wide variety of algae are commercially produced for use in human health and food supplement applications with the 2015 global market estimated at US\$800m and growth rates of 5% to over 15%, dependent on sector.
- More than 40 different algal species have been identified/developed for nutraceutical applications. There are 6 algal species which represent over 95% of today's market: Arthrospira (Spirulina), Chlorella, Dunaliella, Nannochloropsis, Haematococcus and Schizochytrium – all of which the Company can produce
- The current production base is dominated by Asian suppliers at 71% (China, Taiwan, S. Korea and India) with 11% US, 7% EU, 5% Israel, 3% Australia/New Zealand and 3% Latin America.
- Bulk market prices range from US\$15 to over US\$100 per kilogram, dependent on algal species, product form (algae biomass, algae oil or extracts thereof) , product quality and nutritional value.
- More than 90% of the total nutraceutical algae production worldwide is based on open cultivation systems with substantial product quality and consistency limitations.
- Algae.Tec has signed an exclusive supply and distribution agreement with Gencor Pacific, USA's largest wholesaler of algae based nutraceutical products

Algae-Based Nutraceuticals

Algal Species	Description	Characterization	Nutraceutical Applications
Arthrospira (Spirulina)	Filamentous blue-green, fresh water microalgae	>65% proteins with 5% lipids (rich source of essential fatty acids, vitamins and minerals)	High protein food supplement (weight loss, diabetes, cardiovascular diseases, cancers and mental health)
Chlorella	Unicellular green, fresh water microalgae	50-60% proteins with up to 20% lipids (rich source of chlorophyll, essential fatty acids, vitamins and minerals)	High protein food supplement (hypertension, cholesterol, immune system, fibromyalgia and colitis)
Dunaliella	Unicellular green (red) bi-flagellate, marine microalgae	30% proteins with 10% lipids (rich source of beta-carotene, essential fatty acids and minerals)	Potent free-radical antioxidant (cancers, immune system, neoplasms and liver lesions)

These 3 algae are an example of the numerous algae currently being sold into the nutraceutical market



