

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

ALGAE.TEC LIMITED

ABN

16 124 544 190

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---------------------------|
| 1 | +Class of +securities issued or to be issued | Convertible Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 250,000 Convertible Notes |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 3 Principal terms of the ⁺securities (e.g. if options, exercise price and expiry date; if partly paid ⁺securities, the amount outstanding and due dates for payment; if ⁺convertible securities, the conversion price and dates for conversion)

Principle terms of convertible notes:

- Convertible note has a face value of \$1.10 AUD per note
- A 'Maturity Date' of 26 July 2018
- The Company may repurchase the convertible notes at any time for 105% of the amount outstanding in respect of the repurchased notes
- Each note shall be convertible at an issue price of the lesser of:
 - 85% of the average of the three daily VWAPS during the 3 Trading Days prior to the Conversion Notice Date;
 - \$0.03 AUD

All share issues on conversion are subject to the Company first obtaining any required shareholder or other approvals.

⁺ See chapter 19 for defined terms.

4	<p>Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Shares issued on conversion rank equally in all respects from the date of issue with the existing class of fully paid ordinary shares.</p>
5	Issue price or consideration	\$250,000 AUD
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	To fund, and participate in the Company's current rights issue capital raising.
6a	<p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	28 November 2016
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	250,000 Convertible Notes convertible into 9,166,666 ordinary shares
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	N/A

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of +securities issued under an exception in rule 7.2	N/A	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Remaining 7.1 capacity – 14,755,248 Remaining 7.1A capacity – 35,386,611	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	25 July 2017	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number 355,204,116	+Class Ordinary Shares

⁺ See chapter 19 for defined terms.

Number	+Class
--------	--------

Appendix 3B
New issue announcement

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	28,728,607	Unlisted options exercisable at \$0.1636 on or before 20 January 2019
		1	Convertible Note maturing on 9 July 2016 with a conversion price of \$0.075 and subject to adjustments in accordance with the terms and conditions of the Convertible Note
		1,000,000	Unlisted options exercisable at \$0.20 on or before 1 March 2018
		16,000,000	Unlisted options exercisable at \$0.09 on or before 30 June 2019
		650,000	Convertible notes maturing on 22 July 2017 with a conversion price of \$0.049 and otherwise in accordance with the terms and conditions of the convertible notes
		125,000	Convertible notes maturing on 8 August 2017 with a conversion price of \$0.049 and otherwise in accordance with the terms and conditions of the convertible notes
		90,000	Convertible notes maturing on 6 October 2017 with a conversion price of \$0.049 and otherwise in accordance with the
+ See chapter 19 for defined terms.			
Appendix 3B Page 6			04/03/2013

		terms and conditions of the convertible notes
	1	Convertible Note A maturity date of 7 January 2018 with a conversion price of \$0.10
	1	Convertible Note <ul style="list-style-type: none"> • Face value of US\$166,667 • A maturity date of 36 months from the date of issue • Interest rate of 10% per annum • The note can be converted into shares that is the lower of <ul style="list-style-type: none"> ○ \$0.05 per share ○ A 10% discount to the 5 day VWAP prior to the date of conversion
	1	Convertible Note <ul style="list-style-type: none"> • Face value of US\$166,666 • A maturity date of 36 months from the date of issue • Interest rate of 10% per annum • The note can be converted into shares that is the lower of <ul style="list-style-type: none"> ○ \$0.05 per share ○ A 10% discount to the 5 day VWAP prior to the date of conversion
+ See chapter 19 for defined terms.		

Appendix 3B
New issue announcement

	1	<p>Convertible Note</p> <ul style="list-style-type: none"> • Face value of US\$166,667 • A maturity date of 36 months from the date of issue • Interest rate of 10% per annum • The note can be converted into shares that is the lower of <ul style="list-style-type: none"> ○ \$0.05 per share ○ A 10% discount to the 5 day VWAP prior to the date of conversion
	250.000	<p>Convertible notes Maturing on 6 May 2018 with a conversion price of:</p> <ul style="list-style-type: none"> • 15% discount from the average of the lowest 5 daily VWAPS in the 10 trading days prior to conversion or • Fixed price of \$0.075 AUD
	75,000	<p>Convertible notes Maturing on 27 June 2018 with a conversion price of:</p> <ul style="list-style-type: none"> • 15% discount from the average of the lowest 5 daily VWAPS in the 10 trading days prior to conversion or • Fixed price of \$0.075 AUD
+ See chapter 19 for defined terms.	75,000	<p>Convertible notes Maturing on 27 June 2018 with a conversion price of:</p> <ul style="list-style-type: none"> • 15% discount

	1	<p>Convertible Note</p> <ul style="list-style-type: none"> • A maturity date of 23 September 2017 • Interest rate of 2% compounded per month plus 7% of the total outstanding at the maturity date • Note is convertible at an issue price of \$0.03
	250,000	<p>Convertible notes</p> <ul style="list-style-type: none"> • Convertible note has a face value of \$1.10 AUD per note • A 'Maturity Date' of 26 July 2018 • The Company may repurchase the convertible notes at any time for 105% of the amount outstanding in respect of the repurchased notes • Each note shall be convertible at an issue price of the lesser of: <ul style="list-style-type: none"> • 85% of the average of the three daily VWAPS during the 3 Trading Days prior to the Conversion Notice Date; <p>\$0.03 AUD</p>
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividend policy established

+ See chapter 19 for defined terms.

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the ⁺ securities will be offered	N/A
14	⁺ Class of ⁺ securities to which the offer relates	N/A
15	⁺ Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

⁺ See chapter 19 for defined terms.

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 32 How do security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 ⁺Issue date N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ☐ ⁺Securities described in Part 1
- (b) ☐ All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 					
41	<p>Reason for request for quotation now</p> <p><small>Example: In the case of restricted securities, end of restriction period</small></p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Number</th> <th style="width: 50%; text-align: center;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 80px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:


(Director/Company secretary)

Date: 1 August 2017

Print name: Peter Hatfull

== == == == ==

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	339,879,095
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period 	609,592 Shares (28/07/2016) 551,658 Shares (28/07/2016) 893,274 Shares (09/09/2016) 774,018 Shares (26/10/2016) 471,938 Shares (26/10/2016) 765,127 Shares (21/11/2016) 1,106,730 Shares (01/12/2016) 1,230,436 Shares (23/12/2016) 1,283,578 Shares (25/01/2017) 471,938 Shares (31/01/2017) 1,304,688 Shares (20/02/2017) 2,032,867 Shares (06/04/2017) 392,219 Shares (10/05/2017) 2,098,958 Shares (03/07/2017) Total: 13,987,021
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	
“A”	353,866,116

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	53,079,917
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>1,338,000 Shares</p> <p>9,017,047 Shares (250,000 Convertible Notes)</p> <p>2,877,624 Shares (75,000 Convertible Notes)</p> <p>7,561,333 Shares (1 Convertible Note)</p> <p>9,166,666 Shares (250,000 Convertible Notes)</p> <p>4,583,333 agreed to be issued</p> <p>3,780,666 agreed to be issued</p> <p>38,324,669</p>
“C”	38,324,669
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	53,079,917
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	38,324,669
Total [“A” x 0.15] – “C”	14,755,248 <i>[Note: this is the remaining placement]</i>

+ See chapter 19 for defined terms.

	<i>capacity under rule 7.1]</i>
--	---------------------------------

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	353,866,116
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	35,386,611
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	
“E”	

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	35,386,611
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	0
Total [“A” x 0.10] – “E”	35,386,611 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.