

PLENTEX LIMITED
(ABN 13 009 607 676)

246 Esplanade,
Brighton. Victoria. 3186

Telephone: (03) 9553 8896
Facsimile: (03) 9592 2328

REPORT FOR THE QUARTER ENDED 31 DECEMBER 2013

REVIEW OF OPERATIONS

Proposed Acquisition of Biovite Business

During the quarter Plentex completed due diligence in relation to the Biovite business and advanced negotiations regarding the terms of this acquisition.

These negotiations resulted in the signing by the parties of a Sale of Business Agreement on 20 December 2013. This follows the previously announced signing by the parties of a Non Binding Letter of Intent in September 2013.

As previously announced, Biovite Australia Pty. Ltd. is a science based biotechnology company whose activities involve the discovery, research and development, proof of concept, and commercialization of bioactives for use in human health, animal health and agriculture.

Biovite was established in 2001 and is based on the Gold Coast, Queensland, Australia. Since establishment, Biovite has undertaken a program of Research and Development into the activity, efficacy and safety of its algae derived bioactive which has strong anti-fungal and other beneficial properties. This bioactive has applications for a variety of dermatological conditions of the nails and skin in humans. The bioactive also has potential applications in animal health and agriculture. International Patents and Trade Marks are held.

Biovite has developed a range of pharmaceutical anti fungal products currently being sold in Australia and certain overseas' markets. These products have TGA approval in Australia and have the required approvals in overseas' markets where the products are sold.

Biovite will become the core of Plentex's future business plan. Plentex's current business model revolves around the identification, sourcing, and planned production and marketing of high value products that can be extracted from both micro and macro algae.

With the acquisition of Biovite, Plentex will be able to market its proposed product range under the Biovite brand. These products are expected to include but will not be limited to a "superfood" algae sold in powder and capsule form, a carotenoid that promotes eye health, a powerful antioxidant and an algae based omega 3 oil.

Plentex acquiring Biovite will bring about synergistic benefits to both businesses and allow Biovite to grow in a new environment that is well resourced, funded and has access to the expertise needed to relaunch the current product range, both in the local and already identified international markets.

The consideration payable by Plentex for the acquisition will consist of a combination of \$2,500,000 cash, 5,100,000 fully paid ordinary shares in Plentex, and 2,550,000 options exercisable at \$0.30 to acquire fully paid ordinary shares expiring 31 July 2016.

The cash consideration is subject to adjustments (plus or minus) at completion to reflect changes in stock on hand etc. An amount of \$50,000 plus accrued interest (being the repayment of a loan) is also payable to a related party of Biovite.

The obligations of both parties to proceed to completion on or before 31 March 2014 is subject to satisfaction of a number of conditions precedent including in particular Plentex raising a minimum of \$6,500,000 under a prospectus and the ASX providing conditional approval to the reinstatement of Plentex shares to quotation on the ASX.

The acquisition will not trigger the takeover provisions of the Corporations Act and is considered not to involve a change of activity.

OTHER DEVELOPMENTS DURING THE QUARTER

Nutraceutical and other high value products

Plentex/SARDI – High Value Nutraceutical Project (ex microalgae)

As we have previously reported, Plentex was the principal industry partner in a South Australian Premier's Science and Research Fund Round 6 (PSRF6) project which was undertaken by Flinders University and SARDI over a four year time frame involving total expenditure of approximately \$4.2 million.

During the course of this project SARDI isolated a native strain of microalgae which thrives in saltwater with varying promising attributes in terms of growth rate, lipid content, stability of the culture, ease of culture, tolerance to varying environmental conditions and showing commercial potential in the synthesis of other high value products such as carotenoids, proteins and certain essential fatty acids. Plentex has exclusive commercial rights to this strain.

In September 2012, Plentex finalised a contract under which it proposed to engage SARDI to quantify peak carotenoid production in the wild strain of the microalgae originally isolated by SARDI, together with a few mutants developed by Flinders University researchers.

Some changes were made to the scope and timing of the project late in 2012 and the project was commenced in early February 2013. Under the revised scope of the project, SARDI was required to compare the growth and carotenoid synthesis performance of three mutant strains (M104, M341 and M635) developed by Flinders University with the wild strain in outdoor raceways, followed by production of biomass in bulk of the best performing strain harvested at the carotenoid synthesis peak.

