Environmental Clean Technologies Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Environmental Clean Technologies Limited
ABN:	28 009 120 405
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

	31 Dec 2024 $	31 Dec 2023 $	Change $	Change %
Revenues from ordinary activities	5,790	11,011	(5,221)	(47%)
Loss from ordinary activities after tax attributable to the owners of Environmental Clean Technologies Limited	(1,658,014)	(2,230,790)	572,776	(26%)
Loss for the half-year attributable to the owners of Environmental Clean Technologies Limited	(1,658,014)	(2,230,790)	572,776	(26%)

	31 Dec 2024 Cents	31 Dec 2023 Cents
Basic loss per share	(0.089)	(0.119)
Diluted loss per share	(0.089)	(0.119)

Comments
The loss for the consolidated entity after providing for income tax amounted to $1,658,014 (31 December 2023: $2,230,790).

Refer to the 'Review of operations and results' within the Directors' report for further commentary on the results.

3. Net tangible assets

	31 Dec 2024 Cents	31 Dec 2023 Cents
Net tangible assets per ordinary security	0.075	0.161

Net tangible assets excludes right-of-use lease assets and liabilities recognised pursuant to AASB 16 'Leases'.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current half year.

Previous period
There were no dividends paid, recommended or declared during the previous half year.

7. Dividend reinvestment plans

Not applicable

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8. Details of associates and joint venture entities

The Company signed a joint venture agreement with ESG Agriculture Pty Ltd on 20 October 2024. Refer to the Principal Activities section of the Directors' Report for further details.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report. The review report contains a paragraph that draws attention to the use of the going concern basis for the preparation of the financial statements.

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11. Attachments

Details of attachments (if any):

The Interim Financial Report of Environmental Clean Technologies Limited for the half-year ended 31 December 2024 is attached.

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12. Signed

As authorised by the Board of Directors

Signed Date: 26 February 2025

Jason Marinko
Director
Perth

Environmental Clean Technologies Limited

(ABN 28 009 120 405)

Interim Financial Report - 31 December 2024

The directors present their report together with the financial statements of Environmental Clean Technologies Limited ('the Company' or 'parent entity') and its controlled entities (collectively 'the consolidated entity' or 'group') for the half-year ended 31 December 2024.

Directors

- Jason Marinko - Non-Executive Director
- James Blackburn - Non-Executive Director (resigned 17 February 2025)
- Sam Rizzo - Non-Executive Director
- Joseph van den Elsen - Chairman, Non-Executive Director (appointed 17 February 2025)

Principal activities

During the half year, the principal activities of the consolidated entity consisted of investment, research, development, and the commercialisation of technologies that bridge the gap between today's use of low-grade and waste resources and tomorrow's zero-emissions future with an emphasis on producing low-emission, net zero and carbon-negative products for the agriculture, industry and energy sectors.

The Company’s principal activity relates to a joint venture agreement with ESG Agriculture Pty Ltd, which was signed on 20 October 2024. The incorporated joint venture (JV) entity, Zero Quest Pty Ltd, was incorporated on 6 December 2024 but no contributions were made until after 31 December 2024, which is why there is no JV asset in the Company’s balance sheet.

Following the successful commissioning of the COLDry demonstration plant in December 2023, the Company explored various project pathways in late 2023 and early 2024. Lignite-nitrogen fertiliser was identified as the fastest and most cost-effective avenue for revenue generation, positioning the agriculture application as the key focus for commercialisation.

The joint venture targets annual production of 30,000 tonnes per annum of lignite-blended nitrogen fertiliser, with the ability to increase to 50,000 tonnes per annum, based on the current plant capacity and design. This represents a major shift in the Company's efforts, evolving from a technical demonstration of the COLDry process into a commercial initiative.

The Project offers farmers a sustainable and cost-effective solution by incorporating lignite into the fertiliser, reducing urea usage by 50%, and drying the blended, granulated product using the Company's patented COLDry technology. The fertiliser is designed to lower nitrogen emissions, enhance crop yields, and mitigate environmental impacts.

Following the completion of field trials, the Company expects to formalise off-take agreements and generate revenue ahead of the planned Phase 1 expansion to 50,000 tonnes per annum.

The Project continues to make strong progress, having previously achieved a key technical milestone with the successful independent testing that validated the blending and drying of lignite with nitrogen fertiliser. The Project will shortly enter field trials across major South Australia, Victoria, New South Wales, and Queensland agricultural regions. The field trials, which will be supported by Memoranda of Understanding (MOU’s) with major agricultural stakeholders, aim to convert successful outcomes into binding offtake agreements, transforming the trials into commercially bankable results.

Key terms include:

- the Company and ESG Agriculture Pty Ltd each hold 50% of the shares each in the joint venture entity, Zero Quest Pty Ltd with the initial purpose to conduct field trials;
- the parties will each contribute $250,000 to Zero Quest Pty Ltd;
- each party has appointed one director to Zero Quest Pty Ltd;
- both parties retain ownership of their pre-existing intellectual property;
- any intellectual property jointly developed will belong to Zero Quest Pty Ltd;
- the approved budget for Phase 1 is $500,000 covering production trials, granulation, tests, and other related research and development expenses;
- ESG Agriculture Pty Ltd will handle sales, marketing and distribution, while the Company will oversee design, engineering, project management and plant operation;
- funding and other corporate functions will be shared;
- If capital calls are defaulted by either party, then the defaulting party may have their share of the JV entity diluted.

COLDry Process

The COLDry process is a low-temperature, low-pressure, and, therefore, low-cost method of dewatering lignite to produce an upgraded product. The process has progressed from pilot-scale to demonstration-scale, allowing techno-economic validation ahead of the intended broader commercial roll-out.

The COLDry process produces stable, easily stored, and transportable pellets with equal or higher energy value than many black coals, and a chemical composition rich in hydrocarbons. When used in energy generation, COLDry pellets have a significantly lower CO_2 footprint when used in energy generation than the lignite from which they are made, providing a compelling emissions abatement solution.

The COLDry process also acts as a 'gateway technology', making it an ideal front-end feedstock that enables numerous higher-value upgrading applications such as coal to hydrogen, syngas, char, fertiliser, and iron production. When integrated with the HydroMOR process, the COLDry process provides an essential and cost-effective front-end drying and pelletising solution that enables the world's first and only lignite-based primary iron production method.

The COLDry process combines two mechanisms to achieve efficient, cost-effective de-watering: (i) lignite densification; and (ii) waste heat utilisation. Lignite densification is achieved through the destruction of the internal porous structures, mobilising the structurally trapped water within the lignite. Waste heat utilisation provides 'free' evaporative energy to remove the moisture, thereby minimising paid energy input, resulting in net energy uplift and net CO_2 reductions.

