



## Plant-Based Energy & Health Company

### Investor Presentation – Q4 2018

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Specialist commercial producer of medicinal cannabis and algae-derived products operating in two key global markets:

Health

Medicinal Cannabis



Nutraceuticals



Aqua Feed



Animal Feed



Photos are examples only



### Rapid global adoption of legal cannabis

- Global medicinal cannabis market valued at US\$3.5 Billion in 2017 and is expected to expand at a CAGR of 24% to 2025<sup>1</sup>
- Global medicinal cannabis market is expected to be worth over US\$55 Billion by 2024<sup>3</sup>
- Cannabis industry finding success in expanding US\$30 Billion pet market
- Australia became 4<sup>th</sup> country in the world to legalize medicinal cannabis exports and plans to capitalise on the USD\$55 Billion Cannabis Market<sup>4</sup>
  - In June 2015, the Lambert family donated \$33.7 Million to the University of Sydney, establishing the Lambert Initiative; this is the largest medicinal cannabis research group in the country – AEB has collaboration with Sydney University
  - Australian medicinal cannabis market could spark initial demand for as much as 8,000 kg of product, creating an industry worth more than \$100M a year<sup>5</sup>
  - Australia's legal cannabis market is forecast to grow from USD \$52 Million in 2018 to USD \$1.2 Billion in 2027, the 5<sup>th</sup> largest in the world

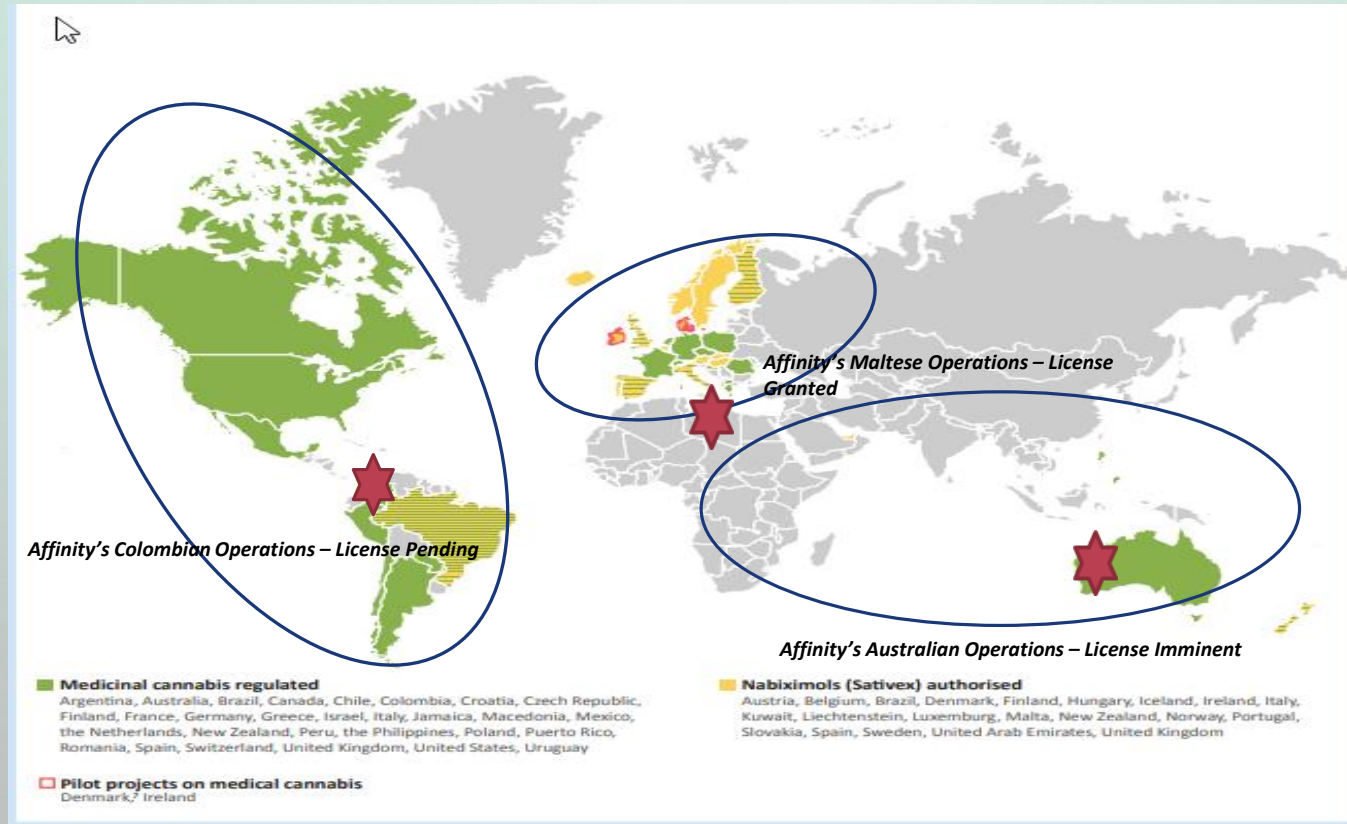
#### Sources:

1. June 2018 "Global Medical Cannabis Market to Surpass US\$ 20.17 Billion by 2025" from Coherent Market Insights Research
2. 2018 Cannabis Investment Report from Ackrell Capital
3. August 2018 "Medical Marijuana Market worth over \$55 billion by 2024" from Global Market Insights Research
4. "Australian Cannabis Market" Report from Cannabis Business Plan
5. "Medicinal Cannabis in Australia: Science, Regulation and Industry" from University of Sydney

# AFFINITY'S HEALTH DIVISION – CANNABIS INDUSTRY OVERVIEW

## Global legalized recreational and medicinal cannabis access

- Countries with legalized cannabis access (including Australia for medicinal cannabis) – Continually Expanding



**Current focus on providing the Animal Market with CBD – non-psychoactive, natural, plant-based compound that is non-toxic and shows promise in supporting neurology and cognitive function, immunity and allergy systems, hip and joint mobility, relaxation and general health and wellness**

### Australian Strategy

- License pending (Imminent)
- Federally legal to export (ex Australia)
- Access to heirloom cultivars – agreement in place
- Institutional / industry collaborations



### Global Strategy

- Targeting near-term commencement of CBD oil sales into Europe of GMP/TGA certified product
- European license granted - Malta
- South American Licences under application
- Multi continent facilities targeting global market
- Relationships with peak industry bodies / R&D institutions / Private Enterprise



### Partnerships / Agreements

- Negotiations progressing with a number of market-leading Licenced Producers (LP's) in respect to development of multiple medicinal cannabis products
- **Radiant Technologies Inc.** has a proprietary extraction technique and is partnered with **Aurora Cannabis** (one of Canada's largest listed cannabis companies)
  - Radiant MAP extraction technology faster than traditional methods
  - Ability to extend to cannabis-related opportunities
- **Queensland Bauxite Limited** (ASX.QBL) agreement to exclusively license Low THC Delta 9 cannabis cultivars from unique Australian cannabis seed bank owned by wholly owned subsidiary **Medical Cannabis Limited ("MCL")**
  - Provides Affinity with exclusive rights to cultivars to develop veterinary products and human products



## MALTA : (AFFINITÀ MEDICAL CANNABIS LIMITED)

- ✓ Commonwealth member country.
- ✓ European Union member country.
- ✓ Politically and economically stable.
- ✓ Experienced trading nation with state of the art transshipment and logistics capabilities.
- ✓ Entrepreneurial culture
- ✓ Business support services.
- ✓ Corporate tax benefits.
- ✓ Strategically located with clear marketing advantages.
- ✓ Highly skilled, competitively priced workforce.
- ✓ Stable culture with strong social capital.



