



# Appendix 4C & Quarterly Activity Report

## 30 September 2023

### Highlights

- Highly regarded energy transition leader, Sam Rizzo, appointed Managing Director.
- Organisational restructure aligned to project delivery and revenue in 2024.
- Revised development strategy driving focus on delivery and commercialisation:
  - Race to revenue - target Q4 2024
  - Commercialisation of Bacchus Marsh - project scope, cost and schedules interrogated and aligned with the strategy
  - COLDry Project comprehensive analysis of 60,000tpa, 120,000tpa and 240,000tpa options complete
  - COLDry pellet, char and activated char techno-economic assessment completed
  - 120,000tpa scenario optimises return on capital expenditure
- Increasing engagement with key current and potential strategic stakeholders, suppliers and off-takers.
- Successful \$2 million capital raising with strong support from existing shareholders.

**31 October 2023:** Environmental Clean Technologies Limited (ASX: ECT) (ECT or Company) is pleased to provide the following update and Appendix 4C for the quarter ending 30 September 2023.

### Leadership and Organisation Changes

During the quarter the Company was proud to announce the key appointment of highly regarded energy transition executive Sam Rizzo as Managing Director. Mr Rizzo is a major project leader with more than 11 years' experience delivering complex renewable energy and infrastructure projects, focused on achieving optimal value and return on investment. He was most recently Regional Programme Leader (Europe) for global energy transition company, Fortescue Future Industries. This role led the implementation of strategic corporate agreements for complex multibillion-dollar projects, which involved entering contractual arrangements with a national utility provider and green renewable energy entities.

This key appointment is a strong indicator of the potential for the commercialisation of the Company's Bacchus Marsh production facility and the renewed prioritisation of offtakes and revenue in 2024.

As part of this major organisational restructure, the Company created dedicated roles and responsibilities aligned with a revised development strategy based on achieving the most efficient path to project delivery and commercialisation.

# ECT Development Strategy: Race to Revenue

## Key Points:

Deliver the Bacchus Marsh Project Q4 2024 (CY):

- Bacchus Marsh Concept Design Finalised: Optimised ROI 120,000tpa
- Commercialising Operations at Bacchus Marsh: Revenue Generation Q4 CY2024
- Supply and Offtake Agreements Progressed: Cost and Revenue Certainty
- Strategic Partnerships and Collaboration Opportunities Advancing