Atlanta Facility



Inside the
proprietary PBR

Modular technology



Fully equipped research facilities

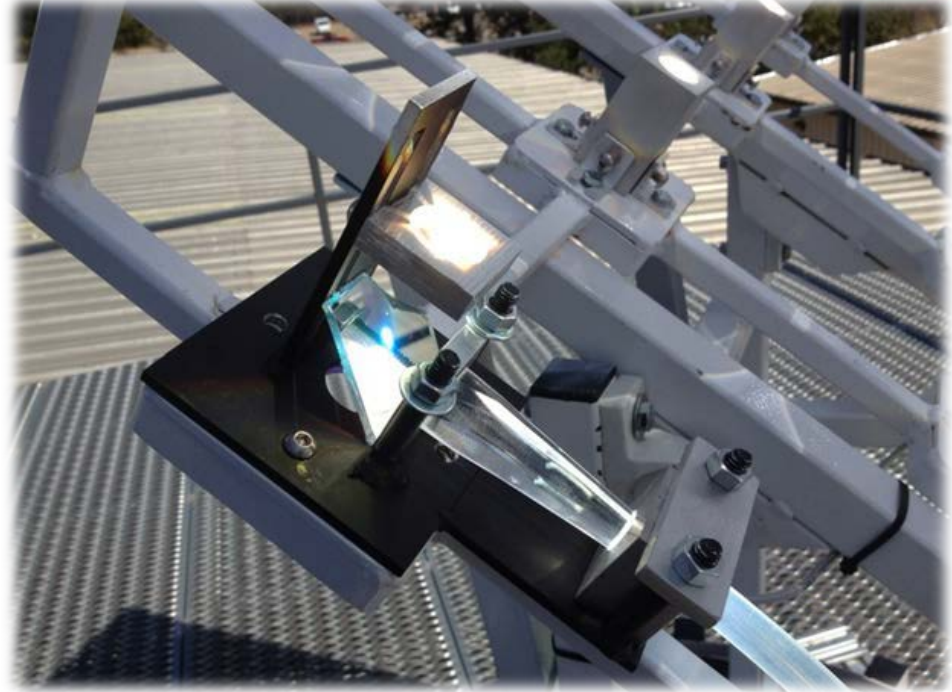
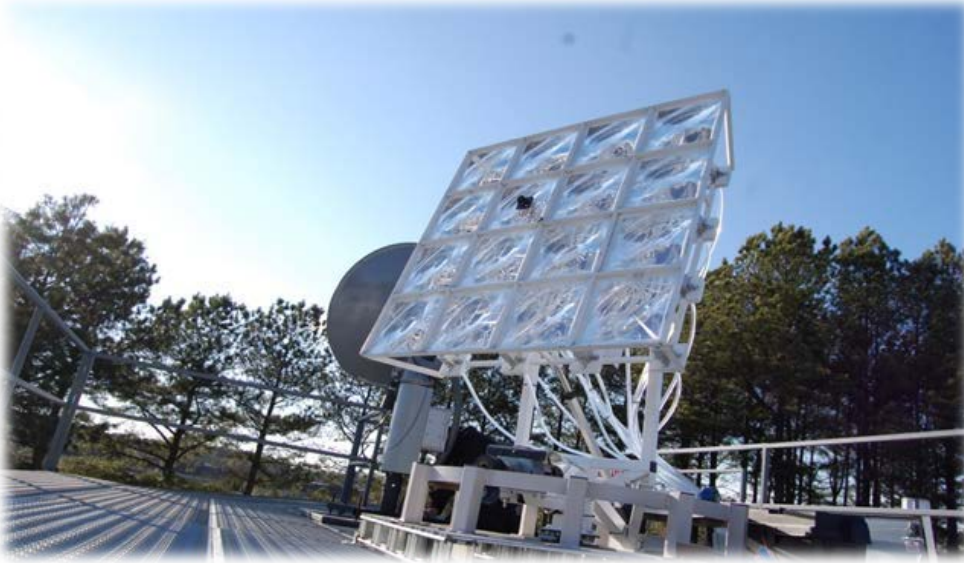


Nutraceutical Algae Plant

Algae produced in Atlanta



Direct Solar Light Energy



Algae.Tec's proprietary light system in Atlanta

- Direct Visible Light Energy Solar Collector System
- Proprietary 2-axis flat-plate Fresnel technology.
- Fiber optics transmission to PBR Module



Indirect Solar Light Energy



Indirect Light Energy Solar Collector System in Atlanta

- Proprietary 2-axis flat-plate photovoltaic technology.
- PBR Module light panels with optimal intensity and wavelengths

Animal Feed & Aquaculture

- The 2017 aquafeed market is valued at more than \$100B and 75M tonnes demand with industry projections reporting continued strong growth rates at 12% per year
- The global animal feed market is valued at \$25B with growth rates of 6% per year.
- Within these markets there has been a sharp increase in demand for natural and sustainable food supplements, containing essential proteins, omega-3 fatty acids, vitamins and minerals to enhance nutritional value.
- Algae.Tec has developed a series of high quality liquid and powder algae-based products with the optimum balance of essential amino acids, omega-3 fatty acids, vitamins and minerals for applications in the aquaculture and animal feed markets.
- The FeedMe™ algae product line was officially launched in April with first commercial sales through its website, www.feedmealgae.com, and to leading downstream product formulators and distributors

Medicinal Marijuana

Pending the finalisation of a binding term sheet agreement between Algae.Tec and Jardin De Invierno SA (trading as Wintergarden Biosciences), Algae.Tec proposes to expand it's product footprint into the rapidly expanding nutraceutical and medicinal marijuana market.

