



# ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

## (ACN 009 120 405)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an extraordinary general meeting (**General Meeting**) of the members of Environmental Clean Technologies Limited (ACN 009 120 405) (**Company**) will be held as follows:

Date: 23 April 2025

Time: 11.00 am (AEST)

Venue: Online: register at <https://ectltd.com.au/egm-2025>

**OR**

Suite 37, 209 Toorak Road, South Yarra VIC

The General Meeting will be held as a hybrid meeting (in person and electronically). Shareholders are requested to participate in the General Meeting either in person, virtually via the Company's online platform, or by the appointment of a proxy. Our guide on virtual attendance is available on our website, which outlines the process that Shareholders should follow to participate in the General Meeting electronically: <https://ectltd.com.au/egm-2025>.

In accordance with the Corporations Act, the Company will not be mailing physical copies of this Notice of Meeting to Shareholders, and instead, this Notice of Meeting will be sent electronically to Shareholders where the Company has a record of their email address or will otherwise be made available to Shareholders where the Company does not have a record of their email address through a URL set out in a postcard sent to them by mail. Please see page 7 for further details regarding the despatch of this Notice of Meeting to Shareholders.

Certain terms and abbreviations used in this Notice of Meeting and the Explanatory Memorandum are defined in the Glossary to the Explanatory Memorandum.



## 1. **RESOLUTION 1 – GRANT OF SECURITY OVER A SIGNIFICANT ASSET TO A SUBSTANTIAL HOLDER**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of ASX Listing Rule 10.1, and for all other purposes, approval is given for the Company to grant to LJ & K Thomson Pty Ltd (ACN 120 166 510) ATF LJ & KT Superannuation Fund (**LJK Thomson**), being a substantial shareholder in the Company, first ranking security under a General Security Agreement over all assets of the Company other than IP and R&D Rebates (**Security**) to secure ECT’s obligations to LJK Thomson pursuant to the Convertible Note Deed and securities issued under it, on the terms and conditions set out in the Explanatory Memorandum.”*

### **Independent Expert’s Report**

In accordance with ASX Listing Rule 10.5.10, ECT has engaged Moore Australia (VIC) Pty Ltd (**Independent Expert**) to provide an Independent Expert's Report in respect of Resolution 1. Shareholders should carefully consider the Independent Expert's Report at Schedule 1 of the Explanatory Memorandum. The Independent Expert's Report comments on the fairness and reasonableness of the proposed granting of the Security by the Company. The Independent Expert has determined that the proposed granting of the Security proposed by Resolution 1 is **FAIR AND REASONABLE** to the shareholders of the Company.

### **Voting Exclusion Statement**

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- LJK Thomson; and
- any other person who will obtain a material benefit as a result of the transaction contemplated by Resolution 1 (except a benefit solely by reason of being a holder of ordinary securities in the Company),

or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 1 by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on Resolution 1 in that way; or
- the chair of the meeting as a proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with a direction given to the chair to vote on Resolution 1 as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 1; and
  - the holder votes on Resolution 1 in accordance with the directions given by the beneficiary to the holder to vote in that way.



## 2. **RESOLUTION 2 - RATIFICATION OF THE PRIOR ISSUE OF TRANCHE 1 PLACEMENT SHARES**

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, approval is given for the prior issue of 475,000,000 fully paid ordinary shares in the Company (**Tranche 1 Placement Shares**) on the terms described in the Explanatory Memorandum."*

### **Voting exclusion statement**

In accordance with ASX Listing Rule 14.11, the Company will disregard votes in favour of this resolution by a person who participated in the issue or any associate of that person.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting; and
  - the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

## 3. **RESOLUTION 3 – APPROVAL OF THE ISSUE OF TRANCHE 2 PLACEMENT SHARES**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*'That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 275,000,000 fully paid ordinary shares in the Company (**Tranche 2 Placement Shares**) on the terms described in the Explanatory Memorandum.'*

### **Voting Exclusion**

The Company will disregard votes in favour of this Resolution by or on behalf of persons to whom the Tranche 2 Placement Shares are issued or any associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or



- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting; and
  - the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

#### 4. **RESOLUTION 4 – APPROVAL OF THE LEAD MANAGER SHARES**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 45,000,000 shares to the Lead Manager (**Lead Manager Shares**) on the terms described in the Explanatory Memorandum.”*