HydroMOR Process
HydroMOR is a cleaner, lower-emission, one-step process for producing high-grade primary iron. It uses low-cost lignite instead of expensive coking coal as used in the conventional blast furnace process.

HydroMOR derives further advantage from its unique raw material base, especially the hydrocarbon-rich lignite used as a reductant. The process derives its name from the use of hydrogen from the lignite to drive the reduction process used to produce metals from ore.

The HydroMOR process leverages a fundamentally different chemical pathway compared to the conventional blast furnace process, enabling the use of alternative raw materials and providing a lower-cost primary iron-making alternative.

HydroMOR creates a high-grade iron product from lignite and ferrous media such as iron ore, mill scale or other iron-bearing wastes or tailings. The process involves blending lignite with iron ore or other metal oxide-bearing media to form a paste that is dewatered using the COLDry process. The 'composite' pellets are then fed into the Company's simple low cost, low emission, patented retort (vertical shaft furnace) where the remaining moisture is removed, the lignite volatiles are harnessed, and the iron oxides are reduced to metal.

The HydroMOR process operates below 900 degrees Celsius, compared to a blast furnace at around 1500 degrees Celsius. Lower-temperature operation requires less energy input and results in less thermal stress on the plant, enabling lower-cost materials to be used in construction.

HydroMOR metal product is an ideal feedstock for producing specific grades and forms of iron and steel, via secondary processes such as electric arc, induction furnace or fully integrated steel making.

The benefits the Company sees in the application of the HydroMOR process include further reductions in capital cost due to its ability to achieve the required metal reduction at a lower temperature, operating savings in terms of raw material efficiency improvements, and decreased CO2 intensity. With the capital cost savings being applied to carbon offsets, this brings closer the potential of carbon net-zero steel production.

The consolidated entity is currently devoting resources to identifying markets where the development of this technology is likely to have the greatest impact as soon as possible.

Intellectual property
The consolidated entity owns both the COLDry and HydroMOR intellectual property. Aspects of the COLDry process are covered by patents in markets with significant brown coal deposits.

In November 2017, the Company submitted a Patent Cooperation Treaty (PCT) application following an Australian provisional patent application in November 2016. This step advanced the intellectual property protection of the Company's new HydroMOR technology platform. The PCT filing established a timeline for the subsequent national-level IP protection, allowing for individual patent submissions in targeted geographies.

Due to its intrinsic reliance on COLDry for feedstock preparation, HydroMOR benefits from additional protection under the existing COLDry patents. In markets where neither COLDry nor HydroMOR patents are established, the Company will implement alternative IP protection strategies.

During the reporting period, the Company secured patents for HydroMOR in Europe, Australia, and Russia, with patents pending in Poland, the USA, Canada, India, China, and Indonesia.

Equity Lending Facilities (ELF)
An ELF is an investment loan offered by ECT Finance Limited, a wholly-owned subsidiary of the Company, to approved holders of ECT'S options to pay for the exercise of options. This loan allows these holders to convert their options into fully paid ordinary shares. ELFs can also be secured by the issue of new shares. Loans are for a term of 2-3 years and accrue interest. While the ELF borrower owns the shares and voting rights, they cannot trade the stock until the loan and interest are fully paid.

The borrower can repay the loan, in whole or in part, at any time during the term, without penalty. If the borrower does not pay the loan by the end of the term, the loan defaults. In such cases, ECT Finance Limited settles the loan by taking control of the shares used as security and returning them to ECTs balance sheet through a selective buyback or similar method. The loan is a limited recourse loan, meaning that the borrower's liability is limited to the security provided (ECT shares), and they are not responsible for any remaining unpaid loan amount at the end of the term.

During the reporting period, ECTF continued to manage its portfolio of ELF loan receivables. Refer to 'Review of operations' (subparagraph (v) below) for details of ELF movements.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations and results

Major Highlights:

Environmental Clean Technologies Limited

(i) Establishment of joint venture with ESG Agriculture Pty Ltd

Refer 'Principal activities' section above.

(ii) Leadership changes to support growth

The Company strategically realigned its leadership team to enhance the delivery and commercialisation of the COLDry fertiliser joint venture, drawing on the deep expertise and industry experience of Sam Rizzo and John Tranfield. These leadership transitions balance strategic oversight and operational execution, reinforcing the Company's commitment to sustainable innovation and project success.

Mr Rizzo transitioned from Managing Director to a Non-Executive Director which allows him to focus on providing high-level strategic oversight while continuing to support the Company's corporate objectives. His in-depth knowledge of renewable energy markets, combined with his extensive network, ensures that he remains a critical resource for guiding the commercialisation of the COLDry Fertiliser Project. Mr Rizzo became a foundation director of Zero Quest Pty Ltd and will contribute to steering the joint venture's strategy and ensuring alignment with ESG Agriculture Pty Ltd's shared vision for sustainable agriculture

Mr Tranfield was promoted to the role of Chief Executive Officer (CEO). He has over 18 years of leadership experience in engineering and operations, including pivotal roles at Exxon Mobil and OCS Group and a proven track record of delivering complex projects and driving operational efficiency. During his tenure at Exxon Mobil, Mr Tranfield managed offshore projects across the Bass Strait and Papua New Guinea, overseeing safety, cost control, and contractor management. At OCS Group, as General Manager, he led global operations in Australia, the United States, South America, and Africa, achieving significant operational improvements and revenue growth.

Since joining the Company as Operations and Engineering Manager, Mr Tranfield has played a key role in optimising the Company's processes and preparing to commercialise its technologies. His promotion marks a strategic step to leverage his operational expertise and leadership capabilities to drive the COLDry fertiliser joint venture to successful completion.

(iii) Receipt of research and development tax incentive

In September 2024, the Company received $1,473,169 being the full amount of the research and development tax incentive receivable recognised in the financial statements at 30 June 2024.

During the half-year the Company repaid a loan which was secured by the research and development tax incentive. The initial loan was for $1,968,000 and a repayment was made on 4 December 2023 of $984,000, reducing the loan balance to $984,000. The balance of the loan was repaid on 31 October 2024.

(iv) Disposal of property, plant and equipment

During the period the Company disposed of a hydrogen fuel cell for $110,000 which was acquired for $162,104.

