

PILOT PROCESSING UPDATE

Nanollose Limited (ASX:NC6) (“**Nanollose**” or the “**Company**”) a leading biomaterials company commercialising scalable technology to create fibres and fabrics with minimal environmental impact, is pleased to provide shareholders and investors with the following update in respect of the first pilot scale processing of its microbial cellulose (“**MC**”), the penultimate step in the preparation of nullarbor™ Tree-Free, high tenacity lyocell.

The penultimate step in the manufacture of nullarbor fibre is the processing of raw MC into material suitable for use in the lyocell process. This step is a key milestone for the Company, and we are pleased to announce that it has been successfully completed, with the specific technical goals of the pilot trial being achieved as planned.

The achievement of this goal significantly reduces a key risk of the pilot program and the Company is delighted to have achieved this result at pilot scale, passing another important milestone.

Notwithstanding the above success, the Company notes that final preparatory testing of the resultant processed MC has identified that a small quantity of fine metal particles was introduced during the drying process and that this must now be removed before proceeding to the final stage, being to spin the processed MC into fibre.

The Company is confident that the source of the metal particles has been identified and that it relates to an isolated event from the drying equipment which can be readily avoided in the future.

In the meantime, attempts to remove the metal particles are in progress to enable the pilot fibre spin at Birla Cellulose to proceed in December as planned. If removal of the metal cannot be achieved in a timely and cost effective manner, the Company notes that a second, larger batch of MC has recently arrived in Mumbai and can be evaluated for processing and use in the pilot spin if necessary. Should this second batch of MC be required, it will likely delay the fibre spin until early 2022.

In any event, the Company is nearing its first pilot spin of fibre, with industry and investors alike watching very closely as the Company approaches its most significant milestone yet.

Nanollose Executive Chairman, Dr Wayne Best, said: *“I’m greatly encouraged that the technical objectives of the pilot scale processing were met. While the appearance of metal in the processed MC is unfortunate, the meeting of the technical objectives is the more significant and enduring outcome of the trial, and enables us to proceed with even greater confidence.”*

[ENDS]

AUTHORITY AND CONTACT DETAILS

This announcement has been authorised for release by Executive Chairman, Dr Wayne Best.

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ABOUT NANOLLOSE

Nanollose Limited (ASX: NC6) is a leading biotechnology Company commercialising scalable technology to create fibres with minimal environmental impact. Nanollose uses an 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, including food and agriculture, has the ability to produce 'Tree-Free' Cellulose. Cellulose is the hidden polymer building block most consumers know nothing about, but forms a huge part of items used in their everyday life such as clothing, paper and hygiene products.

In January 2021, Nanollose filed a joint patent application with Birla Cellulose, for a high tenacity, Tree-Free lyocell made from microbial cellulose (*High Tenacity Lyocell Fibres From Bacterial Cellulose and Method of Preparation Thereof*). Using the lyocell process, a team of fibre experts at Grasim's Pulp and Fibre Innovation Centre produced nullarbor fibre that is finer than silk and significantly stronger than conventional lyocell that is traditionally produced from wood pulp. Nanollose's primary focus is on commercialising this fibre technology.

ABOUT BIRLA CELLULOSE AND GRASIM INDUSTRIES LIMITED

Birla Cellulose, a business unit of Grasim Industries Limited, part of Aditya Birla Group (ABG), is a leading sustainability focused man made cellulosic fibre producer, with its nature based fibres being produced from renewable wood sourced from sustainably managed forests. Grasim Industries Limited, a flagship company of the ABG, ranks amongst the top publicly listed companies in India and operates pulp and fibre business in India.

Grasim Industries operates its pulp and fibre business, which applies closed loop processes and environmentally efficient technologies, that recycle raw materials and conserve natural resources. Grasim's five global advanced research centres are equipped with state of the art facilities and pilot plants, with new generation innovative products including Livaeco™, Liva Reviva, Birla Excel (lyocell), in addition to Liva Antimicrobial and Birla Spunshades, which are designed with superior sustainable credentials.

With an aim to create bigger and broader impact, Grasim collaborates actively with its value chain partners and works closely with organizations including, Canopy Planet, Sustainable Apparel Coalition (SAC), Zero Discharge of Hazardous Chemicals (ZDHC), Changing Markets Foundation, Textile Exchange, WBSCD, Fashion for Good amongst others to continually learn and apply the best practices within its global operations and across its value chain.