##### **Voting exclusion statement**

In accordance with Listing Rule 14.11, the Company will disregard votes in favour of this resolution by a person who is expected to participate in the proposed issue (namely the Lead Manager) or who will obtain a material benefit as a result of the proposed issue or any associate of that person except a benefit solely in the capacity of a holder of ordinary securities.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting; and
  - the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

#### 5. **RESOLUTION 5 – APPROVAL OF THE LEAD MANAGER OPTIONS**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 75,000,000 options to the Lead Manager (**Lead Manager Options**) on the terms described in the Explanatory Memorandum.”*



### **Voting exclusion statement**

In accordance with Listing Rule 14.11, the Company will disregard votes in favour of this resolution by a person who is expected to participate in the proposed issue (namely the Lead Manager) or who will obtain a material benefit as a result of the proposed issue or any associate of that person except a benefit solely in the capacity of a holder of ordinary securities.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting; and
  - the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

## **6. RESOLUTION 6 – APPROVAL OF THE DIRECTOR OPTIONS**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*'That, for the purposes of Listing Rule 10.11.1, Listing Rule 7.2 Exception 14 and for all other purposes, Shareholders approve the issue of up to 25,000,000 options to Mr Joseph van den Elsen (and/or his nominees) (**Direction Options**), on the terms and conditions in the Explanatory Memorandum.'*

### **Voting exclusion statement**

Per Listing Rule 14.11, the Company will disregard votes in favour of this resolution by a person who is expected to participate in or who will obtain a material benefit as a result of the proposed issue except a benefit solely in a capacity of a holder of ordinary securities if this resolution is passed and any associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or



- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting; and
  - the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

#### **EXPLANATORY MEMORANDUM**

An Explanatory Memorandum in respect of the Resolution is **enclosed** with this Notice of Meeting. Expressions defined in the Explanatory Memorandum have the same meaning when used in this Notice of Meeting.

By order of the Board

**Kian Tan**

**Company Secretary**

## HYBRID GENERAL MEETING

### Despatch

The Company will not be mailing physical copies of this Notice of Meeting to Shareholders. This Notice of Meeting will be despatched to Shareholders in the following manner:

- if the Share Registry has a record of a Shareholder's email address, the Company will send an email to that Shareholder with this Notice of Meeting included as an attachment to that email; or
- if the Share Registry does not have a record of a Shareholder's email address, the Company will mail a physical postcard to that Shareholder's registered address, containing a URL website address by which that Shareholder can access and download a copy of this Notice of Meeting electronically.

### Virtual attendance and registration

Shareholders and proxyholders may register to watch, vote, make comments and ask questions online during the General Meeting.

To do this, you will need a computer or mobile/tablet device with internet access and the Zoom® application installed.

You will need to register to participate online in our hybrid General Meeting via the Zoom® app. The registration link is available on our website: <https://ectltd.com.au/egm-2025>.

When you register for access, you will need to provide your details (including SRN/HIN) to be verified as a Shareholder. Registration closes at 5.00 pm (AEST) on 22 April 2025.

A link to join the General Meeting will then be emailed to all registered Shareholders by 22 April 2025.

We encourage registered Shareholders and proxyholders to log in at 10.50am (AEST) on 23 April 2025 to ensure they are ready prior to the scheduled Meeting start time of 11.00 am (AEST).

Shareholders are strongly encouraged to vote prior to the General Meeting by lodging a directed proxy appointing the Chairman before 11.00 am (AEST) on 21 April 2025 in accordance with the instructions on the personalised proxy form previously sent to shareholders.

Shareholders are also encouraged to submit any written questions to the Company before 12.00 pm (AEST) on 22 April 2025, which the Company will endeavour to answer within the General Meeting where relevant to the business of the General Meeting.

Shareholders who attend the General Meeting online via the Zoom® app will also be able to vote in real-time using the poll feature in the app. All resolutions will be conducted and determined on a poll.

### Physical attendance

Shareholders and proxyholders may also attend the General Meeting physically at Suite 37, 209 Toorak Road, South Yarra, VIC.



## **VOTING ENTITLEMENTS**

In accordance with section 1074E(2)(g) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations 2001 (Cth), persons holding shares at 5.00 pm (AEST) on 22 April 2025 will be treated as Shareholders. This means that if you are not the registered holder of a relevant Share at that time, you will not be entitled to attend and vote in respect of that Share at the meeting.