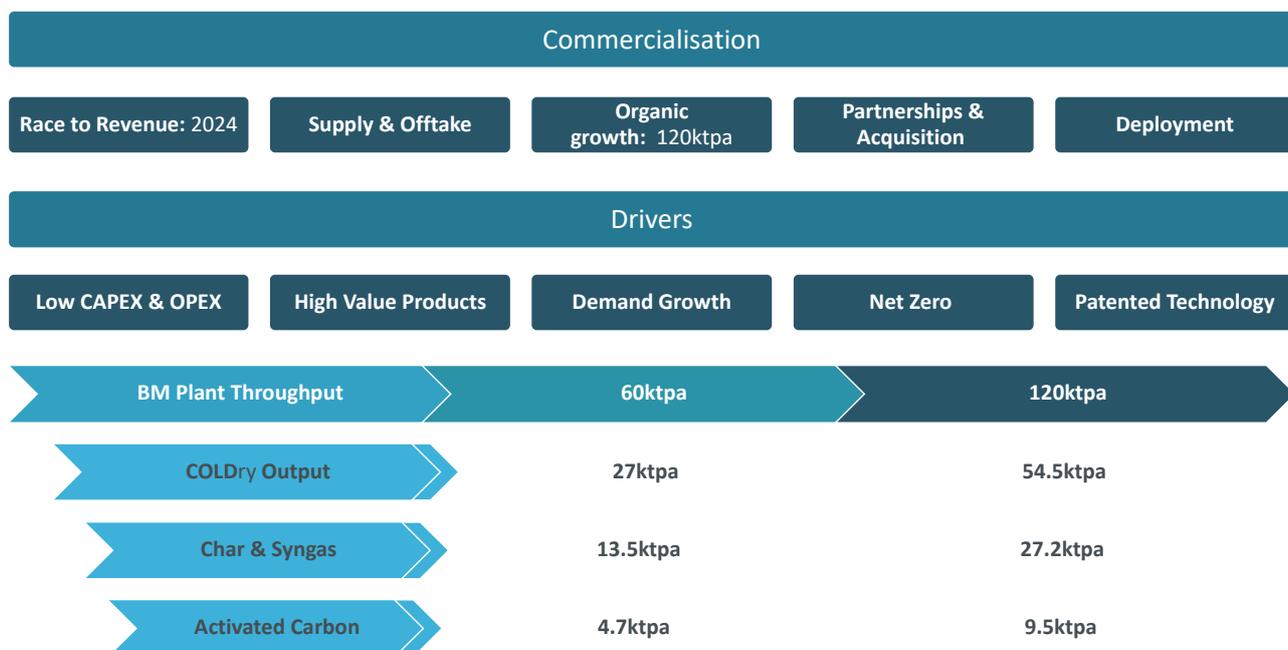
## Target Q4 CY2024

The Company adopted a revised development strategy during the reporting period with the objective of achieving revenue by the fourth quarter of the calendar year 2024. This timeline is a key driver in the execution of the Company's operational plans.

## Commercialisation of Bacchus Marsh

The commercialisation of the Bacchus Marsh project is the priority in the revised development strategy. The project scope, cost, and schedules have been thoroughly analysed and aligned with the overall strategy to ensure optimal return on investment and generating a revenue stream for working capital and further project development.

The COLDry project, with potential production capacities of 60,000tpa, 120,000tpa, and 240,000tpa, has undergone a comprehensive analysis. After careful consideration, it has been determined that the 120,000tpa capacity will optimise the return on capital expenditure.



## Strategic Partnerships

### *Developing Strong Strategic Partnerships with Key Stakeholders, Suppliers, and Off-takers*

- **Strategic Contributors and Stakeholders:** Key participants for the Bacchus Marsh Project's success identified and engaged.
- **Confidentiality Agreements executed:** Ensuring the protection of sensitive information.
- **Targeted Stakeholders:** Engaging the entire value chain.
  - **Lignite Suppliers:** Collaborating with suppliers of lignite.
  - **Organics Suppliers:** Establishing partnerships with suppliers of organic materials.
  - **Landlord:** Engaging with the site owner to ensure long-term options.
  - **Electricity Suppliers:** Establishing relationships with electricity suppliers.
  - **Contractors and Equipment Suppliers:** Selection and appointment of contractors and suppliers of equipment.
  - **Product Off-Takers:** Identifying off-takers for COLDry, Char, and Activated Char products.

## Growth Strategy

The Company's growth strategy:

### 1. Organic Growth Strategy

- Optimise the return on investment at Bacchus Marsh and generate revenue.
- Assessed and resolved the Yallourn opportunity is presently constrained and will be a mid-term opportunity for ECT and subject to:
  - Supply arrangements being secured for lignite
  - Offtake agreements being commercialised

### 2. Acquisitions Growth Strategy

Whilst the Company is focused on realising the significant immediate commercial opportunity at its Bacchus Marsh production facility, the Company will continue to review complementary opportunities as they present themselves.

## Capital Raising

During the quarter, ECT raised \$2.0 million via a placement which was strongly supported by existing shareholders and board members. Funds raised are primarily being used to support development and commercialisation activities at the Company's Bacchus Marsh production facility.

## Commentary to Appendix 4C

The Company had a net inflow of cash during the quarter due to the August 2023 capital raising. Cash used in operating activities during the quarter was \$0.953M compared to \$0.545M during the prior quarter. Significant differences compared to the prior quarter include:

- Receipts reduced by \$0.1M compared to the prior quarter, which included the receipt of funds from a data centre operator located at the Bacchus Marsh facility. The data centre ceased operations during the current quarter.

- Administration and corporate cash outflows increased by \$0.228M. Annual costs such as patent renewal fees, ASX annual listing fees and costs associated with the year-end reporting made up most of this increase.

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

Cash payments of \$0.072M (previous quarter \$0.039M) were made to related parties of the entity, which included directors' fees, salary payments for the Company's new Managing Director and service-related payments to the Company's previous Managing Director, who is now the Chief Operating Officer (COO). Payments to the COO are no longer included in payments to related parties.

