

Highlights

- **Advancement of Bacchus Marsh Project (Phase 1):**
 - Plant Layout:
 - Work progressing towards the finalisation of the Bacchus Marsh Project:
 - Plant design to accommodate two processing streams:
 - Agricultural Products; and
 - Syngas Testing
 - Firming up Cost via a formal Request for Quote (RFQ) process
 - Reduced Capex through enhanced mass and energy balance efficiency via improved equipment design and energy management.
- **MoU Signed with Soil Health Solutions Provider immediately after the end of the quarter:**
 - ECT & ESG Agriculture signed a binding MOU to enter an offtake agreement and develop sustainable soil health solutions.
 - This marks a pivotal step in commercialising net-zero COLDry technology. The MOU establishes a joint venture to produce up to 52,000tpa of soil improvement product, reducing urea dependency and replenishing Carbon into the soil structure.
- **HydroMOR Patent Granted in Canada and, after the end of the quarter, India,** adding to patents already granted in Australia, the EU, Hong Kong, Canada, and Russia.
- **Patent Audit Completed**
 - Undertook a full audit of existing patents and developed a strategy for ongoing protection of existing and newly identified patent opportunities.
- **Successful \$1.5M Placement:**
 - ECT secured \$1.5 million in new funding via a placement to existing shareholders and new strategic investors at a premium to the last closing price prior to the capital raising.

29 April 2024: Environmental Clean Technologies Limited (ASX: ECT) (“ECT” or “Company”) is pleased to provide the following update on recent developments and release its Appendix 4C for the quarter concluding on 31 March 2024.

Activity Update

Commercial Project Bacchus Marsh Agricultural Product and Syngas Testing

The Bacchus Marsh Commercialisation Pathway has been redesigned to incorporate Agricultural Soil Improvement Product (phase 1) as well as syngas testing (Phase 2). Co-use of equipment, process lines and no duplication provide a cost and operational effective solution optimising investment.

In addition, numerous scaled tests throughout the period have been completed, providing important data for equipment modification and process improvements. This is the first opportunity the Company has had since the demonstration plant was constructed to complete these scaled tests. The findings indicate that significant improvements to operations and cost reductions can be realised along with an optimised mass and energy balance.

In addition, the following activities have been completed:

- Bacchus Marsh EPA Permissions Pathway: Pilot license submission requirements were completed in April during the submission review.
- Planning Permit (State/Local): Introductory meetings with stakeholders initiated to facilitate lodgement in May.
- COLDry and Pyrolysis Plant Layout:
 - Plant design incorporates flexibility, staged development, and offtake options to optimise operational efficiency.
 - Simplified and optimised layout reduces CAPEX.
- Syngas Pilot Project – Under Development: Ongoing discussions and presentations have been made with potential partners and off-takers. The gasification via pyrolysis process in the generation of syngas for downstream synthesis into high-value, highly sought-after products, Hydrogen, Methanol, Dimethyl Ether, and Ammonia, aligns with industry decarbonisation goals. The ECT process provides an immediate, cost-effective solution to meet current market demands with a confirmed net-negative carbon footprint as defined by NGER.

ECT Signs MOU with ESG Australia - Soil Health

Subsequent to the end of the quarter, on 4 April, ECT & ESG Agriculture sign binding MOU to enter an offtake agreement and develop sustainable soil health solutions.

The MOU marks a significant step towards commercialising ECT's net-zero COLDry technology, establishing a collaboration to develop a blended soil health product that addresses market demand for cost-effective fertilisers while adding carbon back into the soil. The agricultural sector faces unprecedented challenges, grappling with soaring costs of conventional fertilisers, deteriorating sustainability, collapsing carbon content in soils and the pervasive impacts of change.

The MOU has 7 key phases, 2 of which have been completed, and the rest are scheduled and underway.

HydroMOR Patent Granted in Canada and India

The Company expanded its patent portfolio, securing patents for HydroMOR in Canada in February and India in April, adding to its existing patents in regions such as Australia, the EU, Hong Kong, and Russia.

HydroMOR provides a path to industrial-scale decarbonisation in the hard-to-abate steel sector.

India, for example, at the doorstep of Australia and one of the emerging global steel producers, has significant lignite reserves and presents a compelling market for ECT to consider commercial opportunities.