## **GENERAL MEETING CONSIDERATIONS AND SHAREHOLDER QUESTIONS**

A discussion will be held on all items to be considered at the General Meeting.

All Shareholders will have a reasonable opportunity to ask questions during the General Meeting via the virtual General Meeting platform.

To ensure that as many Shareholders as possible have the opportunity to speak, Shareholders are requested to observe the following:

- all Shareholder questions should be stated clearly and should be relevant to the business of the General Meeting, and general questions about the performance, business or management of the Company;
- if a Shareholder has more than one question on an item, all questions should be asked at the one time; and
- Shareholders should not ask questions at the General Meeting regarding personal matters or those that are commercial in confidence.

Shareholders who prefer to register questions in advance of the General Meeting are invited to do so. A Shareholder Question Form has been included with this Notice and is also available on the Company's website: [www.ectltd.com.au](http://www.ectltd.com.au).

The Company will attempt to address the more frequently asked questions in the General Meeting. Written questions must be received by the Company by 12.00 pm on 22 April 2025 and can be submitted online, by mail, by fax or in person (as set out at the top of the Shareholder Question Form).

## **ALL RESOLUTIONS BY POLL**

The Chairman intends to call a poll on each of the Resolutions proposed at the General Meeting. Each Resolution considered at the General Meeting will, therefore, be conducted by poll rather than a show of hands. The Chairman considers voting by poll to be in the interests of the shareholders as a whole and to ensure the representation of as many shareholders as possible at the meeting.





## HOW TO VOTE

### Virtual attendance

We recommend logging in to the Zoom® app at least 10 minutes prior to the scheduled start time for the General Meeting. Our guide on virtual attendance is available on our website: <https://ectltd.com.au/egm-2025/>.

- The meeting will proceed to put each resolution to a vote before moving on to the next.
- The Chair will read the resolution and call for questions prior to voting.
- When the Chair declares a poll open, a screen will appear with the resolution and voting choices - for or against.
- Select the option corresponding with the way in which you wish to vote, then press 'submit'.

More information about online participation in the General Meeting is available in the Online Platform Guide at: <https://ectltd.com.au/egm-2025/>.

### Physical attendance

- Attendees entitled to vote will be issued voting cards when they register upon arrival at the venue.
- The Chair will read the resolution and call for questions prior to voting.
- Attendees will record their votes for or against each resolution as the meeting proceeds.
- At the conclusion of the meeting, attendees will hand their voting cards to the Returning Officer to be tallied.

### Appointing a proxy

A member can appoint a proxy to attend the Meeting and vote on their behalf, using the enclosed Proxy Form. A member who is entitled to vote at the meeting may appoint:

- one proxy if the member is only entitled to one vote; or
- two proxies if the member is entitled to more than one vote.

Where the member appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be discarded. A proxy need not be a member of the Company.

If you require an additional Proxy Form, please contact the Share Registry at [hello@automic.com.au](mailto:hello@automic.com.au) or call 1300 288 664.

The Proxy Form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Share Registry no later than 11.00 am on 21 April 2025 (that is, at least 48 hours before the meeting). Proxies received after this time will not be accepted.

Instructions for completing the Proxy Form are outlined on the form, which may be returned by:

- posting it Environmental Clean Technologies Limited c/- Automic Registry Services, GPO Box 5193, Sydney NSW 2001;
- hand delivering it to Automic Registry Services, Level 5, 126 Phillip Street, Sydney, NSW, Australia 2000;
- emailing: [meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au); or
- faxing it to Automic Registry Services on +61 2 8583 3040.



Proxy Forms from corporate shareholders must be executed in accordance with their constitution or signed by a duly authorised attorney.

A proxy may decide whether to vote on any motion except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as a proxy. If a proxy directs how to vote on an item of business, the proxy may only vote on that item, in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote how they think fit.

The Constitution provides that where the appointment of a proxy has not identified the person who may exercise it, the appointment will be deemed to be in favour of the Chairman of the meeting to which it relates, or to another person as the Board determines.

If a shareholder appoints the Chairman of the meeting as the shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as a proxy for that shareholder, in favour of the item on a poll.

