

26 September 2023

MicroGel™ pilot production completed to supply maiden Australian trial and in-bound inquiries from multiple international groups

Highlights:

- **Pilot production run completed with supply partner, Hainan Guangyu Biotechnology (“HGB”) for 10kg of Nanollose’s horticultural product, MicroGel™**
- **MicroGel™ has been developed for the commercial microgreen market and has a number of advantages over current media**
- **The 10kg pilot batch is enough to make over one tonne of seed raising medium once rehydrated**
- **50% of pilot batch to be sent to Greenspace ESG Pty Ltd (“Greenspace”) for use in an upcoming trial prior to potential supply agreement**
- **Remaining product will be utilised for further testing and distributed to overseas parties following several expressions of interest**

Leading bio-materials company Nanollose Limited (ASX: NC6) (“Nanollose” or the “Company”) is pleased to advise that its supply partner, Hainan Guangyu Biotechnology (“HGB”) has completed the pilot production of Nanollose’s horticultural product, MicroGel™.

MicroGel has been developed as a soilless growing medium for the commercial microgreen market using the Company’s new Biollose™ rehydratable microbial cellulose material. Biollose is also the key ingredient for Nanollose’s new formulation of Jelli Grow™ product for home user microgreen kits.

The pilot production run was part of an ongoing tech-transfer process with HGB, which produced a 10kg batch of MicroGel. The quantity is enough to make over one tonne of seed raising medium once rehydrated at point of use. Nanollose and HGB continue to work closely together to efficiently scale the technology to commercial quantities.

Approximately half of the pilot batch will be provided to Greenspace ESG Pty Ltd (“Greenspace”) for use in an upcoming trial, set to commence upon delivery (*refer ASX announcement: 11 September 2023*). Results from the trial are scheduled for receipt during Q4 CY2023. In accordance with the MOU agreed between the parties, the trial has the potential to lead to a commercial supply agreement with Greenspace.

The proposed supply agreement would offer Greenspace exclusivity in the Australian commercial microgreen market and be for an initial term of one year with a minimum order of 1.5 tonnes of MicroGel during the period, enough to produce around 1.5 million punnets of microgreens. The MOU also provides for Greenspace to be offered an option of extending the period of exclusivity for a second year with a minimum order of 3 tonnes during that year.

Some of the remaining MicroGel™ batch will be used for the Company's own testing purposes, while the majority will be distributed to other overseas parties that have expressed interest in Nanollose's new innovative horticultural products.

The Company will provide additional updates on feedback from end users as developments materialise. Concurrently, Nanollose and HGB are refining the production process to facilitate commercial scale production for potential future orders.

Nanollose is confident that MicroGel™ will provide it with a strategic advantage in the commercial microgreen market, given the products distinct advantages over current media, including;

- Dehydrated formulation is only 1% of the weight and space of the made-up medium, dramatically reducing shipping and storage requirements.
- Once rehydrated at point of use it can be efficiently dispensed as a liquid/gel in either manual or automated systems.
- Water content of over 99% dramatically reduces the need for ongoing watering.
- It is bio-based, readily biodegradable and compostable, and even combustible when dry if required.
- It contains no grit, is tasteless, colourless, and non-toxic.

Executive Chairman, Dr Wayne Best said: *"We are very pleased with the outcome of the pilot production of MicroGel™ and HGB's support and commitment to the project. This has enabled the rapid progress to supply material for the first large scale commercial trials with Greenspace. We look forward to working with Greenspace over the coming months to assess the results of the trials which have the potential to lead to a commercial supply agreement which would underpin further growth in the sector."*

"Alongside this, we will continue to work with other overseas parties that have expressed interest in MicroGel and Jelli Grow. The level of inbound inquiries is particularly encouraging, and we look forward to providing additional updates as developments materialise."

About Nanollose

Nanollose Limited (ASX: NC6) is a leading biomaterials company commercialising scalable technology to create fibres, fabrics and other novel materials with minimal environmental impact. Nanollose's, eco-friendly fermentation process can use agricultural waste and by-products to produce cellulose, a versatile raw material traditionally produced from trees via the wood pulping process. The company then uses this 'Tree-Free' cellulose as an input for its range of innovative biomaterials including its Nullarbor™ fibres, MicroGel™ horticultural medium, and its emerging animal-free and plastic-free leather-like materials.

Nanollose filed a joint patent application with strategic partner, Birla Cellulose, for its high tenacity, Tree-Free Nullarbor lyocell fibre in 2021. Work has now moved out of the laboratory and into Birla Cellulose's pilot production facilities in India where we have completed two successful production runs to date totalling half a tonne of fibre, 350kg of Nullarbor-20™ and 150kg of Nullarbor-30™. Quantities of this fibre have since been sent to several collaborators and been converted into yarns, fabrics, and garments for testing and evaluation, prior to potential uptake by partners.

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AUTHORITY AND CONTACT DETAILS

This announcement has been authorised by the Board of Directors of Nanollose.

For further information, please contact:

Dr Wayne Best

Executive Chairman

Email: wayne.best@nanollose.com

Phone: 0421 545 820

Henry Jordan

Six Degrees Investor Relations

Email: henry.jordan@sdir.com.au

Phone: 0431 271 538