## MALTA: (AFFINITÀ MEDICAL CANNABIS LIMITED)

### **The highest quality, most consistent, and lowest cost producer of desired profiles.**

- Completely controlled growing conditions: indoors; water / nutrients; light, temperature; atmosphere.
- Proven RotoGro® technology has been selected . Allows for higher yields plus up to 6 harvests per year. (AEB budgets 5.5)
- Delivers 9 times\* the surface area for growing compared to traditional growing techniques. Therefore unmatched yield advantages over traditional 'flat deck systems' occupying the same floor space.
- Cannabis consistently yielding 7–9 lbs (3-4kg) of dry final flower product per harvest compared to 2.8lb (1.3kg) with flat deck systems\*
- Affinitas Malta facility, equipped with RotoGro Hydroponic Growing Systems, is budgeted to produce 3,000kgs of bud per annum based on 5.5 harvests . This, from an initial grow room area of circa 400 mtr<sup>2</sup>, allows for a spectacular return on investment.



\* Nov 2018 <http://www.rotogro.com/competitive-advantage/>



## AFFINITY'S HEALTH DIVISION – ALGAE-BASED PRODUCTS

### Nutraceuticals



- **Gencor Pacific** (*owns 6.09% equity stake in AEB*) - 100% off-take supply agreement signed w/ U.S. leading wholesaler of algae-based nutraceutical products,
- **Radiant Technologies** (TSXV:RTI) - Partnership focussed on production of high-value products for supply into the global nutraceutical market
- **Skin Elements** (ASX: SKN) - Partnership to be exclusive supplier of, and develop new range of algae and CBD based skincare products
- **Average Price:** \$135 / kg

### Aqua Feed



- **Seachem Laboratories** (largest U.S. aquarist distributor) - Collaboration and commercial supply agreement with initial 5 products on retail shelves and 10 new product lines currently under development
- **Georgia Aquarium** (world's largest) – has endorsed FeedMe™ Algae products
- Trials underway with large-scale aquaculture companies to develop new specialized product line aimed at increasing levels of Omega-3 in farmed fish
- FeedMe™ Algae branding increasing market
- Advanced discussions with other major retail outlets in North America
- **Average Price:** \$2,000 / kg

### Animal Feed



- Provide significant health benefits when applied to companion foods and well-being products
- Increases produce quality of meat
- Combined CBD/Algae stress and pain management products
- **Average Price:** \$35 / kg

# AFFINITY'S STATE-OF-THE-ART ALGAE GROWING FACILITY (ATLANTA, GA)

## Controlled environment for Nutraceuticals, Aqua Feed and Animal Feed Production

### Production Capacity

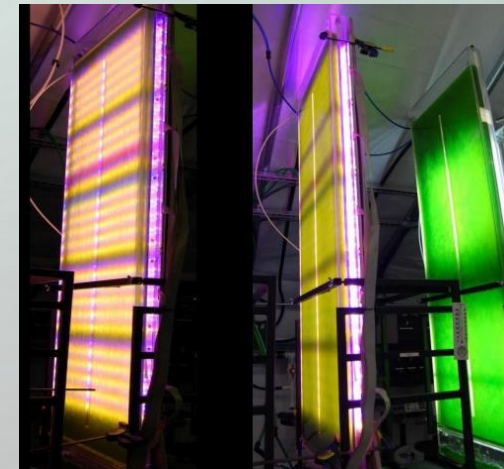
- Product Development Plant – current production capacity of 100tpa
- Real-time operation confirms 3 fold increase in production capacity with nominal Capex
- Plant currently producing six high-end algal species in a totally controlled indoor “photo bioreactor” system

### Power Efficiency (Solar)

- Atlanta facility uses AEB's proprietary light systems including:
  - *Direct Visible Light Energy Solar Collector*
  - *Indirect Light Energy Solar Collector*
- AEB's solar lighting technology significantly reduces operating cost base across business divisions