### **BODY CORPORATE REPRESENTATIVES**

- A corporation, by resolution of its directors, may authorise a person to act as its representative to vote at the meeting.
- A representative appointed by a corporation may be entitled to execute the same powers on behalf of the corporation as the corporation could exercise if it were an individual shareholder of the Company.
- To evidence the authorisation, either a certificate of body corporate representative executed by the corporation or under the hand of its attorney or an equivalent document evidencing the appointment will be required.
- The certificate or equivalent document must be produced prior to the meeting.



# EXTRAORDINARY GENERAL MEETING OF ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED (ACN 009 120 405)

## EXPLANATORY MEMORANDUM

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### **1. OVERVIEW OF EXPLANATORY MEMORANDUM**

#### **1.1 General**

This Explanatory Memorandum is intended to provide Shareholders with information that the Board considers material to Shareholders in deciding whether or not to pass the Resolutions contained in the accompanying Notice of Meeting.

#### **1.2 Personal advice**

This Explanatory Memorandum does not take into account the individual investment objectives, financial situation and needs of individual Shareholders or any other person. Accordingly, it should not be relied on solely in determining how to vote on the Resolution. If you are in any doubt about what to do in relation to the Resolution contemplated in the Notice of Meeting and this Explanatory Memorandum, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

#### **1.3 Definitions**

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

#### **1.4 Forward-looking statements**

The forward-looking statements in this Notice of Meeting (if any) are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Board of Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward-looking statements in this Notice of Meeting. These risks include but are not limited to the risks referred to below. Forward-looking statements include those containing words such as "anticipate", "estimates", "should", "will", "expects", "plans", or similar expressions.

#### **1.5 Action to be taken by Shareholders**

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolution set out in the Notice of Meeting.



All Shareholders are invited and encouraged to attend the Meeting. If Shareholders are unable to attend in person, the **attached** Proxy Form should be completed, signed and returned to the Company in accordance with the instructions contained in the Proxy Form and the Notice of Meeting. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person, but the person appointed as the proxy must then not exercise the rights conferred by the Proxy Form. If the Resolution is approved by Shareholders and then completed, the voting power of existing Shareholders will be diluted.

#### **1.6 ASX**

A copy of the Notice of Meeting and Explanatory Memorandum has been lodged with ASX pursuant to the ASX Listing Rules. Neither ASX nor any of its officers take any responsibility for the contents of the Notice of Meeting and Explanatory Memorandum.

#### **1.7 Enquiries**

All enquiries in relation to the contents of the Notice of Meeting or Explanatory Memorandum should be directed to the Company Secretary, Kian Tan, at [kian.tan@ectltd.com.au](mailto:kian.tan@ectltd.com.au).

## **2. SUMMARY OF THE TRANSACTIONS AND OTHER MATTERS TO BE CONSIDERED FOR APPROVAL**

### **2.1 Introduction**

The resolutions to be considered at the General Meeting primarily relate to capital raising to permit the Company to pursue its corporate objectives. In addition, shareholders will be asked to approve director options and the cancellation of a number of ELF Shares.

### **2.2 Secured Convertible Notes**

Resolution 1 - The Company proposes to raise \$1,130,000 by the issue of secured Convertible Notes to LJK Thomson. The Company will not be able to grant the Security required under the Convertible Note Deed without shareholder approval, and this is the purpose of Resolution 1. Detailed information on Resolution 1 is set out in section 3.

### **2.3 Tranche 1 Placement Shares and Tranche 2 Placement Shares**

Resolutions 2 and 3 - The Company proposes to raise \$750,000 by way of placement of 750,000,000 fully paid ordinary shares to institutional and sophisticated investors at a price of \$0.001 per share (**Placement**). Because the number of shares to be issued in the Placement exceeds the number the Company can issue without shareholder approval, the Placement will be undertaken in 2 tranches.

Tranche 1 (475,000,000 shares) did not require shareholder approval and was issued under the Company's existing placement capacity. However, to retain flexibility under its ASX Listing Rule 7.1 placement capacity, the Company is seeking to ratify the issue of the Tranche 1 Placement Shares. Detailed information on Resolution 2 is set out in section 4.

Tranche 2 (275,000,000 shares) requires shareholder approval, and this is the purpose of Resolution 2. Detailed information on Resolution 3 is set out in section 5.



## 2.4 Lead Manager Shares and Lead Manager Options

Resolutions 4 and 5 – The Company has engaged Kaai Capital as Lead Manager of the Placement.

