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Market update

The Manager
Company Announcement Officer
Australian Stock Exchange Limited
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Sydney NSW 2000

ALGAE.TEC SAYS DEAL WITH RELIANCE INDUSTRIAL INVESTMENTS AND HOLDINGS LIMITED (RIIHL) TO LAUNCH GLOBAL BIOFUELS DIVISION

Algae.Tec Limited (ASX: AEB, OTCQX: ALGXY, FWB: GZA:GR) said news yesterday of signing agreements with Reliance Industrial Investments and Holdings (RIIHL) was the backing the Company needed to fund and launch its Global Biofuels Division.

RIIHL is part of the Reliance Group, India's largest private sector enterprise.

The agreements encompass a subscription agreement, and technical and equipment supply agreements. These agreements also discuss conditions for future commercial algae plants, following the successful completion of the pilot plant.

The subscription agreement details the issue of \$1.5m worth of shares and \$5m 5 year options to RIIHL with both the shares and option exercise price being set at the 90 day volume weighted average share price, which equates to 16.3 cents per share. The shares will be issued immediately and RIIHL will make additional investments by exercise of \$1.2m of options over the next two years.

The technical and equipment supply agreements detail the technical goals that Algae.Tec will have to meet and the costs that RIIHL will pay for the pilot plant and technical supervision.

"This is a very exciting step forward by Algae.Tec" stated Peter Hatfull, Algae.Tec's Managing Director. "The new biofuels facility to be built in India, will be fully funded by Reliance, leaving the equity injection to be used solely for working capital purposes"

"This level of financial backing and ongoing support is just what Algae.Tec needed."

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“It’s a fact of business life that emerging companies need funding injections and the technical grunt of this type to transition into the commercial phase.”

“It’s good news for Algae.Tec and the algae biofuels sector.”

The Algae.Tec Biofuels Division is operated out of the Atlanta facility through the Company's wholly owned subsidiary, Algae Energy Inc. The Algae.Tec vision is to work with this significant strategic partner Reliance for many years to come, deploying Algae.Tec growth platform technology to produce algae biofuels in India and expanding through Asia to help meet increasing demand for fuels.

Algae.Tec recently announced expansion into the nutraceuticals market which taps the fast growing demand for products like Spirulina and Chlorella. This Division is based in Nowra south of Sydney. “It is exciting to have two distinct divisions with strong strategic partners with both divisions participating in massive global markets” said Mr. Hatfull.

About Algae.Tec www.algaetec.com.au

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

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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