



12 February 2018

ASX Announcement

Algae.Tec to Exclusively License Pharmaceutical Delivery Platform Using Selected Algal Oils

- **AEB to exclusively license NS Technologies' (NST) patented cutting-edge mini emulsion-based delivery platform for any pharmaceutical application developed by AEB**
- **AEB to supply NST with algal oils as the key ingredient for emulsion delivery**
- **AEB/NST to collaborate on development of expanded mini-emulsion product range to be used across multiple pharmaceutical applications**
- **NST has developed a unique, patented pharmaceutical delivery system for topical (spray and patch), nasal and sub-lingual applications**

Plant-based health and wellbeing company Algae.Tec Limited ("the Company" or "AEB") (ASX: AEB) is pleased to advise that it has entered into a binding Heads of Agreement ("HOA or "the Agreement") to acquire a significant interest in private Australian-based pharmaceutical delivery company, NS Technologies Pty Ltd ("NST")

The NST delivery platform was patented after successful clinical trials, supervised by Professor (Dr) Fiona Woods (Australia's leading burn victim specialist) at Royal Perth Hospital in 2011 and 2012. The technology is one where a 'mini-emulsion' was developed to allow complex molecules, up to 1000 in molecular weight, to penetrate the epidermis skin layer, and enter the subdermal layer of the human body.

Under the agreement, AEB will acquire 19.9% of NST and exclusively license a patented delivery platform technology developed by NST for use across any medical application developed by AEB. NST has also agreed to use AEB's algae oil as the base component of its emulsion delivery platform.

AEB will collaborate with NST's in-house team to develop a range of mini-emulsion pharmaceutical products to be used across a range of medicinal applications for both human and veterinary purposes using selected algal oils.

Commentary

Algae.Tec's Executive Chairman and Managing Director, Malcolm James commented: *"This partnership delivers AEB the exclusive global use of a truly unique and proven delivery system, providing the Company with operations across all phases of the pharma value chain, from algal oil production through to pharmaceutical delivery."*

This agreement is highly complementary to AEB's existing algae and medicinal cannabis operations and will provide significant optionality to both of these respective divisions as the partnership with NST evolves.



“Looking ahead, AEB has a number of other high-growth and also complementary initiatives in the pipeline and we look forward to sharing these with shareholders very soon.”

NST Founding Director, Alan Leeming, commented; *“We are very pleased to be partnering with AEB and believe their expertise in the plant-based health and wellness sector will be a significant benefit to our business moving forward.*

“Like so many patented inventions, this pharmaceutical delivery technology has been nearly two decades in the making and we are now entering a very exciting period in the development of this delivery platform.

“We look forward to building this relationship with AEB in the near-term as we capitalise on a number of commercial opportunities in the global pharmaceutical delivery space.”

NS Technologies Overview

NS Technologies Pty Ltd is a Western Australian business founded in 2007 which has developed and patented a unique and effective pharmaceutical delivery system for topical (spray and patch), nasal and sub-lingual applications, which enables pharmaceuticals to be delivered without the use of a syringe, or ingesting a pill or potion, or through any direct inhalation procedure.

The mini-emulsion delivery system comprises emulsion “droplets” within which the bioactive compound is captured. This provides a controlled presentation of the substance to the body. The mini emulsion droplets filter through the epidermal layer, in an effective, “slow release” manner, allowing lower dosages, with an effective outcome. This mini emulsion base component requires a selected vegetable oil, which is ideally suited to specific algal oils.

Transaction Summary

Exclusive licensing terms:

- a) global.
- b) royalty-free.
- c) for a term of 10 years; and
- d) AEB having a right of renewal for a further term of 10 years.

Equity:

AEB to be issued 19.9% of the issued capital of NS Technologies Pty Ltd

Consideration:

- a) A\$100,000 cash within 48 hours of signing the term sheet.
- b) 25,000,000 ordinary shares in AEB to be issued as follows.
 - 7,500,000 on completion of the conditions precedent.
 - 17,500,000 on NST receiving USA patent approval for the technology.
- c) 25,000,000, three year, options to acquire ordinary shares in AEB, following the completion of items in 4(b) above, at an exercise price of A\$0.15. per share.

-ENDS-



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About Algae.Tec Limited (ASX. AEB)

Algae.Tec (ASX. AEB) is a plant-based health and wellbeing company which produces a broad range of plant-derived products for supply to four key markets:

- Algae-based nutraceuticals
- High quality Algal oil markets and unique applications
- Animal feed and aquaculture markets
- Medicinal cannabis

About NS Technologies Pty Ltd

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NST's inventors are are founding director, Charles Fridlender and Professor Vivian Bruce Sunderland, Dean of Pharmacy at Curtin University. Professor (Dr) Fiona Wood, a leading expert in the treatment of burns, was the designated supervisor for a double blind randomised clinical trial undertaken at Royal Perth Hospital in Western Australia.

The successful clinical trial resulted in the development of the first product for NST – a delivery platform called No Payne, which provides speedy relief for burns, significant abrasions and open wound pain. Current methods require a syringe, administered by trained medical personnel.

Patent approvals have been granted in Japan, Canada and Australia with additional patent applications pending for the US, China, India and the European Union.