In lieu of paying Kaai a cash fee, the Company has agreed to pay this component of the fee by the issuance of shares. Without shareholder approval, the issue of the options would reduce the ability of the Company to issue additional securities, and this is the purpose of Resolution 4. Detailed information on Resolution 4 is set out in section 6.

Part of Kaai Capital's fees will be paid by the issue of options. Without shareholder approval, the issue of the options would reduce the ability of the Company to issue additional securities, and this is the purpose of Resolution 5. Detailed information on Resolution 5 is set out in section 7.

## 2.5 Director Options

Resolution 6 – The Board wishes to issue options to the new director, Joseph van den Elsen, and this is the purpose of Resolution 6. Detailed information on Resolution 4 is set out in section 8.

# 3. RESOLUTION 1 – SECURED CONVERTIBLE NOTES

## 3.1 Background to transaction

On 16 December 2024 the Company entered into a deed (**Convertible Note Deed**) with LJK Thomson pursuant to which LJK Thomson has agreed to subscribe for, and the Company has agreed to issue, 1,130,000 convertible notes with a face value of \$1.00 per note (**Convertible Notes**), equalling a total subscription amount of \$1,130,000 (**Subscription Amount**).

The principal amount of the Convertible Notes will accrue interest from the issue date at a rate of 11.5% per annum.

The Convertible Notes will be secured by way of first ranking security under a General Security Agreement over all assets of the Company other than IP and R&D Rebates (**Security**). The Company will be unable to draw down funds under the Convertible Note Deed or issue the Convertible Notes under the Convertible Note Deed until shareholder approval is obtained for granting the Security.

## 3.2 Background to resolution

Resolution 1 seeks Shareholder approval for the purposes of ASX Listing Rule 10.1 for the disposal of a substantial asset of the Company (granting the Security) to a substantial holder of the Company, LJK Thomson.

The Company is not required to seek Shareholder approval for the transaction generally, and Shareholder approval is only required for the granting of Security pursuant to the Convertible Note Deed.

Shareholder approval is not sought for the purposes of Chapter 2E of the Corporations Act as the grant of the Security is on arm's length terms.



### 3.3 Terms of the Convertible Note Deed

The Convertible Note Deed contains the following terms:

- (a) **Loan type:** secured Convertible Notes;
- (b) **Establishment fee:** the Company is required to pay LJK Thomson an establishment fee of \$19,550 (this has been paid by the Company);
- (c) **Total Face value of convertible notes:** \$1,130,000;
- (d) **Maturity Date:** 6 December 2025;
- (e) **Security:** subject to shareholder approval being obtained, first ranking security under a General Security Agreement over all assets of the Company other than IP and R&D Rebates (**Security**);
- (f) **Interest:** the Convertible Notes will accrue interest at a rate of 11.5% per annum;
- (g) **Payment of interest:** interest on the Convertible Notes is payable by the Company monthly in advance;
- (h) **Conversion terms:**
  - (i) the Convertible Notes are convertible at the option of LJK Thomson at any time up to the Maturity Date, with the aggregate face value of the notes to be converted required to be equal to or greater than \$50,000 for each conversion notice, assuming that the Company has obtained the necessary shareholder approvals required (if required) for conversion of the Convertible Notes; and
  - (ii) if the Company is required under the Act, its constitution or the ASX Listing Rules to obtain any shareholder approvals in connection with the conversion of Conversion Notes the subject of a conversion notice from LJK Thomson, then the Company must use reasonable endeavours to obtain that approval within 6 months of the date of the relevant conversion notice. If after having used reasonable endeavours to obtain that approval, the Company is unable to do so, the Company must, unless otherwise agreed between the parties, immediately redeem the Convertible Notes the subject of the Conversion Notice, but only to the extent that the conversion of those Notes into Shares without shareholder approval would result in a breach of the Corporations Act, the Company's constitution or the ASX Listing Rules;
- (i) **Conversion Price:** each Convertible Note converts into Shares in the Company at a rate that is \$0.00425 per Share;
- (j) **Redemption:** any Convertible Notes not converted by the Maturity Date will be redeemed at face value; and



- (k) **Representations and warranties:** the Convertible Note Deed contains usual representations and warranties given by the Company and LJK Thomson for a transaction of this nature.