ECT Finance Limited

(v) Equity Lending Facility (ELF)

On 14 September 2024 six ELFs which were established in 2021 expired. The Company had issued 35,000,000 shares which were held as security for these ELFs. The term of the ELFs was 3 years, and the nominees of Kaai Capital elected not to pay out their ELF at a price of $0.02 per share plus interest and fees. The ELFs, which were non-recourse, have therefore defaulted and the ECT Finance Limited will take control of the shares.

At the end of the reporting period there were 823,759,997 shares that are used as security for other ELFs and are therefore escrowed (refer to note 9).

Financial results:
The reportable loss for the consolidated entity was more favourable at $1,658,014 compared to the prior half-year loss of $2,230,790. Adjusted earnings before interest, taxation, depreciation and amortisation ('EBITDA') is a financial measure which is not prescribed by Australian Accounting Standards. Adjusted EBITDA represents the consolidated entity's underlying results from its operations and is determined by adjusting the statutory net loss for items that are non-cash or non-operating in nature. The directors consider adjusted EBITDA to represent the core results of the consolidated entity. The table below provides a reconciliation between net loss and adjusted EBITDA.

	31 Dec 2024 $	31 Dec 2023 $	Change $	Change %
Other income (excluding interest)	437,630	578,216	(140,586)	(24%)
Impairment and write offs	(117,603)	(3,872)	(113,731)	2937%
Remeasurement of financial liabilities	1,735	(204,854)	206,589	(101%)
Share-based payments expense	(39,298)	(119,771)	80,473	(67%)
Other operating costs (excluding net interest, depreciation and amortisation, share based-payments, impairment)	(1,295,851)	(1,868,375)	572,524	(31%)
Adjusted EBITDA	(1,013,387)	(1,618,656)	605,269	
Depreciation and amortisation	(576,237)	(573,632)	(2,605)	-
Finance costs	(74,180)	(49,513)	(24,667)	50%
Interest revenue	5,790	11,011	(5,221)	(47%)
Net (loss) for half-year	(1,658,014)	(2,230,790)	572,776	

There were no sales of products from the consolidated entity's research and development activities during the period.

The 'Other Income' category of $437,630 (31 Dec 2023: $578,216) predominantly includes AusIndustry research and development tax incentive income of $435,640 (31 Dec 2023: $549,397).

Total cash operating costs (excluding impairment and write-off expense, depreciation and amortisation, remeasurement of financial liabilities, share-based payments expense and finance costs) was $1,295,851 (2023: $1,868,375), a decrease of $572,524 mainly due to decreased corporate costs.

Depreciation and amortisation were comparable to the prior period. Depreciation and amortisation are non-cash expense items.

There was a reduction in share-based payments expense for the current period compared to the prior period of $80,473 predominantly due to more incentive-based options being issued in the prior period. Share-based payments expense for the period was $39,298.

The remeasurement of the financial liabilities amounting to $1,735 consists of a decrease in the COLDry earn-out liability.

During the half-year the Company made the decision to write-off equipment to the value of $117,603 that will not be used in the plant which produced fertiliser.

As a result of the loss incurred for the half-year ended 31 December 2024 and the liquidity at the reporting date, there is a material uncertainty on whether the consolidated entity can continue as a going concern. The directors consider that the consolidated entity will continue as a going concern, as explained in note 1 to the financial statements.

Significant changes in the state of affairs

The signing of the joint venture agreement with ESG Agriculture Pty Ltd on 20 October 2024 represents a significant change to the Company's state of affairs. Refer 'Principal activities' and 'Review of operations' sections above.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 17 February 2025 the Company announced two Board changes, being the appointment of Joseph van den Elsen as Non-Executive Chairman and the resignation of James Blackburn. It was also announced that subject to shareholder approval, the Company will issue Mr van den Elsen or his nominee 25,000,000 options with an exercise price of \$0.002. The options will expire three years from the date of issue. They will vest if the Company achieves a 20-day VWAP of \$0.005 at any time before expiry.

The above announcement also contained details of a share placement (Placement). The Placement will raise \$750,000 in two tranches:

- **Tranche 1:** Raised \$475,000 through the issue of 475,000,000 shares at \$0.001 per share under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1.
- **Tranche 2:** Raising \$275,000 through the issue of 275,000,000 shares at \$0.001 per share, subject to shareholder approval at a general meeting proposed for mid/late April 2025.

Shares issued under the Placement will rank equally with existing shares. Existing shareholders and new sophisticated and professional investors strongly supported the Placement. Tranche 1 shares are expected to be issued on or around 27 February 2025, and Tranche 2 shares are expected to be issued following a general meeting.

Kaai Capital Pty Ltd acted as the Lead Manager (LM) for the Placement. In consideration for its services, the Company will pay Kaai Capital Pty Ltd a fee of 6% of the funds raised and, subject to shareholder approval, will issue 75,000,000 options to Kaai Capital Pty Ltd or its nominees. These options will have an exercise price of \$0.002 and expire three years from the issue date.

Kaai Capital Pty Ltd has agreed, subject to shareholder approval, to receive its 6% fee in shares at \$0.001 per share to preserve the Company's cash reserves. Should shareholders not approve the issue of the LM Options, the Company will pay Kaai Capital Pty Ltd a cash fee equal to the Black Scholes value of the options.

The Company announced on 17 December 2024 that, subject to shareholder approval being obtained, a convertible note would be issued and secured by the Company's presently acquired property. Since that announcement, in principle agreement has been reached with the note holder to reduce the conversion price from \$0.00425 to \$0.0011. In principle agreement has also been reached to exclude the Company's research and development tax incentive and intellectual property from assets securing the convertible note.

The Company has also reached in principle agreement with Zero Quest Pty Ltd to borrow \$150,000 for a period of 8 weeks at an interest rate of 15% per annum. This loan would be repaid from tranche 2 of the share placement that is subject to shareholder approval.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Jason Marinko
Director

26 February 2025
Perth

William Buck
ACCOUNTANTS & ADVISORS

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Environmental Clean Technologies Limited

As lead auditor for the review of Environmental Clean Technologies for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Environmental Clean Technologies Limited and the entities it controlled during the period.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 26 February 2025

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General information

The financial statements comprise those of Environmental Clean Technologies Limited as a consolidated entity consisting of Environmental Clean Technologies Limited ('the Company') and the entities it controlled at the end of, or during, the half-year (together referred to as 'the consolidated entity'). The financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

Environmental Clean Technologies Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 37, 209 Toorak Road
South Yarra, VIC, 3141
Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2025. The directors have the power to amend and reissue the financial statements.

