

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Algae. Tec Limited

ABN

16 124 544 190

Quarter ended ("current quarter")

30 September 2016

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (3 months) \$A
1.1 Receipts from customers	150,381	150,381
1.2 Payments for (a) staff costs	-732,443	-732,443
(b) advertising and marketing	-1,700	-1,700
(c) research and development	-10,547	-10,547
(d) leased assets	-	-
(e) other working capital	-1,266,618	-1,266,618
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	15	15
1.5 Interest and other costs of finance paid	-109,230	-109,230
1.6 Income taxes received	-	-
1.7 Other (provide details if material)	2,427,928	2,427,928
<b>Net operating cash flows</b>	<b>457,786</b>	<b>457,786</b>

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	Current quarter \$A	Year to date (3 months) \$A
1.8 Net operating cash flows (carried forward)	457,786	457,786
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:	-	-
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	-32,698	-32,698
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	-32,698	-32,698
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>425,088</b>	<b>425,088</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	101,504	101,504
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	1,501,509	1,501,509
1.18 Repayment of borrowings	-1,991,073	-1,991,073
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>-388,060</b>	<b>-388,060</b>
<b>Net increase (decrease) in cash held</b>	<b>37,028</b>	<b>37,028</b>
1.21 Cash at beginning of quarter/year to date	269,796	269,796
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 <b>Cash at end of quarter</b>	<b>306,824</b>	<b>306,824</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A
1.24	Aggregate amount of payments to the parties included in item 1.2	238,537
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Item 1.1: This represents part of an order (US\$899,000) for modification of the Pilot Plant for Reliance Group. US\$780,695 remains to be invoiced for this order along with approximately a further US\$600,000 related retentions and further engineering and technical services.

Item 1.2: As a result of elimination in the consolidation of the accounts of Algae.Tec Limited and Algae Energy Inc., allocated research and development costs from Algae Energy Inc. appear within their specific payment categories (a, b and e) rather than the research and development category (c).

Item 1.2: Included in the Other Working Capital payments (e) is a payment to Deloitte for their fees in the administration of the R & D tax allowances and based upon the refund received.

Item 1.2: Substantial upgrades to the test plant in Cumming, Georgia have been included in Other Working Capital payments (e). These upgrades to the plant are expected to commence generating income during November 2016

Item 1.7: This represents the R & D tax refund received for the 2016 financial year.

Item 1.17: This includes funding by Macquarie Bank in relation to Research and Development expenditure for the 2016 financial year of \$169,256 which was fully repaid in September

Item 1.18: YTD includes the full repayment of the 2016 Macquarie facility of \$1,900,000 being drawn funds against 2016 R & D Expenditure

Item 1.24: Payments to Directors consist of Directors' salaries and the Directors' fees paid during the quarter, including superannuation.

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**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil
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- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil
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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A	Amount used \$A
3.1 Loan facilities	1,800,000	-
3.2 Credit standby arrangements	Nil	Nil

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An amount of \$2,427,928 was received by Algae.Tec Limited in September 2016 from the Australian Taxation Office in relation to the eligible research and development expenditure for the financial year ended 30 June 2016. This was used to repay the Macquarie facility provided for the year of \$1,900,000.

A new R & D funding facility was established in September 2016 (replacing Macquarie Bank) in the amount of \$1,800,000 and the first of these funds were drawn down in October 2016 (\$300,000) with a further \$600,000 expected to be drawn down during the next quarter.

RIHL and Algae.Tec Limited also entered into further technical and equipment supply agreements in March 2016. These were to cover detailed engineering specifications in relation to the pilot plant (US\$230,000) and additional supplies in relation to a modified solar collection system (US\$899,000). The engineering specifications work had already been completed and submitted at the end of March and payment is expected by the end of this month. In addition payment was received for 20% of the modified solar collection system (US\$179,800) on 25<sup>th</sup> April 2016 with a further US\$118,305 being invoiced and paid during this quarter. The remainder of the work will be billed during the latter part of this financial year together with retentions currently held for work completed earlier.

A pilot nutraceutical production plant was completed in Atlanta and became operational during the last quarter. Further modifications were undertaken in this quarter sales of product are expected to occur within the next quarter.

The RIHL pilot plant is expected to be installed and under operational testing within the next 6 months.

A capital raising by way of a convertible note was announced in January 2016 and \$825,000 has been received.

As per the announcement on 8<sup>th</sup> July 2016, a convertible note in the value of US\$350,000 was issued and the funds received during the quarter. A further US\$150,000 is available during the next quarter subject to meeting equity criteria.

Following the signing of a supply agreement with Gencor in relation to the supply of nutraceutical from the test plant in the USA, Gencor have also invested US\$1,000,000 (received in July 2016) and paid for the additional upgrades for the further development of the US based test plant referred to earlier.

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A	Previous quarter \$A
4.1 Cash on hand and at bank	306,533	269,505
4.2 Deposits at call	291	291
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>306,824</b>	<b>269,796</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Nil	Nil
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 31/10/2016  
(Director/Company secretary)

Print name: Peter Hatfull

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.