



13 August 2018

The Manager Announcements
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

**NOTICE UNDER SECTION 708A(5)(e) OF THE CORPORATIONS ACT 2001 (CTH)
("Act")**

The Company gives this notice pursuant to Section 708A(5)(e) of the Act and an instrument of relief granted by the Australian Securities and Investments Commission on 20 June 2018 (copy attached) in relation to the issue of Shares as set out in the Company's Appendix 3B dated 13 August 2018.

The Company issued the 2,923,977 Shares without disclosure to investors under Part 6D.2 of the Act.

The Company, as at the date of this notice, has complied with:

- (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
- (b) section 674 of the Act.

As at the date of this notice, there is no information to be disclosed that is excluded information under section 708A(7) of the Act, that is reasonable for investors and their professional advisers to expect to find in a disclosure document other than as set out in this notice.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Peter Hatfull".

Peter Hatfull
Algae.Tec Limited
Company Secretary

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**Australian Securities and Investments Commission
Corporations Act 2001 – Paragraph 741(1)(b) – Declaration**

Enabling legislation

1. The Australian Securities and Investments Commission (**ASIC**) makes this instrument under paragraph 741(1)(b) of the *Corporations Act 2001 (Act)*.

Title

2. This instrument is ASIC Instrument 18-0544.

Commencement

3. This instrument commences on 20 June 2018.

Declaration

4. Chapter 6D of the Act applies to an offer for sale of Shares as if paragraph 708A(5)(b) of the Act was modified by deleting the words “5 days” and substituting the words “7 days”.
5. Chapter 6D of the Act applies to an offer for sale of Shares as if paragraph 708A(12C)(c) of the Act (as notionally inserted by Legislative Instrument 2016/82) was further modified by deleting the words “5 days” and substituting the words “7 days”.

Where this instrument applies

6. Paragraph 4 of this instrument applies to an offer for sale of Shares where:
 - (a) the Shares are issued between the date of this instrument and 31 October 2018 to the Investor in payment of the relevant Commitment Fee payable to the Investor;
 - (b) trading in the fully paid shares of the Company on ASX Limited ACN 008 624 691 (**ASX**) is not suspended at any time during the period between the date of this instrument and the date upon which the Shares are issued; and
 - (c) in relation to each relevant issue of Shares, the Company has given ASX a notice under paragraph 708A(5)(e) of the Act that complies with subsection 708A(6) of the Act.

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7. Paragraph 5 of this instrument applies to an offer for sale of Shares where:
- the Shares were issued to the Investor by reason of the conversion of Convertible Notes issued to the Investor;
 - trading in the fully paid shares of the Company on the ASX is not suspended at any time during the period between the date of this instrument and the date of issue of the relevant Convertible Notes; and
 - in relation to each relevant issue of Convertible Notes, the Company has given ASX a notice under paragraph 708A(12C)(e) of the Act (as notionally inserted by Legislative Instrument 2016/82) which complies with subsection 708A(12D) of the Act (as notionally inserted by Legislative Instrument 2016/82).

Interpretation

8. In this instrument:

Company means Algae.Tec Limited ACN 124 544 190.

Commitment Fee means an amount payable by the Company in conjunction with the issue of Convertible Notes to the Investor by the Company under the Convertible Securities Agreement.

Convertible Note means the convertible notes issued to the Investor by the Company pursuant to the Convertible Securities Agreement on the following basis:

| Convertible Notes | Date of Issue | Purchase Price | No of Convertible Notes | Face Value (per Convertible Note) |
|--------------------------|---|----------------|---------------------------------|-----------------------------------|
| First Purchase Tranche A | Between 20 June 2018 and 27 June 2018 (inclusive) | A\$1,000,000 | US\$ cost of the Purchase Price | US\$1.10 |
| First Purchase Tranche B | Within 7 days after the Company obtains shareholder approval for the issue (presently projected to be 31 July 2018) | A\$1,000,000 | | |
| Second Purchase | Between 22 August 2018 and 29 August 2018 (inclusive) | A\$2,000,000 | | |
| Third Purchase | Between 5 October 2018 and 12 October 2018 (inclusive) | A\$3,000,000 | | |

Convertible Securities Agreement means the securities subscription agreement between the Company and the Investor executed on or around 8 June 2018 and as provided to ASIC on 15 June 2018.