The Agreement focuses on the following objectives:

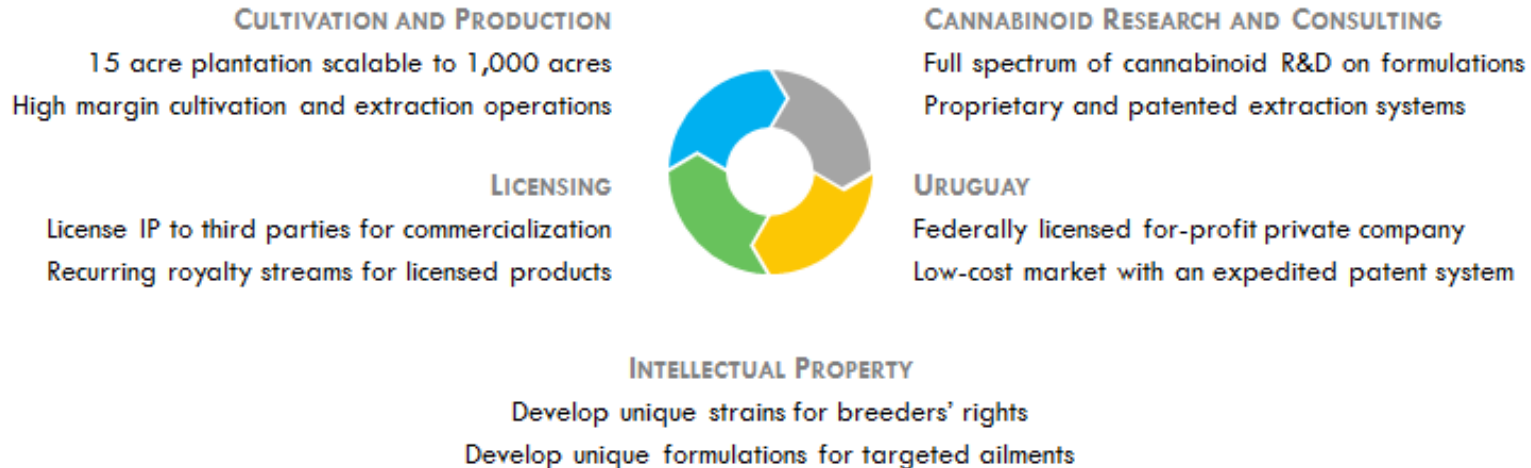
1. The development of Cannabis products to supply into the nutraceutical and medical products market for humans and animals;
2. The development of new closed control growing technologies and the development of new extraction technologies for non-synthetic marijuana products;
3. All formulations and technology related to CBD extracts and products combined with algae; and
4. Other applications as agreed by the Parties.

Algae.Tec is expanding its proprietary growing technologies to developing commercial products from other botanicals such as cannabis and hemp.

Winter Garden Biosciences Overview

Company Mission:

To become a leading off-shore production and research partner for cannabinoid-based Medicinal and nutritional applications



Winter Garden Biosciences has first mover advantage as well as many other unique advantages



Winter Garden Biosciences Operations and Team



Genetics Research Lab

Uruguay federal licenses

- Licenses to cultivate and research the entire Cannabis Sativa L. Specie
- Human and veterinary research
- Export and research for third party clients and partners



1.5 Acre Plantation, Extraction Facility

Plantation capability

- 15 acres for medical grade cannabis plantation
 - Initial outdoor cultivation: 5 acres
 - Initial indoor cultivation: 50,000 sq.ft.
- Ability to expand to 1,000 acres

Extraction capability

- Targeted oil yield: 7.5% of mass



Julian Strauss

Founder and President

Cannabis Cultivation, Research and Extraction professional



Daniel Sztern

Founder

Former Uruguayan National Director of Environment, Advisor to the Minister of Economy on Environmental and Social Issues



Ron Strauss

Founder and CEO

Serial Entrepreneur, Former VP and Business Development Director at General Electric



Lorena Betancor Dutrenit

Chief Scientist

PhD Biochemistry, Principal Investigator-Research Professor Biotechnology Department, Universidad ORT Uruguay