*Affinity's Atlanta growing facility*



*Affinity's Photo Bioreactor System*



*Affinity's Solar  
Lighting Technology*



- **Global algae products market is expected to reach USD \$3.3 Billion by 2022, representing a CAGR of 6.7% during the forecast period of 2017 to 2022<sup>1</sup>**
- **North America dominated the global algae products market in 2016, mainly attributed to the nutraceutical market<sup>1</sup>**
- **Algae, seaweed, and other derivatives are emerging across both food and beauty products; many believe that algae and microalgae extracts provide intense hydration, antioxidants, and other benefits which make them attractive for beauty products<sup>2</sup>**
- **Cosmetics sales in China are forecast to exceed USD \$40 Billion by 2021, surpassing the US as the world's biggest market for makeup and skin care, according to Euromonitor International**
- **Increasing awareness about health and hygiene among consumers is anticipated to drive the market for algae-based protein supplements and pharmaceutical products in the next few years; in the year 2015, almost 53.7% of the total algae market's revenue was contributed by DHA production (protein sales & pharmaceutical applications)<sup>3</sup>**
- **Algae oil is being employed in food and beverage applications as a natural source of omega-3, fatty acids, antioxidants, and proteins<sup>4</sup>**

Sources:

1. January 2018 "Algae Products Market – Global Opportunity Analysis and Industry Forecast (2017-2022)"
2. CB Insights Research "natural Ingredients Are Powering Next-Gen Beauty Routines"
3. September 2016 "Algae Market, By Application, By Cultivation Technology, and Geography - Global Industry Analysis, Size, Share, Growth, Trends, and Forecast - 2016-2024"
4. February 2017 "Algae Oil Market Report" from Grand View Research



## AFFINITY'S HEALTH DIVISION – PARTNERSHIP WITH *RADIANT TECHNOLOGIES*

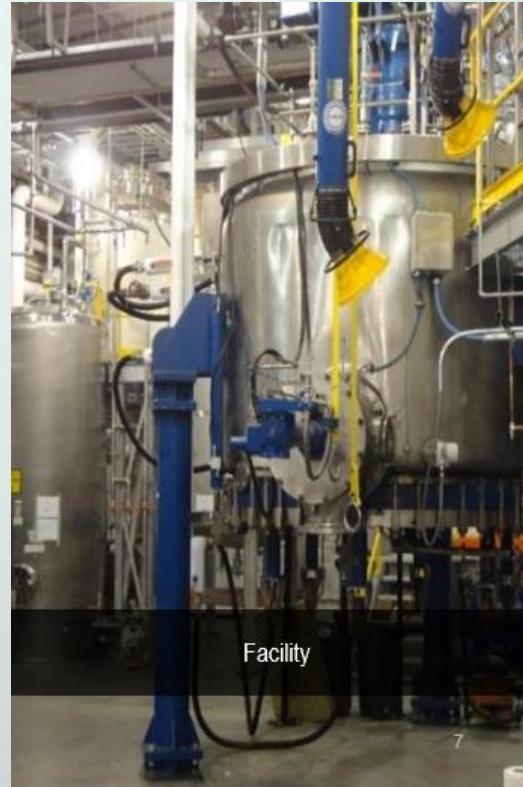
Producing high-value algae-based products for supply into global Nutraceutical market

### Details of Agreement

- AEB entered into a research agreement with natural compound extraction company Radiant Technologies Inc., of Alberta, Canada
- The Company will utilize RTI's extraction technology as the final step in the production of high-value algae-based products for supply into the global nutraceutical market

### Yield Enhancing Technology

- A key focus will be on the extraction of high quality lipid content from AEB's algae powders, with initial algae samples having already being shipped to Radiant's facility in Edmonton. *Initial results from this extraction have achieved +85% yield*
- Radiant's proprietary **Microwave Assisted Processing (MAP™) technology** has successfully demonstrated over the last decade increasing the yield and consistency of the active ingredients from plants, including algae, in a cost-efficient manner



