

NANOLLOSE SECURES DEVELOPMENT FACILITY FOR SCALE UP OF MICROBIAL CELLULOSE PRODUCTION

Highlights

- Nanollose secures Development Facility to increase microbial cellulose (MC) production
- Small commercial scale MC production targets of 1-5 tons per month expected
- Facility enables increased quantities of MC to be transformed into Nullarbor fibre
- Nanollose to own all Intellectual Property and microbial cellulose produced

Nanollose Limited (ASX:NC6) (“Nanollose” or the “Company”) has taken a foundational step towards developing commercial scale fibre production by executing a binding ‘Development Facility Agreement’ (Agreement) with PT Supra Natami Utama (PT SNU), one of Indonesia’s largest producers of coconut food products.

The Agreement gives Nanollose access to a Development Facility located within PT SNU’s Indonesian growing and harvesting site. The facility will enable Nanollose to implement its latest microbial cellulose fermentation and processing technologies, test various additional waste streams, and generate critical data essential for designing an industrial scale factory in the future.

While the primary purpose of the Agreement is process development, microbial cellulose production is expected to increase to around 1 ton per month by mid 2019, increasing to 5 tons per month by the end of 2019. This will enable Nanollose to provide small commercial quantities of Nullarbor™ fibre to selected clothing brands to commence its introduction into their collections and product offerings.

Managing Director Alfie Germano said. “This is a great step forward for the Company to meaningfully commence the scaling and commercial path of the primary part of the Nanollose chain, which in turn aids potential collaborations with super users”

The agreement also further formalises and implements some aspects of the MOU signed with PT SNU on 8th March 2018, and will deliver significant benefits to Nanollose across each stage of the Company’s waste-to-fibre process as outlined below;

Increased supply of waste;

Currently PT SNU produces coconut food products from a combination of coconut water, coconut milk and raw sugar. Through this agreement, Nanollose will gain access to increased amounts of coconut waste left over from this food production, which will be used to grow larger quantities of microbial cellulose.

Viability of additional waste streams and equipment to accelerate fermentation and processing;

To ensure Nanollose is able to scale to industrial stage production, the Company will use the facility to investigate the viability of other waste streams from a range of food and beverage industries, to evaluate additional methods that could increase the yield, efficiency and scalability of microbial cellulose production by utilising fermentation equipment such as bioreactors.

Research into the optimisation of microbial cellulose processing, purification and drying at pilot scale will also be undertaken at the facility. Determining the most efficient methods of converting waste into microbial cellulose, along with the cost and quality, will generate essential data for designing and developing commercial production facilities in the future.

Increased Nullarbor fibre production;

Nanollose currently has a 250kg developmental supply of microbial cellulose which is undergoing purification in preparation to be transformed into Nullarbor fibre. This agreement allows Nanollose to increase scale towards several tons per month during 2019, unlocking the ability to produce small commercial amounts of Nullarbor fibre which will be used to secure future manufacturing partners and engage high-end clothing brands.

Under the terms of the Agreement Nanollose will pay PT SNU a monthly fee for use of the facility and a team of approximately 15 staff to operate it. The Company's total commitment for the 12 month term of the agreement is expected to be approximately \$200,000. Either party may terminate the agreement without cause upon giving 90 days notice. Nanollose will own any intellectual property generated during the project and own all the microbial cellulose produced.

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ABOUT NANOLLOSE

Nanollose Limited (ASX: NC6) is an innovative Australian company that uses an eco-friendly fermentation process to grow fibres that could become a sustainable alternative to conventional plant-derived cellulose fibres. The Company's process, which uses waste streams from various large-scale industries like sugar, wine and food, has the ability to produce 'Tree-Free' Cellulose. Cellulose is the hidden polymer building block most consumers know nothing about, but forms a huge part of items used in their everyday life such as clothing, paper and hygiene products.