Environmental Clean Technologies Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	Consolidated 31 Dec 2024 $	Consolidated 31 Dec 2023 $
Other income			
Other income	3	437,630	578,216
Interest revenue calculated using the effective interest method		5,790	11,011
Total income		443,420	589,227
Expenses			
Corporate costs		(382,678)	(1,015,689)
Depreciation and amortisation expense		(576,237)	(573,632)
Engineering and design costs		(64,911)	(149,878)
Sales and marketing		(18,236)	(137,797)
Write-off of assets	6	(117,603)	(3,872)
Employee benefits expense		(706,957)	(620,908)
Legal costs		(87,718)	(23,111)
Finance costs		(74,180)	(49,513)
Travel and accommodation		(10,085)	(39,796)
Change in fair value of financial liabilities	10	1,735	(204,854)
Loss on disposal of plant and equipment		(64,564)	(967)
Total expenses		(2,101,434)	(2,820,017)
Loss before income tax expense		(1,658,014)	(2,230,790)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Environmental Clean Technologies Limited		(1,658,014)	(2,230,790)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Environmental Clean Technologies Limited		(1,658,014)	(2,230,790)
		Cents	**Cents**
Basic loss per share	13	(0.089)	(0.119)
Diluted loss per share	13	(0.089)	(0.119)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 31 Dec 2024 $	Consolidated 30 Jun 2024 $
Assets			
Current assets			
Cash and cash equivalents		242,109	762,171
Other receivables	4	386,639	1,536,844
Prepayments and deposits	5	25,188	52,046
Total current assets		653,936	2,351,061
Non-current assets			
Property, plant and equipment	6	2,481,398	3,239,410
Right-of-use assets		90,244	260,874
Intangibles		76,066	101,700
Prepayments and deposits	5	150,000	-
Total non-current assets		2,797,708	3,601,984
Total assets		3,451,644	5,953,045
Liabilities			
Current liabilities			
Trade and other payables		431,159	608,980
Borrowings	7	482,488	984,000
Lease liabilities		31,313	85,583
Employee benefit liabilities		20,424	49,491
Total current liabilities		965,384	1,728,054
Non-current liabilities			
Lease liabilities		86,626	203,466
Employee benefit liabilities		26,649	28,089
Financial liabilities	8	567,139	568,874
Total non-current liabilities		680,414	800,429
Total liabilities		1,645,798	2,528,483
Net assets		1,805,846	3,424,562
Equity			
Issued capital	9	92,410,300	92,410,300
Share-based payments reserve		1,033,867	2,530,569
Accumulated losses		(91,638,321)	(91,516,307)
Total equity		1,805,846	3,424,562

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2023	88,961,632	2,273,681	(87,802,264)	3,433,049
Loss after income tax expense for the half-year	-	-	(2,230,790)	(2,230,790)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(2,230,790)	(2,230,790)
Transactions with owners in their capacity as owners:				
Vesting charge for share-based payments	-	119,771	-	119,771
Net settlement of share-based payment with shares	177,732	(177,732)	-	-
Share placement (note 9)	2,000,000	-	-	2,000,000
Option premium received	-	500	-	500
Balance at 31 December 2023	91,139,364	2,216,220	(90,033,054)	3,322,530

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2024	92,410,300	2,530,569	(91,516,307)	3,424,562
Loss after income tax expense for the half-year	-	-	(1,658,014)	(1,658,014)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,658,014)	(1,658,014)
Transactions with owners in their capacity as owners:				
Vesting charge for share-based payments (note 14)	-	39,298	-	39,298
Expiry of options (note 14)	-	(1,536,000)	1,536,000	-
Balance at 31 December 2024	92,410,300	1,033,867	(91,638,321)	1,805,846

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 31 Dec 2024 $	Consolidated 31 Dec 2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		53,905	300,216
Research and development tax incentive (inclusive of GST)		1,473,170	1,286,990
Payments to suppliers and employees (inclusive of GST)		(1,470,395)	(2,167,054)
Interest received		5,790	11,011
Interest and other finance costs paid		(73,438)	(36,271)
Government grants received		-	20,000
Net cash used in operating activities		(10,968)	(585,108)
Cash flows from investing activities			
Payments for new joint venture	5	(150,000)	-
Payments for property, plant and equipment		-	(236,170)
Proceeds from disposal of property, plant and equipment		164,563	-
Net cash from/(used in) investing activities		14,563	(236,170)
Cash flows from financing activities			
Proceeds from issue of shares		-	2,000,000
Proceeds from issue of options		-	500
Repayment of borrowings		(984,000)	(984,000)
Repayment of lease liabilities		(22,145)	(80,558)
Loans from related parties		482,488	-
Net cash (used in)/from financing activities		(523,657)	935,942
Net (decrease)/increase in cash and cash equivalents		(520,062)	114,664
Cash and cash equivalents at the beginning of the financial half-year		762,171	1,286,235
Cash and cash equivalents at the end of the financial half-year		242,109	1,400,899

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity for the half-year ended 31 December 2024 and are not expected to have a significant impact for the full financial year ending 30 June 2025.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

For the financial half-year ended 31 December 2024, the consolidated entity had an operating net loss after tax of $1,658,014, net cash outflows from operating activities of $10,968, net current liabilities at the reporting date of $311,448 and net assets of $1,805,846. The consolidated entity currently does not have a material source of revenue and is reliant on receipt of research and development tax incentives, possible ELF loan repayments, equity capital or loans from third parties to meet its operating costs.

The Company is in the process of arranging an extraordinary general meeting where shareholders will be asked to vote on the issue of a convertible note for $1,130,000. If shareholders approve the convertible note, an existing loan of $482,488 which is partially secured by the Company's research and development incentive rebate will be repaid from the proceeds.

The Company will be required to make a further capital contribution to the JV entity Zero Quest Pty Ltd in the coming months. If the payment is unable to be made, the Company's share of the JV will be diluted.

The ability to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. The reliance on future funding described above indicates a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on the basis that the consolidated entity is a going concern which contemplates the continuity of its business, realisation of assets and the settlement of liabilities in the normal course of business.

To this end, the consolidated entity is expecting to fund ongoing obligations as follows:

- utilisation of its current cash resources which includes $475,000 from tranche 1 of the share placement completed on 24 February 2025;
- completion of the second tranche of the share placement once shareholder approval has been obtained which will raise a further $275,000;
- sale of assets, intellectual property and the recoupment of design costs from the JV entity once project finance has been obtained;
- receipt of the research and development tax incentive; and
- issuance of the Company's securities under ASX Listing Rule 7.1.