The project was completed early in the quarter under review. The outdoor experiments were conducted in nine, 20 metre raceway ponds at SARDI's West Beach, Adelaide facility.

To resolve taxonomy of the wild strain, DNA sequence analysis was carried at Plentex's request by Dr. David Nobles from the Culture Collection of Algae at the University of Texas. Based on this work, Plentex and SARDI have designated the strain as Chloroparva.

Very valuable information in relation to the influence of varying factors such as temperature, salinity, dissolved oxygen and the use of various nutrients on synthesis of the selected carotenoid has been gained from the trials.

Plentex considers that there is potential to market Chloroparva as a human food supplement and the acquisition of the Biovite business will provide an immediate avenue to markets.

Samples of freeze dried Chloroparva were analysed during the quarter with the objective of developing a nutritional label for this potential direct human food supplement. The results of this analytical work indicate that Chloroparva can compete very favourably with Spirulina in terms of its nutrient content and has the added advantage of the inclusion of carotenoids which are important for the development of and maintenance of eye health.

Photobioreactor Selection Study

Plentex considers that the commercial production of high purity, high value products from microalgae will very likely require the use of photobioreactors as opposed to growing the microalgae in open ponds or open raceways.

A photobioreactor is an enclosed culture vessel that is designed to use natural or artificial light to support photosynthesis for controlled production of microalgae biomass. Photobioreactors can consist of a series of inter-linked plastic or glass tubes in horizontal or vertical configuration or suspended plastic bags.

The use of photobioreactors will minimise the possibility of contamination and will allow greater control over the various factors which impact the growth of microalgae.

Earlier in 2013 a consultant engaged by Plentex conducted an international survey of photobioreactors which are currently being trialled or marketed for the production of microalgae.

This study resulted in the recommendation to Plentex of a photobioreactor manufactured in the Netherlands.

A detailed proposal for the supply of photobioreactor and ancillary equipment from this manufacturer has been obtained and Plentex has decided to acquire, install and operate this photobioreactor subject to funds being available and final negotiations regarding price and other commercial terms. Arrangements have been negotiated with SARDI for the installation of this photobioreactor at SARDI's Aquatic Sciences facility at West Beach, Adelaide. SARDI will operate this photobioreactor on Plentex's behalf.

Microalgae Extraction Technology

One of the other outcomes of the PSRF6 project was the development by Flinders University personnel of an innovative technique for extracting protein and carbohydrate from microalgae biomass before and after the lipids (oils) have been extracted.

Plentex has exclusive commercialisation rights with respect to all intellectual property (IP) developed under the PSRF6 project.

Under the applicable agreement Plentex is required to take all necessary steps at its cost to protect any such IP by the lodgment of applications for patents where appropriate.

To this end Plentex was involved during September/October 2012 in the development of a new international (PCT) Patent Application – Microalgal Extraction (PCT/AU2012/001279) with respect to the technology developed by Flinders University personnel during the PSRF6 project.

Plentex provided funds for some additional research by Flinders University personnel to develop additional test data to support this PCT application.

In addition, Plentex paid the Patent Attorneys' fees for the PCT application and is responsible for all ongoing patent application costs.

In late March 2013, the International Search Report (ISR) and Written Opinion from the International Secretary Authority (ISA) were received by the Patent Attorneys.

ISA has taken the view some of the claims of the PCT application are not considered to be novel and/or involve an inventive step.

The Patent Attorney acting on behalf of Plentex considers that the ISA opinion is incorrect and the Flinders University personnel involved in the development of the subject technology strongly support this view.

Plentex has obtained a report from a consultant in relation to the issues of prior art and lack of inventive steps identified by the ISA.

Plentex also completed during the quarter an internal study in relation to the economics of the Flinders University extraction technology if utilized on a commercial scale. Plentex representatives met on 13 December 2013 with Flinders University representatives and Plentex's patent attorney, and discussions are underway as to the future prosecution of the PCT applications in selected countries.

Aquafeed and Livestock Feed

Philippines Aquafeed Project

The City of Tacloban and most of the surrounding area was decimated by Typhoon Haiyan (locally known as Yolanda) on 8 November 2013. Plentex's consultant was in Tacloban at the time but fortunately escaped uninjured.

Some of the infrastructure Plentex was considering using for its project was severely impacted by the typhoon.

Plentex is currently assessing the future of this project.

