

Highlights

- **July - ECT and ESG Agriculture Signed Joint Venture Heads of Agreement (HoA):**
 - Commercial milestone advancing ECT's agricultural net-zero COLDry technology.
 - Targeting Joint Venture Agreement (JVA)
- **October - Joint Venture Agreement (JVA) Signed with ESG Agriculture:**
 - The HoA laid the foundation for signing the JVA (announced 21 October 2024), formally establishing the joint venture to commercialise the COLDry lignite-nitrogen fertiliser project.
 - The JVA sets the pathway for large-scale production, with targeted output of 30,000 tonnes per annum, increasing to 50,000 tonnes upon further optimisation.
- **COLDry Lignite-Nitrogen Fertiliser Project Advancing:**
 - EPA and Local Council permit applications advancing.
- **Strong Financial Strategy:**
 - To support field trials and plant expansion, financing strategies, including non-dilutive working capital and project financing, are being negotiated.

31 October 2024: Environmental Clean Technologies Limited (ASX: ECT) (“ECT” or “Company”) is pleased to provide an update on recent developments and release its Appendix 4C for the quarter ending 30 September 2024.

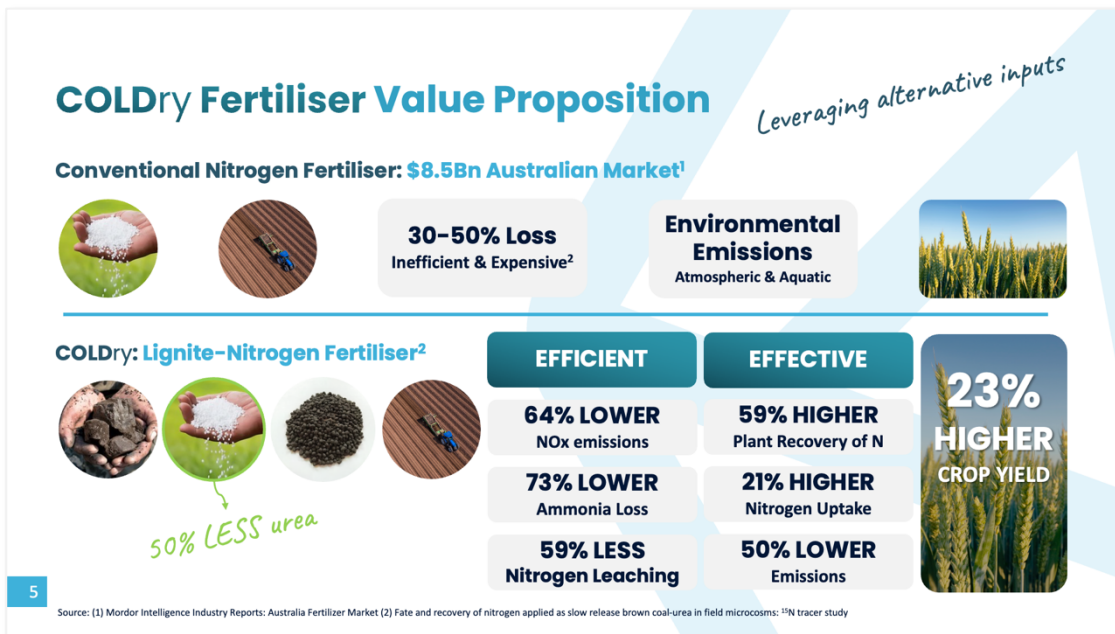
Activity Update

Advancing from Heads of Agreement (HoA) to Joint Venture Agreement (JVA): Strengthening the Partnership with ESG Agriculture

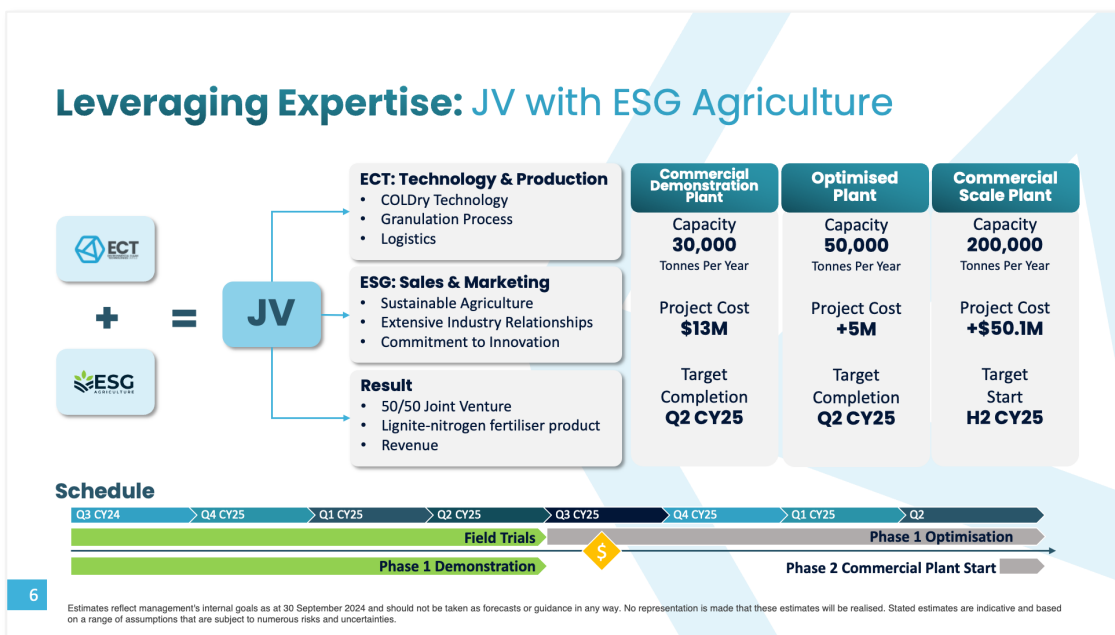
The signing of the Joint Venture Agreement (JVA), announced on 21 October 2024, marks a pivotal step forward in the partnership between Environmental Clean Technologies Limited (ASX: ECT) and ESG Agriculture. This agreement, building on the Heads of Agreement (HoA) signed in July 2024, formalises the partnership, launching a structured path to full-scale commercialisation of the COLDry lignite-nitrogen fertiliser product:

1. Commercial Demonstration Plant
2. Optimised Plant
3. Commercial Scale Plant.

The COLDry lignite-nitrogen fertiliser product offers farmers a sustainable and cost-effective alternative to traditional fertilisers, with the ability to reduce urea use by 50% and enhance soil carbon content, thereby improving soil health and reducing environmental impact.



The JVA cements this partnership by establishing a new joint venture company with equal ownership (50/50) between ECT and ESG Agriculture. Each party will contribute \$250,000 to fund the first phase, with an initial production target of 30,000 tonnes of COLDry lignite-nitrogen fertiliser per year and plans to scale up to 50,000 tonnes annually. ECT will oversee the design, engineering, and operations of the Bacchus Marsh plant, while ESG Agriculture will handle sales, marketing, and distribution.



Large-scale field trials are scheduled to commence in the coming months, focusing on key agricultural regions in South Australia, Victoria, New South Wales, and Queensland. These trials are expected to convert into bankable off-take agreements, setting the stage for commercial-scale production.

Project Engineering Update: COLDry Lignite-Nitrogen Fertiliser

With the signing of the JVA in October 2024, the project is now moving towards large-scale production and field trials, which will further demonstrate the effectiveness of ECT's net-zero agricultural technology.

Key engineering outcomes during the quarter:

- **Cost-Effective Plant Layout and Power Management**
 - **Minimised CAPEX with Existing Infrastructure:** The final plant layout leverages existing equipment, keeping capital expenditure low while meeting initial production targets of 30,000 tonnes annually.
 - **Sustainable Power Strategy:** Electrical infrastructure audit and planning to ensure reliable power across the initial 30,000 tonnes per year production target and subsequent 50,000 tonnes per annum optimised plant target.
- **Streamlined Project Execution Plan and Resource Alignment**
 - **Execution Readiness:** The completed Project Execution Plan, integrated with resource and procurement plans, supports efficient progress through the next project phases, reducing risk and enhancing project control.
 - **On-Track for Q2 2025 Commissioning:** With the advancing of targeted EPA and local government approvals, the project remains on schedule, securing timely market entry.

Financial Strategy and Operational Progress

To support the project's execution and minimise shareholder dilution, ECT is pursuing a non-dilutive loan secured against its Yallourn property. This working capital will provide the necessary funding for the field trials phase. In parallel, ECT is negotiating a larger non-dilutive project loan to support plant construction.

Commentary to Appendix 4C

Operating activities had net cash inflows of \$0.74M during the quarter following receipt of the FY24 R & D tax incentive of \$1.473M. The Company's loan facility \$0.984M with Invest Victoria will be repaid on 31 October 2024.

Research and development costs reduced from \$0.352M in the prior quarter to \$0.152M in the current quarter as the Company focused on capital activities related to the construction of the facility at Bacchus Marsh. There were no other significant variations in cash flows compared to the previous quarter.

Cash payments of \$0.065M (\$0.108M in the previous quarter) were incurred in relation to related parties of the entity for salaries and directors' fees. The variation relates to the timing of payments for superannuation and pay-as-you-go withholding.

For further information, please contact:

INVESTORS

Sam Rizzo
Managing Director
info@ectltd.com.au / +613 9849 6203

MEDIA

Adam Giles
Marketing & Communications Manager
media@ectltd.com.au / +613 9849 6203

Forward-looking Statement

This announcement may contain forward-looking statements regarding future events or performance, including but not limited to projections of financial results, anticipated growth, and business strategies. These forward-looking statements are based on current expectations, assumptions, and projections that involve inherent risks and uncertainties. Actual results may differ materially from those anticipated due to various factors, including market conditions, regulatory changes, technological advancements, and economic conditions.

Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this announcement. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable securities laws.

Investors should carefully consider the risks and uncertainties disclosed in the Company's periodic reports filed with the Australian Securities Exchange (ASX) and other regulatory authorities. Forward-looking statements are provided as of the date of this announcement, and the Company disclaims any obligation to update them except as required by law.

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 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2	2
1.2 Payments for		
(a) research and development	(152)	(152)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(349)	(349)
(f) administration and corporate costs	(224)	(224)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	(11)	(11)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	1,473	1,473
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	743	743
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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		

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
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	(37)	(37)
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	(37)	(37)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	761	761
4.2 Net cash from / (used in) operating activities (item 1.9 above)	743	743
4.3 Net cash from / (used in) investing activities (item 2.6 above)		

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(37)	(37)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,467	1,467

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	1,467	761
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)	1,467	761

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	65
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 (R & D incentive lending facility)	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 31 October 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)	743
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,467
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,467
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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: 31 October 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.