Investor means MEF I, LP of 40 Wall Street, Floor 58, New York, United States of America.

Legislative Instrument 2016/82 means *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Note) Instrument 2016/82*.

Shares means ordinary fully paid shares in the Company.

Dated this 20th day of June 2018



Signed by Peter Deakin
as a delegate for the Australian Securities and Investments Commission

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

ALGAE.TEC LIMITED

ABN

16 124 544 190

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | 1. Convertible notes 2. Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1. 742,700 notes 2. 2,923 977 shares |

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Appendix 3B

New issue announcement

- 3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

1. Principle terms of convertible note:

- Total facility of A\$7M
- Drawdowns
 - \$1M 5 days after entry into the agreement
 - \$1M 5 days after shareholder approval of all securities which can be issued by the Company under the agreement
 - \$2M upon the first sale by the Company of nutraceutical algae oil and the receipt of all necessary ASX waivers
 - \$3M upon the first sale by the Company of a new algae product or algae to a new market and the receipt of all necessary ASX waivers
- A commitment fee of 5% of the total aggregate amount of the drawdown is payable
- A face value of US\$110% per convertible security
- A conversion price of the lessor of:
 - 80% of the lowest daily VWAP during the 5 trading days prior to a conversion notice date and
 - AU\$0.035
 - Save that the conversion price cannot be less than the floor price of AU\$0.01
- A maturity date of 12 months following the 4th tranche (or 3 months following the 1st tranche where shareholder approval is not obtained)
- The notes are redeemable by the Company at 110% of face value for the 6 months following drawdown of the relevant tranche or 115% thereafter
- The notes are redeemable at 115% of face value at the election of Magna in the event the Company does not obtain shareholder approval within 75 days of the initial drawdown or where the Company's daily VWAP is less than \$0.01 on 5 consecutive days
- All drawdown other than the initial drawdown of \$1M are subject to shareholder approval

2. Ordinary shares

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| | | |
|----|---|--|
| 4 | <p>Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>1. Shares issued on conversion rank equally in all respects from the date of issue with the existing class of fully paid ordinary shares.</p> <p>2. Shares rank equally in all respects from the date of issue with the existing class of fully paid ordinary shares.</p> |
| 5 | Issue price or consideration | <p>1. AU\$1M</p> <p>2. \$0.0171 per share</p> |
| 6 | <p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>1. Tranche B of a AU\$7M finance facility to drive key operational developments within algae and medicinal cannabis divisions.</p> <p>2. 2,923,977 shares as commitment fee for Tranche B of AU\$50,000 at \$0.0171each.</p> |
| 6a | <p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i>, and comply with section 6i</p> | Yes |
| 6b | The date the security holder resolution under rule 7.1A was passed | 30 November 2017 |
| 6c | Number of ⁺ securities issued without security holder approval under rule 7.1 | N/A |
| 6d | Number of ⁺ securities issued with security holder approval under rule 7.1A | <p>1. convertible notes with a face value of US\$1.10 and are convertible into a maximum of 110,000,000 ordinary shares.</p> <p>2. 2,923,977 ordinary shares</p> |

⁺ See chapter 19 for defined terms.