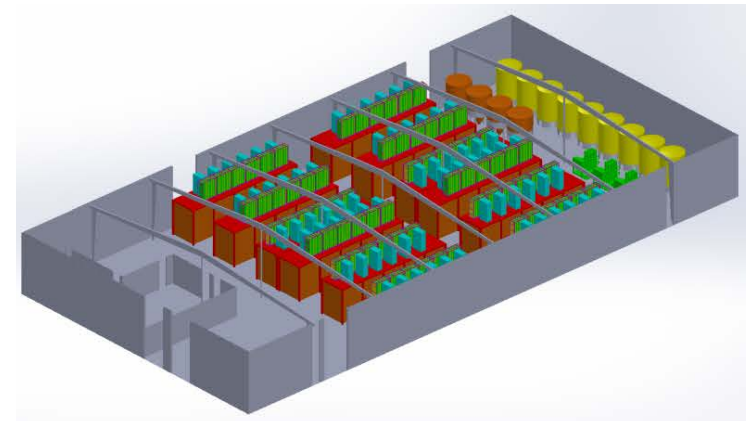
Comparison of Required Technologies

	Algae Proprietary Technologies	Required Cannabis Technologies
High Efficiency Light Systems	√	√
Optimal Nutrient Packages	√	√
Photosynthetic Growth Phases	√	√
Environmental Climate Control	√	√
Water Management Systems	√	√
Oil Extraction & Refinement	√	√
Sterile Production Environment	√	√
High Quality Products	√	√
Continuous Process Control	√	√



Algae.Tec's Proprietary Technology Applicable for Medicinal Marijuana Industry

- Algae.Tec's Modular Photo-Bio-Reactor System - totally enclosed cultivation, ranging from 40' containers to warehouse applications
- Optimal nutrient systems for high quality N/P and trace metals, customized per species and growth periods
- Environmental climate control – continuous control of key growth parameters (pH, light dynamics, temperature and humidity)
- High purity air, carbon dioxide and water sourcing requirements using ultra-filtration and UV sterilization systems)
- Recycle water and waste water management systems for >99% recovery and purification



Algae.Tec's Proprietary Technology Applicable for Medicinal Marijuana Industry

- Focus on High Quality Products – sterile food-grade Clean Room environment for refining and packaging of finished products
- Production of free-flowing algae powders with custom balancing of nutritional value (lipids, proteins, vitamins and minerals)
- Oil extraction technologies for recovery and refinement of algae/cannabis oils
- In-house QC laboratory for source culturing (seeding) and analysis of key components
- Product distribution via GenCorp Pacific (Alganics®) for nutraceuticals and FeedMealgae™ brand for animal feed & aquaculture markets



Market Drivers

Energy & Environmental Challenges

- CO₂ + Global Warming
- Rising Energy Demand
- Fossil Fuel Depletion
- Oil/Fuel Import Cost
- Population Growth
- Food/Energy Conflict
- Deforestation
- Emission/Plastic Pollution



Algae and Cannabis Sativa Products

- Biodiesel
- Distillates (eg Jet Kero)
- Ethanol
- Fertilisers
- Edible Algal Oil
- Animal/Bird/Fish Feed
- Bioplastics
- High value health food additives
- Various Medicinal purposes through varying applications:
 - Oils
 - Edibles
 - Lotions
 - Inhalants
- Various OTC beauty and nutraceutical products
 - Lotions, balms, etc..

There are thousands of different microalgae globally. A selected few can produce algal oil for edible or biodiesel purposes. Some produce high levels of simple sugars fermentable to ethanol. Algae.Tec will choose different algae to suit product outcomes.