- 20,000 square feet commissioned in 2014
- Designed for 5 ton per day biomass throughput, GMP compliant, NHPD licensed
- Many commercial runs completed successfully (contract manufacturing and proprietary products)
- \$7M expansion nearing completion

### Overview

- Contracted with **Reliance Industries** (India) for demonstration biofuels plant (NSE:RELIANCE, Mkt Cap: USD \$970M)
  - Affinity building a demonstration biofuels plant adjacent to largest refinery in the world
  - Reliance expended ~USD \$10M,
  - Reliance has a 4.29% holding in AEB
- AEB's economics: Technical Services Agreement and 7% royalty agreement

### Current Status and Future Plans

- Full plant commissioning scheduled for Q4C18/Q1C19
  - will demonstrate AEB's capacity to produce economic biofuels from CO2 sequestrations
  - Plant will provide Reliance with a “Real Green Solution”, which can be rolled out across multiple sites in India
- AEB plans to develop commercial sized plants for sale - ~USD \$100 Million per plant

### Production Economics and Current Market Global Oil Prices

- Economics dependent on global oil price (+100kt plants)
- At >USD \$75-80/bbl, 30% EBITDA margins (excluding environmental credits)
- Sells for premium to Brent (~\$100/bbl)
- As of November 23, 2018, WTI Crude was trading at ~USD \$52.33 and Brent Crude was trading at ~USD \$61.03



## MILESTONES

### Health Division – Medicinal Cannabis

- ✓ **Dec 17**: Submitted application to the Office of Drug Control for Australian medicinal cannabis license
- ✓ **Nov 18**: Maltese cannabis license issued
- Q4 C18**: Approval of Australian medicinal cannabis license (targeting distribution throughout Australasia)
- 
- Q4 C18/Q1 C19**: Commence CBD Oil Sales (50kg / month)
- Q4 C18/Q1 C19**: Development of multiple high demand stock and veterinary medicinal cannabis products
- Q1 C19**: Approval of Colombian license (outdoor growing; targeting distribution to Brazil, Chile and Argentina)
- 
- Q1 C19**: Commence Phase 1 of European and Australian medicinal cannabis facility
- Q3 C19**: Phase 1 operational Malta and Australia
- Q3 C19**: Commence Phase 1 of Colombian medicinal cannabis facility
- C20**: Commence Phase 2 of European and South American medicinal cannabis facility
- C21**: Phase 2 operational Malta and Australia



## MILESTONES

### Health Division – Nutraceutical Products

- Q4 C18:** Commence algae plant capacity increase and de-bottlenecking to +280tpa
- Q4 C18:** Production of high-value products, including oils, to be sold globally via Gencor Pacific partnership
- Q1 C19:** Algae plant ramping up to +250tpa
- Q3 C19:** Algae plant at +250tpa capacity (Offtake Agreement in place with Gencor)

### Health Division – Aqua Feed Products

- Q4 C18:** Expand aquarist product range from 4 to 10 products (product range targeting small volume, high margin aquarist market segment)

### Energy Division – Biofuels

- H1 C19:** Commission demonstration plant at Reliance facility in India (timing determined by Reliance)

### Corporate

- Nov 18:** Maltese Cannabis License issued
- Q4 C18:** Share Placement – A\$2M – discussions near completion
- H1 C19:** TSX Dual Listing / Algae or Medicinal Cannabis Spin-Off

## EXPERIENCED BOARD & MANAGEMENT TEAM



Malcolm Raymond James  
**Executive Chairman &  
Managing Director**

Mr. James has over 30 years' experience in finance, project development and public company management. During this period Malcolm James has worked in several countries and been involved in over \$2 billion in capital and debt raisings. He is currently the principal of MRJ Advisors, a boutique investment, advisory and project development organization with offices in Perth and New York, and is the Non-Executive Chairman of Anova Minerals Ltd. Mr. James is well known for his philanthropic work in Australia and overseas and was the inaugural CEO of the Australian Employment Covenant, an organization set up to promote long term employment for Indigenous Australians.