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Appendix 3B
New issue announcement

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| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | N/A | |
| 6f | Number of securities issued under an exception in rule 7.2 | N/A | |
| 6g | If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation. | N/A | |
| 6h | If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | N/A | |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | Remaining 7.1 capacity – 130,759,456 Remaining 7.1A capacity – 91,839,637 | |
| 7 | Dates of entering +securities into uncertificated holdings or despatch of certificates | 10 August 2018 | |
| 8 | Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable) | Number | +Class |
| | | 783,505,427 | Ordinary Shares |
| | | 210,092,326 | Quoted options exercise price of \$0.05 expiring 28 July 2020 |
| | | 134,890,940 | Ordinary shares scrowed to 5 April 2019 |
| | | Number | +Class |
| | Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable) | 28,728,607 | Unlisted options exercisable at \$0.1636 on or before 20 January 2019 |
| | | 1 | Convertible Note maturing on 9 July 2016 with a conversion price at \$0.075 and subject to adjustments in accordance with the terms and conditions of the Convertible Notes. |
| | | 16,000,000 | Unlisted options exercisable at \$0.09 on or before 30 June 2019 |
| | | 1 | Convertible Note: <ul style="list-style-type: none"> • Face value of US\$166,667 • A maturity date of 36 months from |

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|------------|---|
| | <p>date of issue</p> <ul style="list-style-type: none"> • Interest rate of 10% per annum • The note can be converted into shares at a conversion price that is the lower of <ul style="list-style-type: none"> • \$0.05 per share • A 10% discount to the 5 day VWAP prior to the date of conversion |
| 1 | <p>Convertible Note:</p> <ul style="list-style-type: none"> • Face value of US\$166,666 • A maturity date of 36 months from date of issue • Interest rate of 10% per annum • The note can be converted into shares at a conversion price that is the lower of <ul style="list-style-type: none"> • \$0.05 per share • A 10% discount to the 5 day VWAP prior to the date of conversion |
| 1 | <p>Convertible Note:</p> <ul style="list-style-type: none"> • Face value of US\$166,667 • A maturity date of 36 months from date of issue • Interest rate of 10% per annum • The note can be converted into shares at a conversion price that is the lower of <ul style="list-style-type: none"> • \$0.05 per share • A 10% discount to the 5 day VWAP prior to the date of conversion |
| 26,978,188 | <p>Unlisted options exercisable at \$0.075 on or before 31 December 2020, escrowed to 5 April 2019.</p> |
| 1,437,870 | <p>Convertible notes</p> <p>Principle terms of convertible note:</p> <ul style="list-style-type: none"> • Total facility of A\$7M • Drawdowns <ul style="list-style-type: none"> ○ \$1M 5 days after entry into the agreement ○ \$1M 5 days after shareholder approval of all securities which can be issued by the Company under the agreement ○ \$2M upon the first sale by the Company of nutraceutical algae oil and the receipt of all necessary ASX waivers ○ \$3M upon the first sale by the Company of a new algae product or algae to a new market and the receipt of all necessary ASX waivers |

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|------------|---|
| | <ul style="list-style-type: none"> • A commitment fee of 5% of the total aggregate amount of the drawdown is payable • A face value of US\$1.10 per convertible security • A conversion price of the lessor of: <ul style="list-style-type: none"> ○ 80% of the lowest daily VWAP during the 5 trading days prior to a conversion notice date and ○ AU\$0.035 ○ Save tht the conversion price cannot be less than the floor price of AU\$0.01 • A maturity date of 12 months following the 4th tranche (or 3 months following the 1st tranche where shareholder approval is not obtained) • The notes are redeemable by the Company at 110% of face value for the 6 months following drawdown of the relevant tranche or 115% thereafter • The notes are redeemable at 115% of face value at the election of Magna in the event the Company does not obtain shareholder approval within 75 days of the initial drawdown or where the Company's daily VWAP is less than \$0.01 on 5 consecutive days • All drawdown other than the initial drawdown of \$1M are subject to shareholder approval |
| 7,000,000 | Unlisted options exercisable at \$0.025 on or before 3 July 2023 |
| 30,000,000 | Unlisted options exercisable at \$0.05 on or before 3 August 2022 |