Management is focused on curtailing expenses where possible:

- expenses have reduced by $718,583 compared to the previous comparable reporting period. The Company will continue to examine all costs and expects to make further savings; and
- costs for employing and retaining personnel was $706,957. The Company has established an Employee Equity Scheme whereby staff can take a portion of their salaries in shares which is expected to result in savings of approximately $100,000.

Based on the above information and cash flow forecasts prepared, the directors are of the opinion that the consolidated entity is well positioned to meet its objectives and obligations going forward and therefore that the basis upon which the financial statements are prepared is appropriate in the circumstances.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

Note 2. Operating segments

Identification of reportable operating segments
The consolidated entity's operating segment is based on the internal reports that are reviewed and used by the Board (being the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. The consolidated entity operates predominantly in the environmental and energy industry, and a single geographic segment being Australia.

The CODM reviews operating performance of the consolidated entity based on management reports that are prepared. At regular intervals, the CODM is provided management information at a consolidated entity level for the consolidated entity's cash position, the carrying values of intangible assets and a consolidated entity cash forecast for the next 12 months of operation. On this basis, no segment information is included in these financial statements.

Note 3. Other income

	Consolidated	
	31 Dec 2024	31 Dec 2023
	$	$
Research and development tax incentive (i)	435,640	549,397
Government grants	-	20,000
Other income	1,990	8,819
Other income	437,630	578,216

(i) The Company has recognised a receivable related to the research and development tax incentive of $376,870 at 31 December 2024 (30 June 2024: $1,473,170) which relates to eligible expenditure (refer to note 4).

Note 4. Other receivables

	Consolidated	
	31 Dec 2024	30 Jun 2024
	$	$
Current assets		
Research and development tax incentive receivable (i)	376,870	1,473,170
BAS receivable	9,769	63,674
	386,639	1,536,844

(i) The research and development tax incentive receivable as at 30 June 2024 was subsequently received in September 2024.

Note 5. Prepayments and deposits

	Consolidated	
	31 Dec 2024	30 Jun 2024
	$	$
Current assets		
Prepayments	13,362	40,220
Other deposits	11,826	11,826
	25,188	52,046
Non-current assets		
Prepayments	150,000	-
	175,188	52,046

The non-current prepayment of $150,000 is the Company's escrowed contribution to the joint venture with ESG Agriculture Pty Ltd (Zero Quest Pty Ltd). Following the establishment of Zero Quest's bank account, the escrowed funds were released in February 2025.

Note 5. Prepayments and deposits (continued)

Note 6. Property, plant and equipment

	Consolidated 31 Dec 2024 $	Consolidated 30 Jun 2024 $
Non-current assets		
Land and buildings	1,148,235	1,148,235
Less: Accumulated depreciation	(56,449)	(46,036)
	1,091,786	1,102,199
Leasehold improvements	91,984	91,984
Less: Accumulated depreciation	(73,248)	(57,032)
	18,736	34,952
Plant and equipment	7,659,654	7,939,361
Less: Accumulated depreciation	(6,296,412)	(5,851,235)
	1,363,242	2,088,126
Fixtures and fittings	4,467	4,467
Less: Accumulated depreciation	(4,467)	(4,467)
	-	-
Office equipment	33,936	38,387
Less: Accumulated depreciation	(26,302)	(24,254)
	7,634	14,133
	2,481,398	3,239,410

Consolidated	Land and buildings $	Leasehold improvements $	Plant and equipment $	Office equipment $	Total $
Balance at 1 July 2024	1,102,199	34,952	2,088,126	14,133	3,239,410
Disposals	-	-	(162,104)	(2,458)	(164,562)
Write off of assets	-	-	(117,603)	-	(117,603)
Depreciation expense	(10,413)	(16,216)	(445,177)	(4,041)	(475,847)
Balance at 31 December 2024	1,091,786	18,736	1,363,242	7,634	2,481,398

Note 7. Borrowings

	Consolidated 31 Dec 2024 $	Consolidated 30 Jun 2024 $
Current liabilities		
Invest Victoria R&D funding loan	-	984,000
LJ & K Thomson Pty Ltd R&D funding loan (note 12)	482,488	-
	482,488	984,000

Invest Victoria R&D funding loan
This loan related to a facility agreement that provided for funding based on the value of the anticipated receipt of the AusIndustry Tax Incentive for the respective financial year and was secured by the tax incentive payable to the Company under the research and development tax incentive program.

Note 7. Borrowings (continued)

The initial loan was for $1,968,000 and a repayment was made on 4 December 2023 of $984,000, reducing the loan balance to $984,000. The balance of the loan was repaid on 31 October 2024.

LJ & K Thomson Pty Ltd R&D funding loan
The Company has entered into an R&D Loan Agreement with its major shareholder LJ & K Thomson Pty Ltd. Under the terms of the loan, LJ & K Thomson Pty Ltd has advanced a total of $482,488 to Environmental Clean Technologies Limited. The key terms of the loan are as follows:

- secured by way of a security interest granted in favour of LJ & K Thomson Pty Ltd against a share of the Company's future R&D rebate to a maximum limit of $170,000;
- accrues interest at a rate of 11.5% per annum;
- must be repaid on or before the date that is 6 months after the date of advance being 16 December 2024;
- the Company is required to prepay a component of the interest on the R&D loan on the advance date of the loan.

The loan has no conversion rights.

The Company has also entered into a secured $1,130,000 convertible note deed with LJ & K Thomson Pty Ltd (Note Deed) which is subject to shareholder approval. The principal amount of the Notes will accrue interest from the issue date at a rate of 11.5% per annum, with a maturity date of 6 December 2025 and a conversion price of $0.00425.

The Company will retire the R&D Loan at the time of the issue of convertible notes (Notes') under the Note Deed.

The Notes will be secured by way of a first ranking charge over all the Company's present and after acquired property (excluding the R & D incentive rebate and intellectual property) and a mortgage over the Company's Yallourn property (Property). As LJ & K Thomson Pty Ltd is a substantial holder (10%+) of the Company and the Property is a substantial asset of the Company, the grant of that security will be subject to the Company obtaining the approval of its shareholders at an Extraordinary General Meeting (EGM) to be held in the coming months. The Company will be unable to draw down funds under the Note Deed, or issue the Notes under the Note Deed, until such shareholder approval is obtained. Pursuant to the terms of the Note Deed, the Company is required to pay an establishment fee on the date that the Note Deed is entered into, and the interest that will accrue on the principal amount of the Notes (once they are issued) on the issue date of the Notes.

As the convertible note is subject to shareholder approval it has not been accounted for in the period ended 31 December 2024.

