

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Algae.Tec Limited

**ABN**

16 124 544 190

**Quarter ended ("current quarter")**

30 June 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A</b>	<b>Year to date (12 months) \$A</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,509	338,103
1.2 Payments for		
(a) research and development	-9,738	-18,890
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-1,670	-4,765
(d) leased assets	-	-
(e) staff costs	-663,108	-3,163,285
(f) administration and corporate costs	-474,904	-2,444,160
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2,489	5,505
1.5 Interest and other costs of finance paid	-112,291	-367,934
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	2,427,928
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>-1,254,713</b>	<b>-3,227,498</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-17,288	-51,156
(b) businesses (see item 10)		
(c) investments		
<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A</b>	<b>Year to date (12 months) \$A</b>
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 <b>Net cash from / (used in) investing activities</b>	<b>-17,288</b>	<b>-51,156</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	168,334	588,963
3.2 Proceeds from issue of convertible notes	658,982	2,864,004
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	518,920	2,061,231
3.6 Repayment of borrowings	-104,236	-2,402,458
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,242,000</b>	<b>3,111,740</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	132,883	269,796
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-1,254,713	-3,227,498
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-17,288	-51,156
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,242,000	3,111,740
<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A</b>	<b>Year to date (12 months) \$A</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>102,882</b>	<b>102,882</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A</b>	<b>Previous quarter \$A</b>
5.1	Bank balances	102,601	132,594
5.2	Call deposits	281	289
5.3	Bank overdrafts	-	-
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>102,882</b>	<b>132,883</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	225,634
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	Nil
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

<b>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A</b>	<b>Amount drawn at quarter end \$A</b>
8.1	Loan facilities	6,280,773	6,130,773
8.2	Credit standby arrangements		
8.3	Other – -		-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

See attached

In addition the Company is in the final stages of a Rights Issue and Capital Raising. The Rights issue closed on 21 July 2017 with over 30% of eligible shareholders exercising their rights and raising over \$880,000. The Capital raise is in the final stages to bring this total to in excess of \$2.6 million.

There are currently invoices owed from Reliance Industries for completed work in the amount of US\$257,250 and for which payment is expected in August 2017

A further \$150,000 was drawn down from the ITF facility in July 2017

There is an anticipated refund from the Research and Development fund of the Australian Government of approximately \$2,118,000 and the ITF loan will be repaid from these funds.

<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A</b>
9.1	Research and development	10,000
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	2,500
9.4	Leased assets	-
9.5	Staff costs	600,000
9.6	Administration and corporate costs	500,000
9.7	Other (provide details if material)	90,000
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>1,202,500</b>

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  
(Director/Company secretary)

Date: 31 July 2017

Print name: PETER HATFULL

**Notes**

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

## Terms and debt repayment schedule

*Terms and conditions of outstanding loans were as follows:*

	Currency	Nominal interest rate	Year of maturity	Security	30 Jun 17 Carrying amount A\$	31 Mar 17 Carrying amount A\$
China Finance Strategy Convertible Note	USD	12%	2016	Unsecured	657,180	641,208
Sophisticated Investors Convertible Notes * <sup>1</sup>	AUD	12.5%	2017	Unsecured	883,645	883,711
Magna Equities Convertible Note * <sup>1</sup>	USD	0%	2017	Unsecured	77,727	156,094
Gencor Ltd * <sup>1</sup>	USD	10%	2018	Unsecured	1,123,431	1,097,924
Ebbesen – F Scarfone * <sup>1</sup>	AUD	10%	2018	Unsecured	286,673	256,164
ITF Pty Ltd * <sup>2</sup>	AUD	15%	2017	Secured	1,650,000	1,200,000
Hunter Premium Funding	AUD	7.1%	2016		29,488	53,241
Attvest	AUD	6.5%	2017		-	367
Directors Loans	USD	5%	2017		119,637	117,320
707 Holdings	USD	10%	2020	Unsecured	643,262	629,908
Magna Equities * <sup>1</sup>	USD	0%	2018	Unsecured	102,762	-
Magna Equities * <sup>1</sup>	USD	0%	2018	Unsecured	341,997	-
Advance Opportunities Fund * <sup>1</sup>	AUD	6%	2017	Unsecured	214,921	-
Total borrowings		AUD			6,130,773	5,035,937

\*<sup>1</sup> These debits are to be converted to shares under the current rights issue terms (\$3,031,156)

\*<sup>2</sup> This debt will be fully repaid from the Research and Development refund. (\$1,650,000)

The effect of \*<sup>1</sup> and \*<sup>2</sup> above will be a reduction in debt to \$1,449,617 based upon the schedule above.