ASX Release

25 May 2021

FIRST SHIPMENT OF MICROBIAL CELLULOSE DISPATCHED TO BIRLA CELLULOSE

Highlights:

- **Nanollose has dispatched the first shipment of refined Microbial Cellulose ("MC") to Birla Cellulose in India, which will undergo further processing and testing prior to being blended with other cellulosic feedstock and spun into lyocell fibre.**
- **This first pilot fibre spin will produce fibre to generate samples for potential partners in the fashion and textiles industries, in addition to providing valuable technical information about the production process.**
- **The Company currently has a stock of approximately 1.5 tonnes of crude MC (on a dry weight basis) stored in China, with preparations now underway to ship quantities of this material to contractors in India and Australia to commence purification trials on pilot scale.**
- **Following the purification of the MC, the refined material will be shipped to Birla Cellulose for subsequent processing and fibre spinning trials at increasing scale.**

Nanollose Limited (ASX:NC6) ("**Nanollose**", the "**Company**") a leading bio-materials company commercialising scalable technology to create fibres and fabrics with minimal environmental impact, is pleased to provide an update on the pilot production phase of the Company's high tenacity Tree-Free lyocell.

The Company is pleased to announce that the first shipment of refined Microbial Cellulose ("MC") has been dispatched to Birla Cellulose's pilot facilities in India. Birla Cellulose is Grasim Industries' business unit focussed on sustainable fibres, with the MC to undergo further processing and testing prior to being blended with other cellulosic feedstock and spun into lyocell fibre.

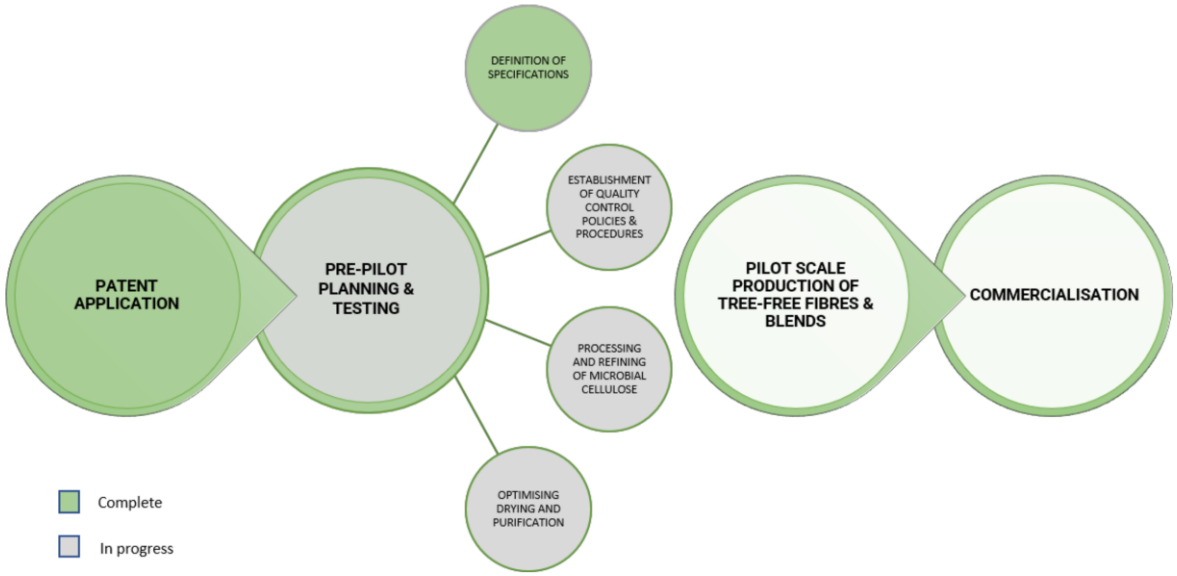
As stated in the March 2021 Quarterly Activities Report, as the Company progresses through the Staged Scale Up to 100% Tree-Free Fibres, the collaboration with Birla Cellulose will produce pilot scale quantities of a range of lyocell fibres with increasing percentages of MC blended with other cellulosic materials such as wood pulp.

The production of blended fibres is a common strategy in the fibre and textile industries, and an expanded product range of blended and 100% Tree Free fibres will enable the Company to appeal to customers at different price points, thereby broadening the Company's addressable market.

This first pilot fibre spin is an important step in the commercialisation process as it will allow the Company to refine the processing of its MC to generate the consistency and specifications expected for commercial fibre production. The first pilot spin will also produce fibre to generate samples for potential partners in the fashion and textiles industries, in addition to providing valuable technical information about the production process, which will be further refined as the Company increases production scale.

Nanollose Executive Chairman, Dr Wayne Best, commented: "We are very pleased to have dispatched the first shipment of Microbial Cellulose to Birla Cellulose, as it signifies the beginning of our work at Birla's pilot facility. With this Microbial Cellulose in hand, the team at Birla Cellulose can begin further testing and processing of the material prior to commencing the actual "spinning" of the fibre. It's an exciting time for the Company as we eagerly await our first opportunity to access sufficient quality and quantity of fibre to provide samples to potential partners."

The Company currently has a stock of approximately 1.5 tonnes of crude MC (on a dry weight basis) stored in China, with preparations now underway to ship quantities of this material to contractors in India and Australia to commence purification trials on pilot scale.



Commercialisation Process for Nanollose's Tree-Free Fibres

In January 2020, Nanollose filed a joint patent application with Grasim Industries Limited ("Grasim") for a high tenacity lyocell fibre made from Microbial Cellulose.

The patent application, entitled *High Tenacity Lyocell Fibres From Bacterial Cellulose and Method of Preparation Thereof*, represents a major advancement over the Company's previous viscose versions of nullarbor™ and nufolium™. Using the lyocell process, a team of fibre experts at Grasim's Pulp and Fibre Innovation Centre have produced nullarbor™ fibre that is finer than silk and significantly stronger than conventional lyocell that is traditionally produced from wood pulp.

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AUTHORITY AND CONTACT DETAILS

This announcement has been authorised for release by the Board of Nanollose Limited.

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ABOUT NANOLLOSE

Nanollose Limited (ASX: NC6) is a leading biomaterials company that uses an eco-friendly fermentation process to produce fibres that could become a sustainable alternative to conventional plant-derived cellulose fibres. The Company's process, which can use streams from food and agricultural industries, has the ability to produce 'Tree-Free' Cellulose. Cellulose is a natural organic polymer, traditionally obtained from trees, used every day by consumers in a wide range of products including clothing, paper and hygiene products.