With the recent announcement of the positive changes to medicinal cannabis legislation, experts believe the Australian market is set to exponentially grow. The United States currently has a \$100B Market, by 2029 it has been forecasted that the global market will be worth \$500B+



Snapshot of Existing Hemp Products

Company	Product	Treatment	Country	Price
CBD/Hemp Based				
Apothecanna	<ul style="list-style-type: none"> - Body Cream (extra strength, relieving, calming, stimulating, intimacy) - Body Spray (extra strength, relieving, calming, stimulating) - Body Oil (everyday, intimacy, relieving, calming) 	<ul style="list-style-type: none"> - Extra strength: Double strength moisturizing body cream relieve stubborn aches and stiff joints - Relieving: Anti inflammation and pain and ache relief - Calming: Reduce stress and calm the body - Stimulating: invigorate tired muscles and joints and to provide an all natural pick-me-up. - Intimacy: enhance sensitivity and increase blood flow 	USA	Range: \$12 - \$60
CBD For Life	<ul style="list-style-type: none"> - Pure CBD Extract pain relief spray - Pure CBD Eye Serum - Pure CBD Face and Body Cleanser - Pure CBD Face Cream - Pure CBD Foot cream - Pure CBD Lip Balm 	<ul style="list-style-type: none"> - Pain Relief Spray: Provides exceptional relief without the side effects of prescription pills. - Eye Serum: help with anti-aging and designed to shrink lines, and reduce the appearance of dark circles and puffiness. - Face and Body Cleanser: Cleans clogged pores - Face Cream: Hydrates and brightens skin - Foot Cream: Moisturize and hydrate over worked feet - Lip Balm: Moisturizes and repairs dry and cracked lips 	USA	Range: \$9 - \$35
Thebodyshop USA	<ul style="list-style-type: none"> - Hemp rescue balm - Hemp body butter - Hemp face protector - Hemp hand protector - Hemp lip care - Hemp foot protector 	<ul style="list-style-type: none"> - Rescue balm: Protects and relieves elbows, knees, feet and knuckles - Body butter: Dermatologically tested, provides body skin hydration - Face, hand, foot protector: Moisturizes, soothes and hydrates skin 	USA	Range: \$8 - \$22
Dr Bronner	<ul style="list-style-type: none"> - Organic Hair Cream - Organic Body Lotion - Organic Shaving Soap - Organic lip and body balm 	<ul style="list-style-type: none"> - Hair Cream - Provides light styling hold while moisturizing and making hair soft - Body Lotion: Moisturizes, smooths skin - Shaving Soap: Gentle conditioning cleanser for both skin and hair - Lip and Body balm: Provides instant relief for dry skin 	AUS	Range: \$10 - \$20



Medicinal Marijuana Peer Comparison

The following table identifies six listed Cannabis companies that all have the same development rights Algae.Tec will gain through the proposed transaction. The ASX has at least 11 listed Cannabis companies currently. Each of the identified companies in the table below have the right to cultivate and research cannabis through partnerships or JV's with offshore partners. Each of these listed comparatives have a market cap in the range of AU\$60million – AU\$167 million.

Company	Ticker	Current Price (\$)	Market Cap (\$M)	52 week range (Low – High) (\$)	Price Change YTD (%)	5 Day AVG Volume
Zelda Therapeutics	ZLD	0.13	98.13M	0.02 - 0.14	233.33%	32.53M
Auscann Group	AC8	0.775	167.67M	0.12 - 0.94	222.92%	2.33M
MMJ Phytotech	MMJ	0.67	135.16M	0.17 – 0.83	200%	6.55M
MGC Pharmaceuticals	MXC	0.08	80.75M	0.03 – 0.12	69.77%	21.89M
Creso Pharma	CPH	0.78	60.81M	0.19 – 0.93	219.15%	1.06M
Queensland Bauxite	QBL	0.02	28.32M	0.01 – 0.03	250%	17.75M
Stemcell United*	SCU	0.14	54.47M	0.01 – 1.09	935.71%	896.62k
Algae.Tec Ltd	AEB	0.06	21.08	0.045 – 0.80	133.00%	140k

AEB is significantly under valued

*Stemcell United (SCU) is not an importer, cultivator, or researcher of medicinal marijuana. They have recently ventured into the marijuana space with the expectation that their expertise and knowledge of plant extraction methods will provide the company with leverage within the industry.

