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ASX Announcement

Strong Take-up of Algae.Tec FeedMe™ Product in North America

- Negotiations well advanced with major retail distributors for FeedMe™ algae product line
- Algae.Tec set for significant revenue growth in 2018 calendar year
- Trials underway with large aquaculture companies to develop a market-leading, commercially available feed product to significantly increase Omega 3 levels in farmed fish
- Significant opportunity exists for Algae.Tec to sell its naturally derived Algae product range into global aquaculture market
- Initial cannabis crop on track to be planted in Uruguay in early September as part of Algae.Tec / Winter Garden Biosciences Research and Collaboration Agreement

Algae.Tec Limited (ASX: “AEB”) (“Algae.Tec or “the Company”) provides this update on sales and product development initiatives for its FeedMe™ algae product range.

Since FeedMe™ was launched in April, the product has established a reputation as a trusted, high quality brand in the growing North American aquarist market. The entry into this market has initially been through both powder and live products, with demand from retail customers growing month-on-month.

Algae.Tec’s FeedMe™ high Omega-3 products are currently on-the-shelf in five retail stores in the Southeast and over 50 additional retail stores have been supplied and are undergoing product testing and evaluations. The FeedMe™ product line has been introduced at three major marine tradeshow to-date with direct product sales and excellent customer feedback having been received.

Algae.Tec is targeting significant revenue growth in the 2018 calendar year from sales of FeedMe™ algae products into the North American aquarist market. The global aquarist market is a high value, high margin industry with the aqua feed sector alone valued at an US\$25 billion in 2014, and forecast to grow to US\$30 billion by 2020.

Discussions are progressing with major aqua feed distributors in North America which have the potential to expand the Company’s sales and distribution channels into key retail suppliers. Negotiations are also underway with industry distributors to develop a range of products, including live products, that can be shipped globally and maintain a longer shelf life.

Omega 3 Trials and Product Development Initiatives

Following successful trials at Algae.Tec’s Atlanta facility, product testing initiatives are underway with commercial partners in North America, Australia and Ecuador to develop a market-leading aqua feed product to enhance the growth and Omega-3 levels in farmed fish.

A naturally-derived, high performance Omega-3 aqua feed product will enable Algae.Tec to capture a share of the global aquaculture market.



Feedback from aquaculture producers on the FeedMe™ with Omega-3 product has been overwhelmingly positive and the Company will provide updates on product development in the near-term.

Over the last decade farmed fish has grown to represent ~85% of fish consumed worldwide. As this growth has escalated the Omega-3 content (fish oils) in farmed fish has decreased to almost negligible levels in so far as benefits to humans from consumption.

Algae.Tec Managing Director Peter Hatfull commented: “The growing demand for FeedMe™ in the North American aquarist market is most encouraging and provides a sustainable near-term revenue channel for us. In short, it is a transformational opportunity for Algae.Tec.

“The FeedMe™ distribution channel has only been operational for 14 weeks and we are expecting product sales into the aquarist market to expand exponentially in the coming months as we secure retail distribution agreements in the US. Discussions and negotiations are well advanced here and we are encouraged by the scope for growth within the global aquaculture market.

“Algae.Tec is also pleased to confirm that it is on track to plant its first medicinal cannabis crop in Uruguay early next month under our partnership agreement with Winter Garden Biosciences. This represents another near-term and large revenue stream for the Company. It is consistent with our strategy of becoming a leading plant-based health and wellbeing company with multiple and complementary revenue streams and operations. Progress will be reported on all developments in this regard progressively from now.”

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About Algae.Tec Limited (ASX: AEB)

Algae.Tec (ASX: AEB) is a specialist producer, focused on developing technology that captures waste carbon dioxide to produce commercial quantities of a range of plant derived products for supply to three key markets:

- **Medicinal cannabis**
- **Algae-based nutraceuticals**
- **Animal feed and aquaculture markets**

Algae.Tec's algae technology has demonstrated exceptional performance, providing step-change improvements in productivity, product yield, carbon dioxide sequestration, plant footprint requirements and substantial capital/cost savings versus agricultural crops and other competitive algae processes in the industry.

About the FeedMe™ Product Line

In addition to enhancing growth, colour and overall health of aquarium fish, the FeedMe™ range of products also significantly improves the health and vitality of coral – living plants. The Company is working with large state aquariums to determine the most effective combination of products. The FeedMe™ product range designed to attain a minimum three-month shelf life (some products even longer). Traditionally in the aquarist market, “live” products have a very short shelf life of days or perhaps weeks.