**For further information, please contact:**

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## 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")**

30 September 2023

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (3<br/>months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               | 4                                  | 4  |
| 1.2 Payments for  |                                    |  |
| (a) research and development                              | (307)                              | (307)  |
| (b) product manufacturing and operating costs             |                                    |  |
| (c) advertising and marketing                             |                                    |  |
| (d) leased assets   |                                    |  |
| (e) staff costs   | (212)                              | (212)  |
| (f) administration and corporate costs                    | (423)                              | (423)  |
| 1.3 Dividends received (see note 3)                       |                                    |  |
| 1.4 Interest received                                     | 6                                  | 6  |
| 1.5 Interest and other costs of finance paid              | (21)                               | (21)   |
| 1.6 Income taxes paid                                     |                                    |  |
| 1.7 Government grants and tax incentives                  |                                    |  |
| 1.8 Other (provide details if material)                   |                                    |  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(953)</b>                       | <b>(953)</b>                                   |
| <b>2. Cash flows from investing activities</b>            |                                    |  |
| 2.1 Payments to acquire or for:                           |                                    |  |
| (a) entities  |                                    |  |
| (b) businesses  |                                    |  |
| (c) property, plant and equipment                         | (219)                              | (219)  |
| (d) investments   |                                    |  |
| (e) intellectual property                                 |                                    |  |
| (f) other non-current assets                              |                                    |  |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (3<br>months)<br>\$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)                   |                            |                                       |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>(219)</b>               | <b>(219)</b>                          |

|             |   |              |              |
|-------------|---|--------------|--------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |              |              |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | 1,921        | 1,921        |
| 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   | (18)         | (18)         |
| 3.7         | Transaction costs related to loans and borrowings                                       |              |              |
| 3.8         | Dividends paid  |              |              |
| 3.9         | Other (provide details if material)   |              |              |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>1,903</b> | <b>1,903</b> |

|           |  |       |       |
|-----------|--|-------|-------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |       |       |
| 4.1       | Cash and cash equivalents at beginning of period                             | 1,286 | 1,286 |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (953) | (953) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (219) | (219) |

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (3<br/>months)<br/>\$A'000</b> |
|---|--|------------------------------------|--|
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | 1,903                              | 1,903  |
| 4.5   | Effect of movement in exchange rates on cash held                |                                    |  |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                | <b>2,017</b>                       | <b>2,017</b>                                   |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 2,017                              | 1,286                               |
| 5.2        | Call deposits   |                                    |                                     |
| 5.3        | Bank overdrafts   |                                    |                                     |
| 5.4        | Other (provide details)   |                                    |                                     |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>2,017</b>                       | <b>1,286</b>                        |

| <b>6.</b> | <b>Payments to related parties of the entity and their associates</b>                   | <b>Current quarter<br/>\$A'000</b> |
|-----------|---|------------------------------------|
| 6.1       | Aggregate amount of payments to related parties and their associates included in item 1 | 72                                 |
| 6.2       | Aggregate amount of payments to related parties and their associates included in item 2 |                                    |

*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.*

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

| <b>7. Financing facilities</b>  | <b>Total facility amount at quarter end<br/>\$A'000</b>  | <b>Amount drawn at quarter end<br/>\$A'000</b> |
|---|--|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.<br/>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   |  |  |
| 7.1 Loan facilities   |  |  |
| 7.2 Credit standby arrangements   |  |  |
| 7.3 Other (please specify)  | 1,968  | 1,968  |
| 7.4 <b>Total financing facilities</b>   |  |  |
| 7.5 <b>Unused financing facilities available at quarter end</b>   |  |  |
| 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. | <p>The Company has a fully drawn lending facility with Invest Victoria for \$1.968M which has an interest rate of 4.265%, matures 30 November 2023 and is secured by the Company's R &amp; D Tax Incentive refund.</p> |  |

| <b>8. Estimated cash available for future operating activities</b>   | <b>\$A'000</b> |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9)  | (953)          |
| 8.2 Cash and cash equivalents at quarter end (item 4.6)  | 2,017          |
| 8.3 Unused finance facilities available at quarter end (item 7.5)  |                |
| 8.4 Total available funding (item 8.2 + item 8.3)  | 2,017          |
| 8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  | 2.12           |
| <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:  |                |
| 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:  |                |
| 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:  |                |
| <i>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.</i>   |                |

## 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: 31 October 2023

Authorised by: The Board  
(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.