Caring for our Country – Innovation Grant Scheme

In early July 2013 Plentex, in conjunction with SARDI and the Food Plus group of Adelaide University lodged an application for Federal Government Funding under the Caring for our Country - Innovation Grants (Sustainable Aquaculture Stream) to support the joint project outlined below.

The project aims to develop a sustainable source of nutrients for humans and livestock from microalgae and seaweed cultivated on marginal land utilizing seawater or saline ground water. The nature strains of algae will be biosecure and preserve our diverse phycological flora.

Food products will be developed from algae for human health and nutrition. Protein rich feed ingredients will be developed for fish and livestock from algal meals to replace high cost sources of feed (e.g. fish meal) that are unsustainably sourced. There will be benefits to the livestock and aquaculture industries and potential improvements in health of humans.

This application seeks \$1,112,500 in Federal Government Funding. A decision was expected early in August 2013 but this was delayed by the calling of the Federal election. A decision was still pending at the end of the quarter.

South Australian PRIF Collaboration Pathways Program Grant

During the quarter Plentex, along with its research partners, SARDI and the FOODplus group of the University of Adelaide, applied for a South Australian Government PRIF Collaboration Pathways Program Grant for a project entitled "Clean and Green from the Blue: Sustainability Farmed Endemic Algae for Food, Nutrition and Health". The total estimated cost of this project is \$1,208,051. Plentex was notified in November 2013 that this application had been short-listed. An announcement in relation to this grant is expected in the first quarter of 2014.

Confidential Aquafeed Projects

A trial batch of aquafeed was manufactured in the USA by Plentex's collaborative partner. This aquafeed was intended to be utilized in a feed trial which was to be conducted in Australia in 2014.

At the end of the quarter Plentex was exploring the possibility of organizing a small scale feed trial in 2014 and was working with its USA based collaborative partner to optimize features of the trial aquafeed.

Restructuring of Aquafeed Business

Plentex is in the process of restructuring its business to allow it to fully focus on the Biovite business and certain synergistically related microalgae and macroalgae projects which Plentex has been pursuing over the past 12-18 months.

To this end Plentex incorporated toward the end of the quarter a new company, Pacific Aquaproducts Pty. Ltd. Plentex intends to transfer its aquafeed/aquaculture activities to this company which will seek independent funding in 2014.

OTHER BUSINESS (Non Algae)

Nest Group Limited (Nest)

Over the past year, Plentex has developed in conjunction with Flinders Partners Pty. Ltd. (the commercial arm of Flinders University) a new business focused on the commercialisation of world class technology developed within Australian universities.

Plentex and Flinders Partners Pty. Ltd. have housed this new business in a new company called Nest Group Limited, which was incorporated in late February 2013.

Nest accesses technology through strategic partnerships with select universities, working to identify, invest in, and build commercial opportunities.

Nest's focus is on opportunities with potential to capture a global market and grow into a major business with emphasis on the health and digital segments.

Nest is currently seeking seed capital and subject to market conditions, intends to raise further funds by way of an IPO in the second half of 2014 and to seek listing on the ASX.

Plentex holds 16,000,000 fully paid ordinary shares in Nest, currently representing approximately 39% of its issued capital. Flinders Partners Pty. Ltd. is currently Nest's major shareholder.

Prosthesis Pty. Ltd.

During the quarter Plentex invested a further \$37,001, total investment to date being \$105,013, representing 21.47% of the current issued capital of Prosthesis Pty. Ltd. Prosthesis is a Victorian based medical device development company. It has developed concepts for a unique prosthetic knee meniscus intended to replicate the shape and functional characteristics of the human knee meniscus.

Prosthesis claims that early detection and an implementation of a prosthetic replacement will arrest the normal descent into fully developed knee osteoarthritis.

Prosthesis is developing a substantial international patent portfolio to protect its intellectual property.

CORPORATE

Capital Raising

During the quarter the Company issued 1,830,000 fully paid ordinary shares (PRM) at an issue price of 10 cents per share. The funds raised by the issue of these shares have been applied as working capital.

The Company is currently seeking further interim funding pending the planned major capital raising by way of a Prospectus scheduled for March 2014, to facilitate the acquisition of the Biovite business discussed earlier in this report.

Expiry of the Company's 30 November 2013 Options

A total of 14,945,428 options which were exercisable at 25 cents per share at any time prior to 30 November 2013, expired unexercised on 30 November 2013.

