

9 November 2017

ASX Announcement

AEB Significantly Scales up Algae Production at Atlanta Growing Facility

- **AEB currently ramping-up production at Atlanta production facility to 50Mt p.a**
- **Targeting revenue of ~US\$2M p.a through supply agreement with North America's largest wholesaler of algae-based nutraceuticals Gencor Pacific**
- **Gencor Pacific recently increased equity stake in AEB to 9.33% via participation in recently completed oversubscribed placement**
- **Well defined and growing target market - global nutraceutical market set for rapid growth over the next 10-15 years at a CAGR of 7.3%**

Plant-based health and wellbeing company Algae.Tec Limited (the "Company" or "AEB") (ASX: AEB) provides this update on the planned scale up of Company's Atlanta-based algae production facility and a number of near-term prospects for AEB's algae business division.

AEB has recently completed some notable upgrades at its Atlanta growing facility which will see the plant reach its targeted production capacity of 50Mt per year.

On the back of this upgrade, AEB will leverage its strategic supply agreement with North America's largest wholesaler of algae-based nutraceutical products, Gencor Pacific ("Gencor"), to increase revenues from its algae division to ~US\$2M per year starting Q4 2017.

AEB's is pleased with the support shown by its offtake partner Gencor through their participation in the recent share issuance. Gencor has increased its shareholding in AEB from 6.73% to 9.33%. The increased equity participation further strengthens the relationship between the two companies.

Algae.Tec Limited's Managing Director, Peter Hatfull commented, "AEB's algae production facility is continuing to perform strongly, with the plant currently producing multiple high-value strains of algae for the rapidly growing global nutraceuticals market.

"Importantly, our ability to increase the production capacity of the Atlanta facility underpins our highly scalable revenue stream from this division of our business.

"Our North American expansion plans have been further validated by the continued support of one of our major shareholders, Gencor Pacific, and we look forward to providing further updates on production and sales from our algae growing division in the near-term."

**Atlanta Growing Facility Plant Upgrade Background**

AEB is pleased to report that its modular “photobioreactor system” (PBR) development cycle has been finalised. The system has been developed to combine closed control of algae production, within an engineered modular environment and efficient downstream processing.

AEB’s technology has delivered exceptional performance, providing step-change improvements in productivity, product yield, plant footprint requirements and substantial cost savings versus agricultural crops and other competitive algae processes in the industry.

AEB is able to deliver specialty high value oils, antioxidant-rich products and supplements, as well as edible oils and pigments, which provide a variety of health benefits. This approach is a sustainable alternative to current feedstock options, for items such as Omega-3s, Spirulina and Chlorella, which are derived from static fish supplies or open pond sites.

Global Nutraceutical Algae Market Overview

The global nutraceutical market is forecast to continue to grow at a CAGR of 7.3% through to 2022. The market is performing on the back of rising health concerns and improving economic conditions. The market was valued at USD 205.39 billion in 2016, and is expected to reach USD 297 billion by the end of 2022.

AEB has targeted the high value and rapidly growing dietary supplements market and will focus on producing Spirulina and Chlorella for this market.

At the present, the demand for Spirulina and Chlorella based products is high and expected to increase at a CAGR of 7.1% from 2017 to 2022 (USD 238.3 million). This is driven by the increasing demand for natural food colours, increasing vegetarianism, stringent regulations regarding inclusion of colours and flavours, and growing malnutrition across the globe.

-ENDS-

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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

About Gencor Pacific

GE Nutrients, Inc., dba Gencor, supplies value-added, science-driven ingredients that are designed to improve quality of life for consumers in a broad range of life stages. Rooted in Ayurvedic tradition, Gencor specializes in herbal extracts manufactured under GMP compliance. Gencor markets specialized ingredients in over 50 countries worldwide.

For more information, please visit www.gencorpacific.com.