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## *Qponics Update – 21 March 2019*

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### *Prospective offtakers seeking samples for analysis*

Qponics has been approached by several different companies in Australia, Asia, Europe and the United States that have an interest in purchasing the Company's EPA-rich omega-3 oil produced from *Nannochloropsis* algae.

The Company is actively contacting all these prospective offtakers to offer them small samples of the EPA oil to allow them to analyse the product.

To date companies in the following categories have requested samples which will be dispatched by courier within the next seven days:

- Several different pet food companies in Australia.
- A food supplement company based in Hong Kong.
- A company in Europe that specialises in extracting high-value compounds from plants for its clients.
- A major global foods company headquartered in the United States wanting to develop new products using algal EPA omega-3 oil as an ingredient.

Qponics has received genuine enquiries from several other offtakers, and we anticipate requests for samples to be sent to many of them as well. One of these companies has informed Qponics that it will require several thousand tonnes of algal EPA oil per year (double the entire current global production) in the future. Qponics continues to receive regular enquiries from prospective offtakers averaging 3 to 4 per month. This reflects the strong and growing demand for algal EPA omega-3 oil.

The standard method of determining the concentration of omega-3 in oil is the measurement of omega-3 fatty acids in the fatty acid methyl esters, known as FAME analysis. The EPA in Qponics' algal oil now routinely tests at about 50% in FAME, and the total FAME content in the extracted oil is around 50%. Therefore, the actual EPA content in Qponics' product is about 25% (250mg/g). This is comparable to the "iWi" *Nannochloropsis* EPA oil currently on the market produced by Qualitas Health in the United States, the only competitor producing EPA from the same species as Qponics.

### *Progress in upgrading the algae farm in Brisbane*

The 15m x 7m shed is now erected at the site (photo at right taken before the final panels were installed). This is a large shed built to house the ultra-filtration system and the large algae centrifuge, and an area for staff and quality control testing. The substantial reinforced concrete slab on which it is built is designed to withstand the weight of the equipment and the water to be pumped through it, as well as the vibration generated by the centrifuge.

The steel structure behind the walls and in the roof is designed to support the considerable weight of a 22-kW solar panel array on the roof. The solar panels will be supplemented by an array of batteries installed in the shed to store and distribute the electricity generated.



### **Dr Graeme Barnett**

Chief Executive Officer and Managing Director