Currently, there are no economically viable substitutes for coal in India that can be deployed at scale. As such, India's development roadmap through 2030 aims to develop decarbonisation solutions for hard-to-abate sectors such as power, steel, cement, agriculture, and valuable chemicals. This enables these industries to continue operating and growing as the economy expands.

HydroMOR, a proven ironmaking (DRI) technology, reduces CO2 emissions between 30% and 50% compared to traditional blast furnaces or DRI methods. It leverages abundant and cost-effective lignite alongside lower-cost iron ore fines, resulting in 30% to 40% lower capital costs, 10% to 15% lower operating costs, and up to 70% savings on raw materials.¹

Patent Protection Strategy Reinforced

ECT continues to ensure its valuable intellectual property is protected. In addition to ensuring its patents are current, we have engaged a Patent specialist company to undertake a complete audit and develop a protection strategy. During the last three months, as part of the improvements to design and operations, several patentable processes and designs have been identified and will be subject to application for protection.

Successful\$1.5m Placement

A successful placement at \$0.005 per share, a 25% premium to the last traded price, demonstrating strong support from existing and new investors aligned with ECT's strategy.

The placement, comprising 300,000,000 fully paid ordinary shares, will primarily fund development at the Bacchus Marsh production facility and evaluate emerging commercialisation opportunities.

Commentary to Appendix 4C

Operating activities had net cash outflows of \$1.03M during the quarter, which is \$0.3M higher than the prior quarter. Purchases of property, plant, and equipment were reduced. The Company focused on project development.

During the March 2024 quarter, the Company commenced a share placement, which raised \$1.5M. Of this, \$1.2M was received prior to 31 March 2024, with the balance received in the following month.

Repayment of borrowings was less, as the Company made a \$0.98M loan repayment during the prior quarter.

There were no other significant variations in cash flows compared to the previous quarter.

Cash payments of \$0.093M (previous quarter \$0.066M) were incurred to related parties of the entity for salaries and directors' fees.

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¹ HydroMOR performance estimates based on internal technoeconomic analysis.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Environmental Clean Technologies Limited

ABN

28 009 120 405

Quarter ended ("current quarter")

31 March 2024

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			14
1.2 Payments for			
(a) research and development	(357)		(729)
(b) product manufacturing and operating costs			
(c) advertising and marketing			
(d) leased assets			
(e) staff costs	(367)		(843)
(f) administration and corporate costs	(297)		(1,004)
1.3 Dividends received (see note 3)			
1.4 Interest received	2		13
1.5 Interest and other costs of finance paid	(11)		(54)
1.6 Income taxes paid			
1.7 Government grants and tax incentives			1,309
1.8 Other (provide details if material)			
1.9 Net cash from / (used in) operating activities	(1,030)		(1,294)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities			
(b) businesses			
(c) property, plant and equipment	(62)		(674)
(d) investments			
(e) intellectual property			
(f) other non-current assets			

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) 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	(62)	(674)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,230	3,230
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(36)	(1,047)
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	1,194	2,184

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,401	1,286
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,030)	(1,294)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(62)	(673)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,194	2,184
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,503	1,503

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
5.1	Bank balances	1,503	1,286
5.2	Call deposits		
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)	1,503	1,286

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	93
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)	984	984
7.4 Total financing facilities	984	984
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The Company has a lending facility with Invest Victoria for \$0.984M which has an interest rate of 4.515%, matures 30 April 2024 and is secured by the Company's R & D Tax Incentive. No further drawdowns will be made against this facility. The Company has in-principle agreement from Invest Victoria to extend repayment until the proceeds of the FY24 R & D incentive are received.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,030)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,503
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	1,503
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.46
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Net operating cash flows for the Q4 2024 quarter are expected to be comparable to Q3 2024 quarter. In Q1 2025 there is expected to be a decrease in net operating cash outflows once construction commences at its Bacchus Marsh facility. The entity is expecting to finance the construction of this facility using project finance. The entity maintains its ability to raise capital in accordance with Listing Rule 7.1.	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: At the end of Q3 2024 a share placement had commenced for \$1.5M of which \$1.23M was received prior to 31 March 2024 with the balance of \$0.27M received in early April 2024. See 8.6.1 regarding likely steps to raise further cash.	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. The entity expects to be able continue its operations. See 8.6.1.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

Date: 29 April 2024

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.