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

No dividend policy established

Part 2 - Bonus issue or pro rata issue N/A

+ See chapter 19 for defined terms.

| | | |
|----|---|-----|
| 11 | Is security holder approval required? | N/A |
| 12 | Is the issue renounceable or non-renounceable? | N/A |
| 13 | Ratio in which the +securities will be offered | N/A |
| 14 | +Class of +securities to which the offer relates | N/A |
| 15 | +Record date to determine entitlements | N/A |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 | Policy for deciding entitlements in relation to fractions | N/A |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small> | N/A |
| 19 | Closing date for receipt of acceptances or renunciations | N/A |
| 20 | Names of any underwriters | N/A |
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | N/A |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | N/A |

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Appendix 3B
New issue announcement

| | | |
|----|---|-----|
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | N/A |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |
| 30 | How do ⁺ security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |
| 32 | How do ⁺ security holders dispose of their entitlements (except by sale through a broker)? | N/A |
| 33 | ⁺ Despatch date | N/A |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

+ See chapter 19 for defined terms.

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

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Entities that have ticked box 34(b)

38 Number of securities for which
 +quotation is sought

| |
|--|
| |
|--|

39 Class of +securities for which
 quotation is sought

| |
|--|
| |
|--|

40 Do the +securities rank equally in all
 respects from the date of allotment
 with an existing +class of quoted
 +securities?

If the additional securities do not
 rank equally, please state:

- the date from which they do
- the extent to which they
 participate for the next dividend,
 (in the case of a trust,
 distribution) or interest payment
- the extent to which they do not
 rank equally, other than in
 relation to the next dividend,
 distribution or interest payment

| |
|--|
| |
|--|

41 Reason for request for quotation
 now

Example: In the case of restricted securities, end of
 restriction period

(if issued upon conversion of
 another security, clearly identify that
 other security)

| |
|--|
| |
|--|

| | Number | +Class |
|---|--------|--------|
| 42 Number and +class of all +securities quoted on ASX (including the securities in clause 38) | | |

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 13 August 2018
(Director/Company secretary)

Print name: Peter Hatfull
=====

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

N/A

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|--|--------------------|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue | 385,745,365 |
| <p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 134,608,147 Shares (14/08/17) 770,831 Shares (14/08/17) • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval 46,244,266 Shares (21/08/17) 68,019,436 Shares (28/08/17) 63,953 Shares (11/09/17) • Number of partly paid ordinary securities that became fully paid in that 12 month period 25,500,000 Shares (29/09/17) 26,367,500 Shares (13/10/17) <p>Note:</p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> 236,578 Shares (25/01/18) • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> 2,062,500 Shares (25/01/18) 5,000,000 Shares (25/01/18) • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 62,263,422 Shares (25/01/17) 7,500,000 Shares (16/02/18) 134,890,940 Shares (03/04/18) 6,547,619 Shares (14/06/18) 2,719,283 Shares (17/07/18) 4,891,741 Shares (31/07/2018) 2,040,816 Shares (25/06/2018) <p style="text-align: right;">Total: 532,651,009</p> | |
| Subtract the number of fully paid ordinary securities cancelled during that 12 month period | |
| “A” | 918,396,374 |

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Part 2

| Rule 7.1A – Additional placement capacity for eligible entities | |
|---|---|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| “A” <i>Note: number must be same as shown in Step 1 of Part 1</i> | 918,396,374 |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply “A” by 0.10 | 91,839,637 |
| Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used | |
| Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | - |
| “E” | 0 |

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| Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A | |
|--|---|
| "A" x 0.10 <i>Note: number must be same as shown in Step 2</i> | 91,839,637 |
| Subtract "E" <i>Note: number must be same as shown in Step 3</i> | - |
| Total ["A" x 0.10] – "E" | 91,839,637 <i>Note: this is the remaining placement capacity under rule 7.1A</i> |

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