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ASX Announcement

The Manager Announcements
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ASX Limited
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Algae.Tec Signs Agreement for Entry into Greater China

Algae.Tec Limited is pleased to announce it has executed an agreement with China Finance Strategies Investment Holdings Ltd (“CFS”) under which Algae.Tec will issue an initial US\$0.5m convertible bond and, subject to the achievement of certain milestones, will issue US\$5m conditional options to CFS, and CFS will introduce Algae.Tec’s unique technology into the greater China region.

CFS has great experience of introducing and developing new technologies into China. The two companies will jointly explore commercial scale opportunities for Algae.Tec’s technology across Greater China incorporating the People’s Republic of China, Taiwan, Hong Kong and Macau.

CFS is a Hong Kong based financial institution that invests its own capital, manages investment funds, as well as providing corporate and financial advisory services, with one of their key focuses on the green energy sector. CFS has extensive relationships in China with its key executives having completed over 250 fundraising and advisory transactions in Greater China Region and invested in over 20 projects involving around USD1.5 billion. CFS key executives formerly served senior investment banking and asset management roles at the China’s oldest bank, one of the top five banks in China and a Fortune 500 Company, Bank of Communications.

Algae.Tec Managing Director Mr. Peter Hatfull said “This is an exciting development for Algae.Tec following on from the Company’s program with India’s Reliance Industries Limited, and the recent Chinese commitments with the US to curb greenhouse gas emissions.

The Chinese Government has stated its intention to assiduously pursue a “Blue Sky” Policy, with the intent to utilise all technologies and procedures which will reduce greenhouse emissions throughout China. The recent historic commitment between the Presidents of both China and the United States to curb greenhouse gas emissions is further, public enunciation of China’s strategic objective.”



“We are confident our algae based renewable fuel and carbon capture technology can play a meaningful role in contributing to the Strategic Targets China has set for itself. In order to successfully tackle the Chinese market we believe it is essential to have a highly professional and totally connected partner to successfully engage in such a large and diverse market.”

“Our focus now is to work with CFS as they pursue commercial scale plant opportunities throughout China. They have demonstrated their commitment to this process and belief in our technology by investing their own capital into Algae.Tec” added Mr. Hatfull.

CFS President Mr. Simon Hua said: "We are very excited to be able to work with Algae.Tec and introduce this world's leading algae technology to China to help clean up its air. I hope our investment and cooperation with Algae.Tec could bring benefits to generations of our people over time."

The US\$0.50 million bond is convertible into Algae.Tec shares at A\$0.075 cents per share. The bond attracts a 12% coupon payable annually in arrears and is repayable or convertible after 18 months. The funds raised will be for working capital and the further development of algae plants. The agreement with CFS also provides for them to be issued options to subscribe for an additional US\$5 million in Algae.Tec shares exercisable at A\$0.075 per option, contingent upon achieving certain commercial plant commitment milestones.

These milestone commitments see the award of US\$2m of options with the signing of the first algae plant in China; a further US\$2m of options when the signed modules reach between 20 and 100; and a further US\$1m of options when the signed modules exceed 100. The issue of options will be subject to shareholder approval and the options will be exercisable within 2 years of their issue.

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

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