Note 8. Financial liabilities

	Consolidated	
	31 Dec 2024	30 Jun 2024
	$	$
Non-current liabilities		
Earn-out liability - COLDry	567,139	568,874

The earn-out liability represents contingent consideration payable related to the acquisition of the COLDry intellectual property from the Maddingley Group. The consideration payable is calculated based on $0.50 per projected processed tonne of COLDry pellets manufactured and is discounted at a rate of 21% (30 June 2024: 21%). The total consideration payable is $3,000,000 plus applicable interest at the Reserve Bank of Australia cash rate. Refer to note 10.

	Earn-out liability COLDry $
Opening balance as at 1 July 2024	568,874
Remeasurement to fair value (charge to profit or loss)	(1,735)
	567,139

Note 9. Issued capital

	Consolidated			
	31 Dec 2024 Shares	30 Jun 2024 Shares	31 Dec 2024 $	30 Jun 2024 $
Ordinary shares - fully paid	2,348,050,382	2,313,050,382	92,410,300	92,410,300
ELF share capital	823,759,997	858,759,997	-	-
	3,171,810,379	3,171,810,379	92,410,300	92,410,300

Ordinary share capital
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Movements in ordinary share capital	Date	No of shares	Issue price	$
Balance	1 July 2024	2,313,050,382		92,410,300
ELF shares forfeited	14 September 2024	35,000,000	$0.0000	-
Balance	31 December 2024	2,348,050,382		92,410,300

ELF share capital
The Company's subsidiary, ECT Finance Ltd, has entered into limited recourse loans with option-holders (Participants) allowing them to obtain finance to exercise share options issued by the Company. Shares in ECT were issued on exercise of options in accordance with the Loan and Security Agreement (the Agreement) of the ELF.

All shares issued pursuant to the ELF and which are financed by limited recourse loans are considered, for accounting purposes, to be options issued. As a result, neither the value of the loans receivable, nor the value of shares issued, are recognised in the financial statements. Where the Company receives funds from Participants in the form of principal or interest, such amounts are treated as the receipt of option premium and recognised in the option reserve until the loan is settled (refer to). Loans expire within 2-3 years from issue and interest is charged at commercial rates of interest.

Notwithstanding any other provision of the ELF, each Participant has a legal and beneficial interest in the ELF shares issued to them except that any dealings with those ELF shares by the Participant is restricted in accordance with the Agreement. ELF shares rank equally with all existing ordinary shares of the Company from the date of issue in respect of all rights issues, bonus issues, dividends and other distributions to, or entitlements of, ordinary shareholders. On termination of the loan facility, the Participant may elect to settle the loan or default on the loan and the Company's subsidiary could enforce the return of the ELF shares subject to requirements of the Corporations Act and as outlined in the Agreement signed by each borrower.

On 14 September 2024 six ELFs which were established in 2021 expired. The Company had issued 35,000,000 shares which were held as security for these ELFs. The term of the ELFs was 3 years, and the nominees of Kaai Capital elected not to pay out their ELF at a price of $0.02 per share plus interest and fees. The ELFs, which were non-recourse, have therefore defaulted and the ECT Finance Limited will take control of the shares.

The face value of limited recourse loans that had been issued at the reporting date was $22,762,253 (30 June 2024: $24,112,253) and interest and management fees accrued on such loans was $5,184,184 (30 June 2024: $3,579,017).

As at reporting date, there are 858,759,997 (30 June 2024: 858,759,997) shares held as security against these loans (ELF Shares) and therefore there are ELF Options of the same amount deemed to be on issue.

Note 9. Issued capital (continued)

ELF share capital movements (i.e., number of shares) are as follows:

Details	31 Dec 2024	30 Jun 2024
Opening balance of ELF shares on issue	858,759,997	874,025,425
ELF shares repurposed for share-based payments on expiry of ELFs	-	(15,265,428)
ELF shares forfeited on expiry of ELF	(35,000,000)	-
Closing balance of ELF shares on issue	823,759,997	858,759,997

Note 10. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2024	Level 1 $	Level 2 $	Level 3 $
Liabilities			
Earn-out liability - COLDry IP	-	-	567,139
Total liabilities	-	-	567,139

Consolidated - 30 Jun 2024	Level 1 $	Level 2 $	Level 3 $
Liabilities			
Earn-out liability - COLDry IP	-	-	568,874
Total liabilities	-	-	568,874

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the forecast cash flows required to discharge the liability at the current market interest rate that is available for similar financial liabilities. Movements in the fair value of the financial liabilities are disclosed in their respective notes.

Valuation techniques for fair value measurements categorised within level 3
The above financial liabilities have been valued using a discounted cash flow model and/or option pricing models. Refer to note 8 and below for further details.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial half-year are set out below:

Consolidated	Earn-out liability COLDry
Balance at 1 July 2024	568,874
Remeasurement to fair value (charged to profit or loss)	(1,735)
Balance at 31 December 2024	567,139

Note 10. Fair value measurement (continued)

The unobservable inputs and sensitivity of level 3 liabilities are as follows:

Description	Unobservable inputs	Potential range	Sensitivity
COLDry earn-out liability	Discount rate	16% - 26% (16% to 26% used) (30 June 2024: 21% used)	A change in this rate of +/- 5% would have an effect of: +5%: decreasing the carrying value of the liability by $171,938 (and decreasing the loss); and -5%: increasing the carrying value of the liability by $304,790 (and increasing the loss).
	Timing of production to discharge liability	Dec 2024 onwards	The rate of payment of the earn-out liability is linked to the expected timing of plant production. Obligations are currently forecast to commence next year. A change in timing of the commercial scale commencement of +1 year from that currently forecast would reduce the loss and liability by $24,547.

Note 11. Commitments

	Consolidated	
	31 Dec 2024 $	30 Jun 2024 $
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	109,140	7,480
One to five years	48,530	44,040
More than five years	129,370	143,000
	287,040	194,520

Commitments represent maintenance payments pursuant to the registered patents of both COLDry and HydroMOR, as well as further contributions to the newly incorporated JV entity Zero Quest Pty Ltd.

Coal supply agreement with EnergyAustralia
On 28 May 2021, the Company signed a coal supply agreement with EnergyAustralia for the supply of lignite from EnergyAustralia's Yallourn mine (refer ASX announcement dated 3 June 2021). The agreement requires that EnergyAustralia supply at least 50,000 tonnes (or other agreed amounts) to the Company for the next 5 years to support the Company's COLDry activities. There is no minimum purchase commitment incurred by the Company.

Note 12. Related party transactions

Transactions with related parties
There were no transactions with related parties during the current and previous financial half-year.