Mr. James currently holds directorship in Anova Metals Ltd as Non-Executive Chairman. Malcolm James also held directorship in Peninsula Energy Limited to 2013 and Triton Gold Limited to 2014.



Garnet Earl McConchie  
**Executive Director**

Mr. McConchie has over 46 years' experience over a broad field of chemistry and associated technologies, including global markets, bulk chemicals and plastics, differentiated commodities and intermediates, specialty chemicals, polymers and interaction with environmental sectors. Mr. McConchie's field experience includes international business management, plant operations, and project engineering in the US, Europe (especially Germany, Holland, Switzerland, UK and CIS), Latin America (Brazil, Argentina and Mexico) and Asia (Korea, China and Australia).

Mr. McConchie was employed with Dow Chemical Company for 25 years. Mr. McConchie has over 10 years of specific technical and business experience in the biodiesel and glycerine industry sectors. He is a founding director and controlling shareholder of Teco.Bio LLC, and is based in Atlanta, Georgia where he has coordinated the microalgae development.



R.V. Venkatesh  
**Non-Executive Director**

Mr. R.V. Venkatesh is one of the founders and Managing Director of Gencor Pacific Limited, part of the Gencor group worldwide, which is Affinity Energy and Health's offtake partner for algae oils. He is a chemist with over 30 years' experience in key industries namely Healthcare, Pharmaceuticals and Nutraceuticals. He has extensive experience in International Business in the Pharmaceutical and Nutraceutical sectors worldwide, having done business in over 70 countries. His expertise includes R&D Management, scientific reviews, product development, clinical trials, product branding, strategic partnerships and he has a track record of successful nutraceutical product launches worldwide.

Mr. R.V. Venkatesh was appointed as Non-Executive Director on 15 August 2017.

## EXPERIENCED BOARD & MANAGEMENT TEAM



Allan Tan

**Non-Executive Director**

Mr. Tan is a lawyer with 22 years of corporate and regulatory experience. He is currently lead independent director of Nico Steel Holdings Limited and independent director of CNMC Goldmine Holdings Limited, both listed on the Singapore Stock Exchange. Mr. Tan was appointed as Alternate Non-Executive Director on 15 August 2017.



Peter Hatfull  
**Retiring**

**Non-Executive Director  
Company Secretary**

Mr. Hatfull has over 30 years' experience in a range of senior executive positions with Australian and International companies. He has an extensive skill-set in the areas of business optimization, capital raising and company restructuring.

Prior to joining Algae. Tec, Mr. Hatfull held senior financial and Board positions in Australia, Africa and the UK. He has particular experience in revitalizing business plans, attracting investor funding, and implementing profitable strategies. Mr. Hatfull graduated as a Chartered Accountant in the United Kingdom, where he worked for Coopers and Lybrand (now PriceWaterhouseCoopers), and subsequently moved to Africa, where he spent 8 years in Malawi, where he was CFO of the Malawi operation of international trading group, Guthrie Limited.



Overview		Major shareholders	% held
ASX code	AEB	Medical Cannabis Limited	17.52%
Shares outstanding <sup>1</sup>	1,055.4m	Teco Bio LLC (Earl McConchie)	16.58%
52 week low – high	\$0.011- \$0.07	BNP Paribas Noms Pty Ltd (Gencor)	6.09%
Market capitalisation at \$0.015 ps	~\$15.83m	London Pharma Holdings Ltd	4.74%
Cash at bank and funding availability <sup>1</sup>	~\$6.6m	Reliance Industrial Investments	4.29%
Unlisted options	108.7m	Total for major shareholders	<b>53.51%</b>
Listed options	310.1m		
<i>Prices as of October 11, 2018</i>		<i>* Includes Teco Bio LLC and Gencor</i>	
Fully Diluted Shares Outstanding <sup>1</sup>	1,474.2m	Directors & Management*	<b>24.81%</b>

1. Assumes the completion of the proposed \$2m placement of shares at \$0.02.

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