Plentex Capital Structure as at 31 December 2013 is as follows:

41,863,183	fully paid ordinary shares
6,710,000	options exercisable at 25 cents at any time prior to 30 September 2014
6,750,000	Directors and Management options exercisable at 30 cents at any time prior to 30 November 2014 subject to share price performance hurdle (35 cents plus – for over 30 trading days)
18,000,000	Class C Performance Shares ^(Note 1)

Note (1): *These Performance Shares will lapse during 2014 as the milestones required for their conversion to ordinary shares cannot be achieved in the required time frame.*

Annual General Meeting

As notified to the ASX on 20 December 2013, the Annual General Meeting of the Company for the year ended 30 June 2013, was convened for Friday, 31 January 2014 at 11 a.m. at The Quest Brighton on the Bay. Notices of the Meeting and Financial Statements for the year ended 30th June 2013 were forwarded to the members of Plentex Limited prior to year end.

The Appendix 5B - Mining Exploration Entity Quarterly Report is annexed hereto.

Yours faithfully,
for and on behalf of
PLENTEX LIMITED



PETER C. STREADER
Executive Chairman

About Plentex

Plentex Limited (ASX:PRM) aspires to be Australia's leading producer of sustainable, algae-derived products and raw materials for multiple industries.

These products and raw materials from macro and micro algae may be processed to produce a portfolio of high-value products, including nutraceuticals, cosmeceuticals, pharmaceuticals, livestock and aquaculture feeds and supplements, chemicals, fertilisers and biofuels.

Plentex is a project development company that through harnessing strategic relationships brings together world class technology companies and partners to optimise its project outcomes.

For further information contact:

Peter Streader
Executive Chairman
Plentex Limited
Telephone: +613 95553 8896
Email: admin@plentex.com.au

Daniel Goldman
Managing Director
Plentex Limited
Telephone: +613 9553 8896
Email: dgoldman@plentex.com.au

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

PLENTEX LIMITED

ABN

13 009 607 676

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(175)	(503)
- Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) – R&D Grant	(3)	276
Net Operating Cash Flows	(178)	(224)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(37)	(37)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)		
- Project Development	-	-
Net investing cash flows	(37)	(37)
1.13 Total operating and investing cash flows (carried forward)	(215)	(261)

1.13	Total operating and investing cash flows (brought forward)	(215)	(261)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	143	150
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	143	150
	Net increase (decrease) in cash held	(72)	(111)
1.20	Cash at beginning of quarter/year to date	130	169
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	58	58

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development - algae projects and business development	100
4.3 Production	-
4.4 Administration	65
Total	1 65

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	58	130
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	58	130

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed (<i>Note 2</i>)	-	-	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	*Ordinary securities	41,863,183	41,863,183	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,830,000 -	1,830,000 -	10 cents -
7.5	*Convertible debt securities <i>(description)</i>	-	-	-

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Performance Shares (PRMAS) (C Class) (not quoted)	18,000,000	18,000,000	-	-

7.8	Options (Unlisted) (description and conversion factor)	Unlisted options (PRMAK) expiring 30 November 2013 exercisable at .25 cents.			
7.9	Issued during quarter (unquoted)	-	-	-	-
7.10	Exercised during quarter (unquoted)	-	-	-	-
7.11	Expired during quarter	THESE UNLISTED OPTIONS EXPIRED DURING THE QUARTER			

7.12	Options (Unlisted) (description and conversion factor)	Unlisted options (PRMAW) expiring 30 September 2014 exercisable at 25 cents.			
		6,710,000	6,710,000	25 cents	N/A
7.13	Issued during quarter (unquoted)	-	-	-	-
7.14	Exercised during quarter (unquoted)	-	-	-	-
7.15	Expired during quarter	-	-	-	-

7.16	Options (Unlisted) (description and conversion factor)	Unlisted options (PRMAI) expiring 30 November 2014 exercisable at 30 cents (subject to performance hurdle).			
		6,750,000	6,750,000	30 cents	N/A
7.17	Issued during quarter (unquoted)	-	-	-	-
7.18	Exercised during quarter (unquoted)	-	-	-	-

7.19	Expired during quarter	-	Exercised during quarter (unquoted)	-	-	-
7.20	Debentures (totals only)	-	Expired during quarter	-		
7.21	Unsecured notes (totals only)	-		-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: **3 February 2014**
(Director/Company secretary)

Print name: **PETER CLIVE STREADER**

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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