Receivable from and payable to related parties
There were no trade receivables from, or trade payables to, related parties at the current and previous reporting date.

Loans to/from related parties
The following loans are outstanding at the reporting date with related parties:

	Consolidated	
	31 Dec 2024 $	30 Jun 2024 $
Current borrowings:		
Loan from shareholder	482,488	-

Note 12. Related party transactions (continued)

Environmental Clean Technologies Limited has entered into an R&D Loan Agreement with its major shareholder LJ & K Thomson Pty Ltd. Under the terms of the loan, LJ & K Thomson Pty Ltd has advanced a total of $482,488 to Environmental Clean Technologies Limited. The key terms of the loan are as follows:

- secured by way of a security interest granted in favour of LJ & K Thomson Pty Ltd against a share of the Company's future R&D rebate to a maximum limit of $170,000;
- accrues interest at a rate of 11.5% per annum;
- must be repaid on or before the date that is 6 months after the date of advance;
- the Company is required to prepay a component of the interest on the R&D loan on the advance date of the loan.

ELF Loans

The following balances are outstanding at the reporting date in relation to ELF loans to key management personnel made on 17 February 2023 on the same terms and conditions as other ELF borrowers. Balances include interest accrued to 31 December 2024. Under the accounting policy adopted for ELF loans, these remain unrecognised in the financial statements.

	Consolidated	
	31 Dec 2024	30 Jun 2024
	$	$
Jason Marinko (i)	190,002	174,314
Tim Wise (ii)	-	89,157
Glenn Fozard (iii)	232,663	218,352
Martin Hill	52,224	49,011
Ashley Moore (ii)	-	198,285
Adam Giles (ii)	-	32,446
	474,889	761,565

(i) Loan is in the name of Tessobel Pty Ltd
(ii) No longer key management personnel
(iii) Loans are in the name of Glenn Fozard or Anne Fozard

Note 13. Earnings per share

	Consolidated	
	31 Dec 2024	31 Dec 2023
	$	$
Loss after income tax attributable to the owners of Environmental Clean Technologies Limited	(1,658,014)	(2,230,790)

	Cents	Cents
Basic loss per share	(0.089)	(0.119)
Diluted loss per share	(0.089)	(0.119)

At 31 December 2024, there were 823,759,997 shares held as security which are subject to the repayment of ELF loans. For accounting purposes, these ELF loans and the related shares issued are treated as an in-substance issue of options. The ELF shares issued are therefore not included in the Basic EPS calculation. There were also 276,500,000 unlisted options on issue at reporting date. All options were considered anti-dilutive and excluded from the calculations above.

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,870,857,586	1,870,857,586
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,870,857,586	1,870,857,586

All options on issue are out-of-the-money at reporting date and therefore considered anti-dilutive for the purposes of the diluted EPS calculation and therefore not included.

Note 14. Share-based payments

Share-based payments made by the consolidated entity are described below. Such share-based payment arrangements were settled, or will be settled subject to shareholder approval, through delivery or issue of ECT shares and unlisted incentive options. Such transactions impacted the financial statements in the following manner:

	31 Dec 2024 $
Reflected in equity as	
Share-based payments reserve	39,298

Further details in relation to share-based payments transactions are as follows:

Issue of unlisted incentive options

The following incentive options were issued to directors as part of an incentive scheme for directors and executives and formed part of their remuneration (corporate expenses) for the current and prior half-year. Incentive options were also issued to the Lead Manager of a share placement conducted in August 2023.

Name	Grant date	Option Type	Number of options issued	Number of options expired	Fair value per option	Expiry Date	Expiry price	Total HY24 $
Jason Marinko	22 Dec 2021	Tranche A	-	10,000,000	0.0256	15 Oct 2024	$0.025	-
	22 Dec 2021	Tranche B	-	10,000,000	0.0256	15 Oct 2024	$0.025	-
	22 Dec 2021	Tranche C	-	10,000,000	0.0256	15 Oct 2024	$0.025	-
	22 Dec 2021	Tranche D	10,000,000	-	0.0276	15 Oct 2025	$0.025	-
			10,000,000	30,000,000				-
Tim Wise	22 Dec 2021	Tranche A	-	10,000,000	0.0256	15 Oct 2024	$0.025	-
	22 Dec 2021	Tranche B	-	10,000,000	0.0256	15 Oct 2024	$0.025	-
	22 Dec 2021	Tranche C	-	10,000,000	0.0256	15 Oct 2024	$0.025	-
	22 Dec 2021	Tranche D	10,000,000	-	0.0276	15 Oct 2025	$0.025	-
			10,000,000	30,000,000				-
James Blackburn	24 Jun 2022	Tranche A	10,000,000	-	0.0064	27 Mar 2025	$0.05	-
	24 Jun 2022	Tranche B	10,000,000	-	0.0014	27 Mar 2025	$0.05	2,385
	24 Jun 2022	Tranche C	10,000,000	-	0.0011	27 Mar 2025	$0.05	1,891
	24 Jun 2022	Tranche D	10,000,000	-	0.0009	27 Mar 2025	$0.05	1,558
			40,000,000	-				5,834
Various	28 Aug 2023		50,000,000	-	0.0044	28 Aug 2026	$0.011	-
Sam Rizzo [(i)]	27 Nov 2023	Tranche A	20,000,000	-	0.0045	15 Aug 2026	$0.030	11,066
	27 Nov 2023	Tranche B	20,000,000	-	0.0012	15 Aug 2026	$0.030	4,140
	27 Nov 2023	Tranche C	20,000,000	-	0.0010	15 Aug 2026	$0.030	3,203
	27 Nov 2023	Tranche D	20,000,000	-	0.0008	15 Aug 2026	$0.030	2,674
	27 Nov 2023	Tranche E	20,000,000	-	0.0008	15 Aug 2027	$0.030	2,016
			100,000,000	-				23,099
John Tranfield [(ii)]	19 Dec 2023	Trance A	7,500,000	-	0.0045	19 Aug 2026	$0.050	6,328
		Trance B	5,000,000	-	0.0012	19 Aug 2026	$0.050	1,169
		Trance C	5,000,000	-	0.0010	19 Aug 2026	$0.050	905
		Trance D	5,000,000	-	0.0008	19 Aug 2026	$0.050	756
			22,500,000	-				9,158

Note 14. Share-based payments (continued)

John Tranfield	9 Dec 2024	Tranche A	10,000,000	-	0.0014	9 Dec 2027	$0.005	896
		Tranche B	10,000,000	-	0.0011	9 Dec 2027	$0.005	225
		Tranche C	12,000,000	-	0.0003	9 Dec 2027	$0.005	68
		Tranche D	12,000,000	-	0.0001	9 Dec 2027	$0.005	18
			44,000,000	-				1,207
			276,500,000	60,000,000				39,298

(i) All options vest from 12 months after agreement date and for tranches B to E for Mr. Rizzo and tranches B to D for Mr. Tranfield, provided that the applicable 20-day VWAP targets are met at any time after that date. The VWAP targets associated with each Tranche of option are as specified below in the valuation methodology.

