

InvestVictoria R&D Loan – Rollover to FY23 and Project Update

18 July 2022: Environmental Clean Technologies Limited (ASX: ECT) (“ECT” or “Company”) is pleased to provide the following update on the status of its R&D Loan facility provided by InvestVictoria, a business of the Victorian State Government and provide a short update on the COLDry demonstration project.

Key points:

- InvestVictoria has approved a rollover of the FY22 R&D loan into FY23
- Loan facility of \$1,968,000 will be repaid from FY23 refund
- FY22 refund will be used as non-dilutive cashflow estimated at \$1.83m
- COLDry commercial demonstration progresses wet commissioning of Stage 1

InvestVictoria R&D Loan

In line with previous announcements, the Company’s R&D cashflow loan of \$1,968,000 with InvestVictoria has now been approved to rollover for a further 12 months, with the loan to be repaid from the FY23 refund.

The rollover approval includes a condition that the FY23 refund forecast must remain within the 80% LVR limit (i.e. >\$2.36m), which the Company currently meets.

The Company will be able to access the full FY22 refund estimated at ~\$1.83m, which will be deployed toward further progressing Phase 2 of its COLDry-hydrogen refinery demonstration at Bacchus Marsh¹ along with other initiatives previously stated to the market.

Current interest rate for this loan is 1.015%

Managing Director Glenn Fozard noted:

“Invest Victoria’s R&D Cashflow Program has enabled companies like ours to source non-dilutive cash flow at low rates of interest at a time that the investment markets are extremely volatile. Adding this additional cash to our existing cash raised in early May puts us in an enviable position against our peers as we remain on track to deliver on Phase 2 of our Bacchus Marsh project in collaboration with GrapheneX and other commercial partners.”

About the InvestVictoria R&D Cash Flow Loan

The R&D Cash Flow Loans program provides low-interest loans of up to \$4 million, for a period of between 12-28 months, to innovative Victorian SMEs that meet certain eligibility criteria including:

- The Company must qualify for the Commonwealth Government’s R&D tax incentive plan
- The Company must demonstrate compelling potential for R&D in Victoria, meeting at least two of the following scenarios:
 - expected to lead to meaningful growth in R&D in Victoria
 - expected to lead to meaningful job creation in Victoria
 - expected to fund meaningful expansion of R&D operations into Victoria
 - headquartered in Victoria.

¹ See announcement 28 April 2022: Joint Venture Agreement with GrapheneX for Demonstration Project and Capital Raising

COLDry Demonstration Progress

The flexibility provided by InvestVictoria as the Company advances its project supports the ongoing activities to deliver what will be the largest demonstration of lignite syngas to hydrogen in Australia.

The Company is progressing the wet commissioning of Phase 1, with the recent successful production of the first COLDry pellets from the primary processing system.

Chief Engineer Ashley Moore commented:

"We're pleased to report, that after several months of dry commissioning, we achieved an outstanding pellet result from our first wet commissioning run through the entire primary processing system. In addition, the sample pellets taken from this commissioning run have dried to a hard, dense state, in line with desired product specifications, which is a tremendous early win that allows us to proceed with commissioning of the conditioning system and from there into Phase 2 development."



Photos: (1) Yallourn brown coal (lignite) being loaded to the infed system, (2) achieving COLDry pellets on the first end-to-end wet commissioning run of the primary processing system & (3) dried pellet samples.

The next step in wet commissioning will be to run from the primary processing stage through to the conditioning system to ascertain the drying performance profile, generating the required data necessary to complete Phase 1 commissioning, and provide the pathway for integration with Phase 2 activities as they progress in the coming months.

This announcement is authorised for release to the ASX by the Board.

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About ECT

ECT has been developing net-zero emission and hydrogen technologies for over 15 years.

Our solutions aim to transition today's use of resources to tomorrow's zero-emission future, delivering immediate financial and environmental benefits.

We are focused on advancing a portfolio of technologies with significant market potential globally.

ECT's business plan is currently focusing on two major projects:

- 1) Zero-Net Emission COLDry Commercial Demonstration at Bacchus Marsh, Victoria, Australia
- 2) Zero-Net Emission Hydrogen Refinery Project at the Latrobe Valley, Victoria, Australia

About our Technology Suite

COLDry

COLDry is the gateway enabler of higher-value applications for waste biomass and lignite.

These streams are a rich source of valuable hydrocarbons. However, they suffer from high moisture content that must be reduced to enable higher value upgrading and conversion to solid fuels, liquid or gaseous hydrocarbons.

Drying is easy. However, drying efficiently, cost-effectively and with a low emissions footprint has been the challenge. COLDry meets this challenge through a combination of 'substrate densification' and waste heat utilisation, delivering the world's first low temperature, low pressure, low cost, zero CO₂ emissions drying process.

HydroMOR

The HydroMOR process has the potential to revolutionise primary iron making.

HydroMOR is a simple, low cost, low emission, hydrogen-driven technology that enables 'low value' feedstocks to produce primary iron. HydroMOR is the transition solution to a "green steel" future.

COHgen

The COHgen process has the potential to deliver a lower cost, lower emission method for hydrogen production from lignite and other waste biomass streams.

COHgen is currently advancing through fundamental laboratory development intended to form the basis for a patent application ahead of scale-up and commercialisation.

COHgen aims to decouple hydrogen production from CCS, accelerating the race towards <\$2kg production costs with little to no emissions.

CDP-WTE

The catalytic depolymerisation-based waste-to-energy process converts low-value resources into higher-value diesel and other valuable by-products.

CDP-WTE can be deployed as a standalone solution or integrated with the COLDry process to deliver higher-value, lower-emission energy solutions to lignite resource owners.

Forward-Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of ECT, are or may be, forward-looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Therefore, actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.
