

Highlights

- **COLDry Design Throughput Doubled:** Project scope for COLDry completed, targeting a doubling of throughput capacity to 120,000, producing 57,000t of COLDry for sale and or pyrolysis.
- **Bacchus Marsh Project Development Progressing to Schedule:**
 - Scope, design, cost, and optimisation with FEED documentation target early Q2, CY2024.
 - Environmental approvals pathway defined, supply and offtake draft agreements progressed with finalisation early Q2 CY2024.
- **Streamlined Approvals Process aligned with Project:** Agreement received from the EPA for the COLDry commercialisation project to proceed under the Pilot Pathway approvals process, facilitating a more efficient regulatory process. The streamlined approvals process aligns seamlessly with the COLDry Commercialisation Project's schedule, ensuring timely progression and deadline adherence.
- **Planning Underway for Syngas Pilot Project:** Planning commenced Q4(CY) 2023, for establishing a syngas pilot project at Bacchus Marsh.
- **Partnerships and Commercial Opportunities Growing:** During the reporting period, several agreements have been entered into with potential partners to explore the project's benefits, offtake and other commercial opportunities.
- **Increasing Environmental Beneficiation Potential:** Diversion (estimated) of 35,000 tonnes annually of plastic-contaminated waste biomass from landfill, contributing to a sustainable solution.

30 January 2024: Environmental Clean Technologies Limited (ASX: ECT) (ECT or Company) is pleased to provide the following update on recent developments, along with the release of its Appendix 4C for the quarter concluding on 31 December 2023.

COLDry Project Scope Finalisation

The Company announced the successful finalisation of the COLDry Project (Phase 1) scope, marking a pivotal milestone in laying the groundwork for effective implementation.

Delivering Net-Zero Solutions

ECT aims to establish Australia's inaugural fully integrated facility, specialising in converting plastic-contaminated waste biomass and lignite into 57,000 tonnes of commercially saleable COLDry (Phase 1).

Targeted Market and 'Race to Revenue' Strategy

A comprehensive techno-economic analysis supports a compelling business case, particularly in relation to sales to Activated Char manufacturers, aligning seamlessly with our 'race to revenue' strategy.

Addressing a Growing Issue

Recognising the escalating concern surrounding plastic-contaminated biomass, the Company's patented COLDry technology is anticipated to divert up to 35,000 tonnes of contaminated biomass annually from landfill for Phase 1.

Activity Updates

Syngas Pilot Project – Under Development

The ongoing development of the Phase 2 Syngas Pilot Project signifies a strategic initiative in line with the objectives of the COLDry Commercial Project, bolstering revenue opportunities for ECT.

This pilot project aims to assess the quality, quantity, and consistency of syngas derived from the pyrolysis of biomass-blended lignite. The subsequent synthesis of syngas to yield methanol, hydrogen, and other essential net-zero products, contributing to the pursuit of decarbonisation, enjoys widespread recognition across industry. This initiative offers an immediate, cost-effective solution to address current market demands.

This initiative marks a significant stride towards commercialising net-zero sustainable energy solutions. The Company is diligently working to showcase the viability of this approach.

Cost Management and Project Schedule - On Target

The Company has and continues to challenge process, cost, equipment selection and construction packages with the objective of optimising capital spend versus production.

The ongoing tender processes and upcoming contract awards are scheduled for the next quarter.

The Company remains on track with the project schedule, with a target plant operation date in December 2024.

Research & Development - On Target

Process Scale-up

A key consideration in the scale-up of capacity from 60,000 to 120,000 tonnes per annum is system integration and optimisation across feed preparation, pellet production, drying systems and waste heat utilisation to maximise productivity and return on investment. Tests are currently underway which will provide the necessary data to optimise operations.

Blend Ratios

The blend of organic and plastic-contaminated waste with lignite drives the net zero footprint and generates a revenue stream for ECT.

Testing programs during the period are aimed at identifying the maximum ratio of organic waste and lignite, maximising the current net zero footprint to a net-negative territory and increasing revenue.

Monash University Collaboration

We are collaborating with Monash University to profile and optimise COLDry product specifications to meet the requirements of the high-value activated char market.

Through this research, input blends can be tailored to ensure the desired product qualities, maximising revenue opportunities.

Newcastle University Collaboration

ECT continues to work with Newcastle University on profiling the syngas from a range of organic waste, and lignite blends to inform the requirements and design of downstream plant and equipment necessary for further processing to clean hydrogen, methanol, dimethyl ether and fertiliser.

Streamlined Environmental Approval Pathway Secured

The Victorian Environmental Protection Authority (EPA) has validated the application pathway for the COLDry commercialisation project. This milestone underscores the environmental stewardship and strategic planning embedded in the project.

Benefits of Pilot Pathway

The 'pilot pathway' offers numerous advantages, including flexibility and adaptability in project approaches, streamlined approvals for innovative projects, and enhanced collaboration and ongoing monitoring. ECT is fully committed to closely collaborating with the EPA to ensure the seamless realisation of the Project.

Commitment to Environmental Responsibility

ECT remains resolute in its commitment to delivering innovative and environmentally responsible decarbonisation solutions. The confirmation of the EPA pathway serves as a testament to our dedication to sustainability and our unwavering confidence in the success of the COLDry commercialisation project.

Commentary to Appendix 4C

Operating activities had a net cash inflow during the quarter of \$0.690M due to the receipt of the Company's R & D Tax Incentive rebate in December 2023 of \$1.3M.

During the December 2023 quarter, the Company made a repayment to Treasury Corporation Victoria of \$0.984M, representing a payment of 50% of its R&D loan balance, with the remainder to be repaid on 30 April 2024.

Other significant differences compared to the prior quarter include:

- Research and development costs reduced from \$0.307M in the previous quarter to \$0.065M in the December quarter. This reduction is due to the Company directing activities towards the design and construction of the next stage of the Bacchus Marsh facility.
- Expenditure on plant and equipment increased from \$0.219M to \$0.392 due to the design and construction of the Bacchus Marsh facility.

- Proceeds from the issue of shares reduced from \$1.92M in the prior quarter to \$0.08M in the December quarter, as the prior quarter included a capital raising.

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

Cash payments of \$0.066M (previous quarter \$0.072M) were made to related parties of the entity, which included directors' fees and salary-related payments.

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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")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9	14
1.2 Payments for		
(a) research and development	(65)	(372)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(263)	(477)
(f) administration and corporate costs	(284)	(706)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	11
1.5 Interest and other costs of finance paid	(21)	(42)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	1,309	1,309
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	690	(263)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(392)	(612)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(392)	(612)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	80	2,000
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	(993)	(1,010)
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	(913)	990

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,017	1,286
4.2	Net cash from / (used in) operating activities (item 1.9 above)	690	(263)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(392)	(612)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(913)	990
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,401	1,401

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	1,401	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)	1,401	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	66
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.

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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	690
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,401
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	1,401
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.03
<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: N/A	
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: N/A	
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: N/A	
<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: 30 January 2024

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.