

QUARTERLY UPDATE & APPENDIX 4C

Highlights

- Fibre development activities continued to advance towards converting the Company's Plant-Free viscose-rayon fibre into a fabric, for use in textile and clothing applications
- Highly specialised research and development provider engaged to assist development
- Nanollose achieved a foundational first step towards securing an initial supply of microbial cellulose, the natural material required to create the Company's fibre at scale
- Due to increased focus on commercialisation and development, Dr Wayne Best joined the Company full time as Executive Chairman

Nanollose Limited (ASX: NC6) (NC6 or the Company) is pleased to provide its Appendix 4C Cash flow Statement for the quarter ending 31 March 2018, together with the following operational update.

During the quarter there was an increased focus on viscose-rayon development, whereby progress continued towards converting the Company's Plant-Free viscose-rayon fibre into a fabric for use across the global textile and clothing sectors.

If successful, the Company believes this fabric would become another Plant-Free world first, with the added benefit of being produced with less waste, and fewer natural resources than most other fabrics available today.

A highly specialised contract research and development provider has recently been engaged to provide the scale-up expertise and pilot scale fibre spinning equipment required to transition the Company's technology from the laboratory to a commercial scale.

Concurrently, during the quarter Nanollose met with a number of potential South East Asian suppliers of microbial cellulose, the raw material used create the Company's fibre. Following shortly afterwards in early April, a non-binding memorandum of understanding (MOU) was signed with Indonesian food producer, PT Supra Natami Utama (a subsidiary of PT Niramasa Utama).

This MOU provides a framework towards developing a supply chain solution to produce textile grade microbial cellulose on a commercial scale, which can then be converted into fibres using the Nanollose technology.

This relationship has already resulted in a stockpile of 0.25 tons of microbial cellulose. Which is in preparation for initial pilot scale operations to produce commercial samples of fibre and fabric for potential customers to evaluate.

As focus on commercialisation and development increased over the quarter, Nanollose Chairman, Dr Wayne Best, was engaged as Executive Chairman on a full-time basis in early April. Dr Best brings considerable experience in the management and commercialisation of research and development to the Company.

The Company also recently announced an offer of a pro-rata non-renounceable entitlement issue of up to approximately 18,749,999 Entitlement Options, on the basis of 1 Entitlement Option for every 4 Shares held by Eligible Shareholders at an issue price of 1 cent per Entitlement Option, to raise up to approximately \$187,500. The offer closes at 5:00pm WST on 18 May 2018.

OUTLOOK

The Company has been invited to present at the prestigious “Planet Textile” exhibition in Vancouver on 22 May. Planet Textile is the world’s leading sustainable textile event and is an excellent opportunity for Nanollose to launch its world-first Plant-Free viscose-rayon onto the world stage.

This event will also provide a significant opportunity for Nanollose to engage with International fashion retailers / brands, buying houses, wholesalers, importers, sourcing agents and manufacturers of apparel fabrics and garments.

The Company continues to receive enquires from a range of leading fibre, textile and apparel manufacturers wanting to evaluate its Plant-Free viscose-rayon fibre. The Company is working towards having sufficient fabric to provide commercial samples to these potential customers.

[ENDS]

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ABOUT NANOLLOSE

Nanollose Limited (ASX: NC6) is an innovative Australian company that uses a low cost and eco-friendly fermentation process to grow fibres that could become a sustainable alternative to conventional plant-derived cellulose fibres. The Company’s process, which uses streams from various large-scale industries like sugar, wine and food, has the ability to produce ‘Plant-Free’ Cellulose. Cellulose is the hidden building block polymer most consumers know nothing about, but forms a huge part of items used in their everyday life such as clothing, paper and hygiene products.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Nanollose Limited

ABN

13 601 676 377

Quarter ended ("current quarter")

31st March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(154)	(335)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(38)	(62)
(d) leased assets		
(e) staff costs	(57)	(170)
(f) administration and corporate costs	(99)	(360)
1.3 Dividends received (see note 3)		
1.4 Interest received	8	9
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(340)	(918)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(10)	(36)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(10)	(36)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	0	5,000
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	0	(572)
3.5 Proceeds from borrowings	0	179
3.6 Repayment of borrowings	0	(241)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	0	4,366

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,803	41
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(340)	(918)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(10)	(36)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	0	4,366

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	3,453	3,453

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
		3,453	3,803
5.1	Bank balances	433	783
5.2	Call deposits	3,020	3,020
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,453	3,803

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
194
Nil

6.1 Payments to director related entities for R&D consulting services, director's fees and accounting & company secretarial fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
Nil
Nil

N/A

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (director loans)	Nil	Nil
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development*	244
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	80
9.4 Leased assets	
9.5 Staff costs	150
9.6 Administration and corporate costs	180
9.7 Other (provide details if material)	41.6
9.8 Total estimated cash outflows	695.6

*Includes 12 Months prepayment of R&D Services from an R&D Contractor

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



30 April 2018

Sign here:
(Director)

Date:

Winton Willesee

Print name:

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.