

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 2014

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	248,103	1,556,468
1.2 Payments for (a) staff costs	-990,961	-3,071,033
(b) advertising and marketing	-8,291	-108,425
(c) research and development	5,790	-54,455
(d) leased assets	-	-
(e) other working capital	-549,767	-2,664,007
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3,212	5,855
1.5 Interest and other costs of finance paid	-39,402	-252,956
1.6 Income taxes paid	2,902	3,231,719
1.7 Other (provide details if material)	44,647	-9,895
Net operating cash flows	-1,283,767	-1,366,729

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	Current quarter \$A	Year to date (9 months) \$A
1.8 Net operating cash flows (carried forward)	-1,283,767	-1,366,729
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	-10,499	-104,590
(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	-	-100,000
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	-10,499	-204,590
Net investing cash flows		
1.14 Total operating and investing cash flows	-1,294,266	-1,571,319
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	85,000	3,354,358
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	822,679	2,376,955
1.18 Repayment of borrowings	-37,189	-4,091,649
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	870,490	1,639,664
Net increase (decrease) in cash held	-423,776	68,345
1.21 Cash at beginning of quarter/year to date	726,552	234,431
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	302,776	302,776

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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	190,441
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	

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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. Further invoices were submitted during the quarter amounting to US\$720,000 to cover the procurement costs associated with the construction of the pilot plant and these were paid in July 2014

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).

The increase in staff costs during the quarter reflects the additional costs required to provide the engineering specifications and construction of the Reliance pilot plant (at our Cumming facility).

Item 1.6: This includes the tax refund from the ATO in the amount of \$3,262,212 in respect of the Research and Development activities during the 2013 financial year.

Item 1.15: A subscription agreement with Reliance Industrial Investments and Holdings resulted in the purchase of shares in Algae.Tec Limited raising \$1,500,000. Reliance has also agreed an additional minimum exercise of options of \$1,200,000 over the next 2 years and of which \$300,000 was exercised in July 2014.

A share purchase plan raised \$699,400 net of capital raising costs in July 2013.

Also included is \$1,000,000 via a share placement to the GFR Group.

Platinum Road Pty Ltd were paid \$25,000 in shares for the establishment of a \$750,000 facility by way of a series of convertible notes. One of the issuers in this facility converted part of the debt into shares during December 2013 and further conversions from issuers occurred during the March and June quarters.

Item 1.17: This includes funding by Macquarie Bank in relation to Research and Development expenditure for the 2014 financial year (\$1,313,154). Further funding was made in July 2014 relating to R & D expenditure in May 2014 (\$155,674) and a further \$30,372 is expected in August 2014 covering the June 2014 R & D expenditure and fully utilising the \$1,500,000 facility in place.

Item 1.18: This includes payments to La Jolla Cove Investors of \$886,657 (US\$850,000) as part of a debt reduction on the loan.

Repayment of the Macquarie Research and Development facility (\$2,610,270) for the 2013 financial year was fully repaid in November 2013.

Reduction in the Platinum Road convertible note facility (by way of conversions) of \$436,250

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	1,500,000	1,313,154
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 has been negotiated and \$1,313,154 of the \$1,500,000 has been drawn down as at 30 June 2014. Steps are currently underway to renew this facility in line with projected expenditure for the 2014/15 financial year.

Funding of \$750,000 was secured through Platinum Road Pty Ltd by way of a series of convertible notes and this was advanced in October 2013.

RIHL and Algae.Tec Limited also entered into a technical and equipment supply agreement detailing collaboration where Reliance will pay for a pilot plant and technical supervision in India. This plant will be fully funded by Reliance with the work being undertaken by Algae Energy Inc based in Cumming, USA. This funding will cover the cost of Algae.Tec's American operations.

The value of the pilot plant for RIHL as mentioned above is US\$2,400,000 of which US\$960,000 had been paid to 30 June 2014, US\$720,000 was paid in July 2014 and the remaining US\$720,000 will be paid within the next 6 months.

Reliance has also agreed an additional minimum exercise of options of \$1,200,000 over the next 2 years and of which \$300,000 was exercised in July 2014 with a further minimum of \$600,000 to be exercised over the next 12 months

Additional funding for the development and expansion of the Nutraceutical facility in Nowra is still under discussion.

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	302,776	726,552
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-

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Total: cash at end of quarter (item 1.23)	302,776	726,552
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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		

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: 31/07/2014
 (Director/Company secretary)

Print name: Peter Hatfull

Notes

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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.

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