(ii) All 'tranche A' options have a service condition that the option holder must complete 12 months of service following the grant of the options for the options to vest. If Mr. Tranfield is terminated without cause within the first 12 months, his tranche A options will vest immediately upon termination of employment.

	Consolidated 31 Dec 2024 $
Options over ordinary shares	
Balance at 1 July 2024	292,500,000
Options issued	44,000,000
Options lapsed (i)	(60,000,000)
Balance at the half-year	276,500,000

(i) In October 2024 a total of 60,000,000 options that were issued to Jason Marinko and former director Tim Wise in 2021 expired. The fair value of these options at the time of issue was $1,536,000. As the options have expired this amount has been reversed out of the share-based payments reserve.

Option valuation methodology

The fair value of options on grant date was determined using a Black Scholes option valuation model adjusted, as applicable, for the probability of the share price reaching specified 20-day VWAP targets as determined at grant date. The inputs to the valuation model therefore include, agreement date, grant date (being date of issue and measurement), expiry date and exercise price as specified in the table above, as well as the following inputs:

<u>James Blackburn options</u>
Share price at grant date: $0.016
Share price volatility: 100%
Risk-free rate: 2.93%

Tranche A - no VWAP targets applicable - vested after 12 months
Tranche B - VWAP target $0.06 (probability of reaching VWAP target 22%)
Tranche C - VWAP target $0.08 (probability of reaching VWAP target 18%)
Tranche D - VWAP target $0.10 (probability of reaching VWAP target 15%)

<u>Sam Rizzo options</u>
Share price at grant date: $0.0065
Share price volatility: 150%
Risk-free rate: 4.19%

Tranche A - no VWAP targets applicable - vests after 12 months
Tranche B - VWAP target $0.030 (probability of reaching VWAP target 27%)
Tranche C - VWAP target $0.050 (probability of reaching VWAP target 21%)
Tranche D - VWAP target $0.070 (probability of reaching VWAP target 18%)
Tranche E - VWAP target $0.10 (probability of reaching VWAP target 18%)

Note 14. Share-based payments (continued)

John Tranfield options	issued on 19 December 2023
Share price at grant date:	$0.005
Share price volatility:	100%
Risk-free rate:	4.19%

Tranche A - no VWAP targets applicable - vests after 12 months
Tranche B - VWAP target $0.050 (probability of reaching VWAP target 27%)
Tranche C - VWAP target $0.070 (probability of reaching VWAP target 21%)
Tranche D - VWAP target $0.10 (probability of reaching VWAP target 18%)

John Tranfield options	issued on 9 December 2024
Share price at grant date:	$0.002
Share price volatility:	148%
Risk-free rate:	11.2%

Tranche A - no VWAP targets applicable - vests after 12 months
Tranche B - VWAP target $0.005 (probability of reaching VWAP target 75%)
Tranche C - VWAP target $0.02 (probability of reaching VWAP target 19%)
Tranche D - VWAP target $0.05 (probability of reaching VWAP target 5%)

(c) Transfer of shares and options for the acquisition of goods and the provision of services

2024
Since 1 July 2024 there have been no transfers of shares or options for the acquisition of goods or the provision of services.

Note 15. Events after the reporting period

On 17 February 2025 the Company announced two Board changes, being the appointment of Joseph van den Elsen as Non-Executive Chairman and the resignation of James Blackburn. It was also announced that subject to shareholder approval, the Company will issue Mr van den Elsen or his nominee 25,000,000 options with an exercise price of $0.002. The options will expire three years from the date of issue. They will vest if the Company achieves a 20-day VWAP of $0.005 at any time before expiry.

The above announcement also contained details of a share placement (Placement). The Placement will raise $750,000 in two tranches:
- **Tranche 1:** Raised $475,000 through the issue of 475,000,000 shares at $0.001 per share under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1.
- **Tranche 2:** Raising $275,000 through the issue of 275,000,000 shares at $0.001 per share, subject to shareholder approval at a general meeting proposed for mid/late April 2025.

Shares issued under the Placement will rank equally with existing shares. Existing shareholders and new sophisticated and professional investors strongly supported the Placement. Tranche 1 shares are expected to be issued on or around 27 February 2025, and Tranche 2 shares are expected to be issued following a general meeting.

Kaai Capital Pty Ltd acted as the Lead Manager (LM) for the Placement. In consideration for its services, the Company will pay Kaai Capital Pty Ltd a fee of 6% of the funds raised and, subject to shareholder approval, will issue 75,000,000 options to Kaai Capital Pty Ltd or its nominees. These options will have an exercise price of $0.002 and expire three years from the issue date.

Kaai Capital Pty Ltd has agreed, subject to shareholder approval, to receive its 6% fee in shares at $0.001 per share to preserve the Company's cash reserves. Should shareholders not approve the issue of the LM Options, the Company will pay Kaai Capital Pty Ltd a cash fee equal to the Black Scholes value of the options.

The Company announced on 17 December 2024 that, subject to shareholder approval being obtained, a convertible note would be issued and secured by the Company's presently acquired property. Since that announcement, in principle agreement has been reached with the note holder to reduce the conversion price from $0.00425 to $0.0011. In principle agreement has also been reached to exclude the Company's research and development tax incentive and intellectual property from assets securing the convertible note.

The Company has also reached in principle agreement with Zero Quest Pty Ltd to borrow $150,000 for a period of 8 weeks at an interest rate of 15% per annum. This loan would be repaid from tranche 2 of the share placement that is subject to shareholder approval.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Jason Marinko
Director

26 February 2025
Perth

William Buck
ACCOUNTANTS & ADVISORS

Independent auditor's review report to the members of Environmental Clean Technologies Limited

Report on the half-year financial report

Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Environmental Clean Technologies Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- **giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year then ended; and**
- **complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.**

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2024,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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WilliamBuck
ACCOUNTANTS & ADVISORS

Material uncertainty related to going concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Group incurred a net loss before income tax of $1,658,014, net operating cash outflows of $10,968 for the half-year ended 31 December 2024 and net current liabilities of $311,448 at 31 December 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Melbourne, 26 February 2025