Summary

As one of the industry leading professionals, Algae.Tec has identified and began the necessary actions to ensure it's already strong business, is primed and situated with perfect market positioning to take full advantage of the new surge in demand and supply of Cannabis Sativa based medicinal and nutraceutical products.

Partnered, through a Joint Venture with Winter Garden Biosciences, Algae.Tec believes that the new business expansion will provide a number of economic benefits for the Company and for shareholders.

- ✓ The exclusive Collaboration and Licensing deal brings together two leading companies with seasoned management teams, technology and expertise in proprietary and controlled biomass growing technologies with a fully licensed non-synthetic and IP-protected cannabis-based development and production company;
- ✓ The deal will enhance Algae.Tec's existing product streams and supply channels and give it near-term entry into the burgeoning cannabis-based products markets;
- ✓ The optimisation of Algae.Tec's containerised growing system for cannabis-based products will provide for a highly controlled, replicable, portable growing system that will enable traceability and verification of products from plant to user;
- ✓ Based on peer-comparisons this represents the cheapest entry into a cannabis based market on the ASX.

Investment Opportunity

- Algae.Tec will be raising a minimum of US\$4M by way of a Private Placement;
- The use of proceeds from the Placement will be as follows:
 - US\$1.5M on the Joint R&D Program to develop and commercialize new products from a range of cannabinoids and algae targeting the animal and human health markets;
 - US\$1M to expand the existing biomass supply channels and in-house expertise to include hemp-based products; and
 - US\$1.5M for working capital and expansion of existing products.
- The terms of the Private Placement are to be agreed and the Company is seeking expressions of interest from strategic investors to cornerstone the raising.

Corporate Overview

Corporate Snapshot	
ASX Code	AEB
Shares on Issue	353, 105, 158
Share Price Range (12 months)	\$0.045 - \$0.078
Market Capitalisation as at 18 May2017	\$21,186,309
Unlisted Options	45,932,689
Major Shareholders	
Teco Bio LLC (Earl McConchie)	49.56%
Reliance Industrial Investments (India's largest private company)	12.33%

Board of Directors



Managing Director and Company Secretary: Peter Hatfull ACA

- Peter has over 30 years' experience in a range of senior executive positions with Australian and International companies. He has an extensive skill-set in the areas of business optimisation, capital raising and company restructuring.
- Prior to joining Algae. Tec, Peter held senior financial and Board positions in Australia, Africa and the UK. He has particular experience in revitalising business plans, attracting investor funding, and implementing profitable strategies..
- Peter graduated as a Chartered Accountant in the United Kingdom, where he worked for Coopers and Lybrand (now PriceWaterhouseCoopers), and subsequently moved to Africa, where he spent 8 years in Malawi, where he was CFO of the Malawi operation of international trading group, Guthrie Limited. Peter moved to Perth in 1988.



Executive Director: Garnet Earl McConchie BSc ME(Chem) RPE AICE

- Has over 35 years of experience over a broad field of chemistry and associated technologies, including global markets, bulk chemicals and plastics, differentiated commodities and intermediates, specialty chemicals, polymers and interaction with environmental sectors.
- Was employed with Dow Chemical Company for 25 years where he served as Global Director for chemicals and plastics
- Currently, the founding director and controlling shareholder of Teco.Bio LLC. He is based in Atlanta, Georgia to co-ordinated the microalgae development.

