

ASX RELEASE

19 December 2014

**Algae.Tec enters into Second Subscription Agreement
with Reliance Industrial Investments and Holdings**

Algae.Tec Limited, or the “Company” (ASX: AEB, OTCQX: ALGXY, FWB: GZA:GR), an Australian renewable algae company, is pleased to announce a further subscription agreement with Reliance Industrial Investments and Holdings Limited (RIIHL), its largest partner, to raise \$AUD2.4m.

Highlights:

- Algae.Tec has signed an immediate agreement to raise **\$AUD1.4m** via the issue of 20m shares at \$0.07 cents per share
- In addition Algae.Tec is **issuing 14,285,714 options** to subscribe for shares at exercise price of \$0.07 cents per share
- RIIHL must exercise 7,142,857 of these options 5 months after 18 December 2014 and subsequently 10 months after 18 December 2014

The proceeds are to be used to provide additional working capital for the fast development of an algae pilot plant in Jamnagar, India, utilising Algae Tec’s technology for the creation of biofuel.

Peter Hatfull, Managing Director of Algae.Tec commented:

“The new funding agreement with our large scale partner allows us to build on the significant progress we have made to date. Our algae technology continues to deliver the goals of fuel efficiency and cost savings to our customers.

This raising provides us with the funds to allow the plant to be fully operational in 2015.

We will continue to seek opportunities of this scale and kind as we continue to grow our global Biofuels division whilst being at the forefront of this innovative curve”.

About Reliance Group http://www.ril.com/html/aboutus/about_jamnagar.html

About Algae.Tec www.algaetec.com.au

Algae.Tec Ltd, founded in 2007, is an Australian advanced renewable algae company that has developed a high-yield enclosed algae growth and harvesting system. The Company has offices in Atlanta, Georgia and Perth, Western Australia. The Algae.Tec bioreactor, an enclosed modular engineered technology, is designed to grow non- GMO algae on an industrial scale, and produce algae products including proteins, oils and biofuels. The Algae.Tec solution is less than one tenth the land footprint of pond growth options, while its enclosed module system is designed to deliver the highest yield of algae per hectare, and solves the problem of food-producing land being turned over for biofuel production.