



**Algae.Tec Limited**  
**Annual General Meeting**

*(Roger Stroud - Chairman)*

Good Afternoon Ladies & Gentleman, my name is Roger Stroud and I am the Chairman of Algae.Tec Limited. I am delighted to welcome you to the 3rd Annual General Meeting of Algae.Tec Limited.

This meeting has been called in accordance with the Constitution of Algae.Tec Limited which provides that an Annual General Meeting must be held at least once in every calendar year.

This meeting was called by way of Notice sent to shareholders on 29 October 2012 which is in accordance with the Algae.Tec Limited constitution and the Corporations Law, which provide that at least 28 days' notice of a general meeting be given in writing. I now table a copy of the Notice of Annual General Meeting which, unless there are any objections, I'll take as read.

The quorum required for this meeting is 2 members. I am advised by the Company Secretary that at least two members are present in person and/or proxy and accordingly I declare the meeting open.

I would now like to introduce my fellow Directors:

On my **right** is Mr Peter Hatfull, the Managing Director and Company Secretary

On my **left** is Mr Tim Morrison, an Independent Director.

I would like to present the apologies of Mr Earl McConchie, our Operations and Technical Director, who is in Nowra overseeing the industrial plant there.

Also in the audience we have Mr Kevin Some, who is representing our Retiring Auditors, Some and Cooke and Giuliano Giordani from BDO representing our newly appointed Auditors.

Today's meeting will be held in two parts. The first part will consist of a brief address from myself following which we will progress to the formal part of the meeting which will include the voting on the Resolutions that we have put to shareholders as set out in the Notice of Annual General Meeting.

There will be an opportunity for shareholders to ask relevant questions on each Resolution as the Resolution is put. Once all these resolutions have been voted on, we will conclude the formal meeting.

Finally, at the end of the meeting the Directors and I would like to invite shareholders to join us in the foyer for a cup of coffee or tea, and we will be available then to answer any further questions that shareholders may have in a more informal manner.

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**(Chairman's Address)**

Ladies and Gentlemen, this address is in addition to that in AlgaeTec's annual report. It encapsulates the journey of the Company from listing to present time.

I would like to take this opportunity with you to reflect on the Company's timetable, and to discuss the strategic path moving forward.

Since listing, there have been three primary tasks undertaken by the Company.

First, was the establishment of a Research and Development Facility at Cumming, north of Atlanta in the State of Georgia, USA. This task was completed during the third quarter of 2011. Subsequently, we have announced that this facility has been extended to include the buildings next door to give us a total facility of 70,000 sq ft. This has given the Company significant manufacturing and assembly areas, and the ability to continue the development of various aspects of the algae technology in our first class laboratories.

Secondly, the Demonstration Facility, called Shoalhaven One, was established at Nowra, south of Sydney, New South Wales. This was undertaken for the purpose of conducting a third party validation of the AlgaeTec technology, predominantly to validate the high yields which Earl McConchie and his team have internally achieved to date. The official Commissioning of this Facility was conducted on 2<sup>nd</sup> August 2012. In hindsight, notwithstanding extraordinary rainfall and permitting pedantry, this procedure took nearly four months longer than expected, but has proven the company's technology in a real life situation with a real time delivery of CO<sub>2</sub> from the Manildra Group's ethanol plant.

Obviously, this being a demonstration plant, and the first in an industrial setting, certain issues have arisen since the August opening. AlgaeTec and SGS Australia have needed some time to develop a protocol. However, from early September until recently, a technical glitch impeded algal growth. This impedance was eventually traced to organic contamination in the Carbon Dioxide feeder line. Now resolved, and the system having been rejuvenated, the algae are growing back to the appropriate critical mass and no other impediments remain. Specific measurement under the protocol will begin next week. The Company's technical Director is down at Nowra working our facility, and said yesterday that he is confident of a successful outcome.

We are hoping that the first substantive production document by the independent expert will be presented by year end. The bad news is that these events occurred. However, the good news is that these events are well documented and will be avoided in the future. Demonstration procedures are by their very nature, prone to some technical shortcomings. Suffice to say, this is now behind us.

The Third task relates to strategic development. The Board is very aware that strategic initiatives towards commercial outcomes should be undertaken in parallel with the two procedures outlined above. The greatest protection for the Company's technology is constant improvement, and the attainment of "First Mover" advantage. The strategic tasks were broken down into two main initiatives.

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The First initiative entailed the engagement with various high profile participants in the commercial project value chain. For example, Holcim is a significant carbon dioxide emitter, and Lufthansa is a significant consumer of green aviation fuel. Discussions are underway with other corporations, however, confidentiality agreements have precluded any announcements to date. Negotiating with large corporations is time consuming and one “dances” to their agenda.

The Second initiative entails the siting of proposed commercial facilities, the preparation of financial feasibility studies, and the negotiation of project funding for each facility. To date, there have been several sites chosen for detailed investigation. Financial feasibility studies are in the final stages of completion on three sites, being in New South Wales, Brazil and Texas. Two of the three will be ready for submission for non-recourse project funding early in the new year.

The financial feasibility studies are the culmination of extensive investigation and negotiation. Your Company intends to expand from these core sitings as the algae business develops. AlgaeTec’s business will be a global one. Achievements to date have been challenging and the outcomes exciting.

In addition to Australia (New South Wales), Brazil (Sao Paulo) and the United States (Texas), AlgaeTec is formulating studies in Sri Lanka (Holcim) and in China (Shandong Kerui). We are also in discussions with Lufthansa, which will probably lead to a commercial site in Southern Europe. Preliminary investigations have already been completed. These global activities have been extremely fruitful and bode well for the strategy of First Mover Advantage.

In support of this strategy, we have been developing a relationship with an engineering company with an extensive global network. This group has operations and offices in all the jurisdictions under the Company’s focus, plus many more. This relationship will allow the company to outsource both the engineering and operational functions for each commercial project under one professional banner.

As a Board we are very concerned with keeping the company “lean and mean”. We monitor our expenditure closely. Employee numbers have been deliberately kept low. This means that each member of the senior executive is involved in multi-tasking, and performs several roles, which requires significant experience and is very time consuming and demanding. Although this may delay the finalization of various tasks, we feel we are a much more controlled group and no money is wasted. It is very difficult and expensive for an emerging company to attract quality applicants for high level tasks, but as the company is now moving towards commercialization of its technology, it is essential that we increase our people resources. This will be undertaken very carefully in the near future, hopefully giving the 3 executive Directors some much needed support.

In summing up, we are all looking forward to the successful completion of the third party validation of our algae technology down at Nowra, and to an outstanding 2013, which will see our technology finally move to full size commercial and global operations.

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I would like to take this opportunity to thank the Algae.Tec Managing Director, Peter Hatfull, and his staff, and especially Earl McConchie and his team, who have spent long months away from home getting the Nowra plant up and running. Well done to everybody

Thank you ladies and gentlemen.

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