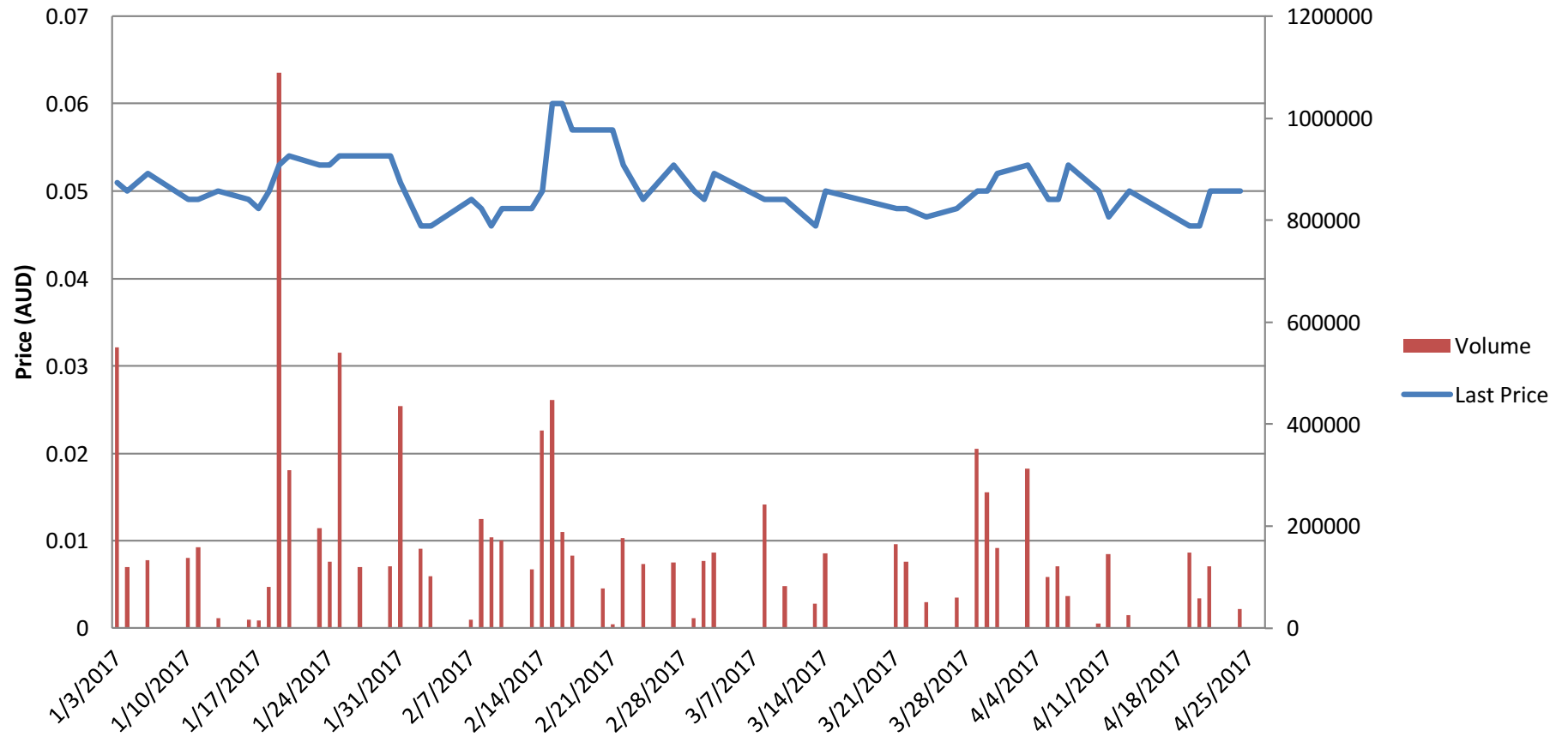


Non - Executive Chairman: Malcolm Raymond James BBus, FAICD, AAustIMM

- Has over 30 years of experience in a finance, project development and public company management.
- Involved in over \$2 billion in capital and debt raisings and was the inaugural CEO of the Australian Employment Covenant.
- Currently, principal of MRJ Advisors, a boutique investment, advisory and project development organization.
- Currently non-executive chairman of Anova Metals Ltd.



Year to Date Share Price Performance



Contact Details

Registered Office

**Unit 2
100 Railway Rd
Subiaco Perth
Western Australia 6008**

+61 8 9380 6790

**Managing Director
Peter Hatfull
+61 419 920 272**

USA Office

**2560 Industrial Pk Blvd
Cumming
GA 30041**

+1 678 679 7370