### 3.4 Independent Expert's Report

ASX Listing Rule 10.5.10 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to approve the disposal of a substantial asset of a company (which includes granting security over a substantial asset of the company) include a report on the transaction from an independent expert. The grant of the Security will constitute the grant of security over a substantial asset of the company for these purposes. The report must state the expert's opinion as to whether the transaction concerned is **FAIR AND REASONABLE** to holders of the Company's Shares whose votes in favour of the transaction are not to be disregarded under ASX Listing Rule 14.11.

The Independent Expert's Report accompanying this Notice of Meeting sets out a detailed independent examination of the grant of the Security to enable non-associated Shareholders to assess the merits and decide whether to vote in favour of Resolution 1.

The Independent Expert has concluded that the grant of the Security is **FAIR AND REASONABLE** to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation of the Secured Properties and the sources of information and assumptions made.

### 3.5 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that a listed entity must ensure that neither it, nor any of its child entities, acquires or agrees to acquire a substantial asset from, or disposes of a substantial asset to, amongst other persons:

- (a) a related party of the entity;
- (b) a substantial holder of the entity; or
- (c) an associate of a related party or substantial holder of the entity,

without the prior approval of holders of the entity's ordinary shareholders.

The proposed grant of the Security falls within Listing Rule 10.1.3 and involves the disposal of a substantial because under the ASX Listing Rules "dispose" includes using an asset as collateral (as is the case for the proposed grant of the Security by the Company to LJK Thomson pursuant to the Convertible Note Deed).

#### ***Substantial asset***

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

In its most recent accounts (HY financial statements to 31 December 2024), the Company's carrying value of total assets was \$3,451,644 which included an accrued R&D Rebate of \$376,869, and therefore the grant of the Security will constitute the disposal of a substantial asset for the proposes of ASX Listing Rule 10.1.



### ***Substantial holder***

LJK Thomson and its associates collectively hold 13.9% of the Shares on issue in the Company and is therefore a substantial (>10%) holder in the Company for the purposes of the ASX Listing Rules.

### ***Requirement for shareholder approval***

As a result of the above, the grant of the Security will result in the disposal of a substantial asset by the Company to a substantial holder of the Company and the Company is required to seek Shareholder approval under ASX Listing Rule 10.1.

As stated above, ASX Listing Rule 10.5.10 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert. Shareholders are encouraged to carefully read the Independent Expert's Report annexed to this Explanatory Memorandum.

If Resolution 1 is passed, the Company will be able to proceed with the grant of the Security and, in turn, the issue of the Convertible Notes.

If Resolution 1 is not passed, the Company will not be able to proceed with the grant of the security and the issue of the Convertible Notes.

## **3.6 Technical information required by ASX Listing Rule 10.5**

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.5, the following information is provided in relation to Resolution 1:

- (a) The name of the person from whom the entity is acquiring the substantial asset or to whom the entity is disposing of the substantial asset:  

LJ & K Thomson Pty Ltd (ACN 120 166 510) ATF LJ & KT Superannuation Fund.
- (b) Which category in rules 10.1.1 – 10.1.5 the person falls within and why:  

LJK Thomson and its associates collectively hold 13.9% of the Shares on issue in the Company and is therefore a substantial (>10%) holder in the Company.
- (c) Details of the asset being acquired or disposed of:  

All assets of the Company other than IP and R&D Rebates.
- (d) The consideration for the acquisition or disposal:  

There is no direct consideration provided for the disposal. However, the disposal (granting of the Security) is necessary for the Company to be able to complete the Convertible Note Deed, pursuant to which it will issue the Convertible Notes to LJK Thomson, and LJK Thomson will pay the Subscription Amount of \$1,130,000.00 to the Company.
- (e) In the case of a disposal, the intended use of funds (if any) received for the disposal:  

Whilst there are no funds being received by the Company as a result of the disposal, the Company proposes to use the Subscription Amount paid to it by LJK Thomson in consideration for the issue of the Convertible Notes to support





the Company's COLDry fertiliser project, potential acquisitions and working capital.

- (f) The timetable for completing the acquisition or disposal:

Event	Date
Expected despatch of Notice of Meeting	21 March 2025
Date of General Meeting	23 April 2025
Completion of disposal (pursuant to Convertible Note Deed	24 April 2025

This is indicative only and subject to change at the discretion of the Company.

- (g) If the acquisition or disposal is occurring under an agreement, a summary of any other material terms of the agreement:

A summary of the terms of the Convertible Note Deed is set out in section 3.3.

- (h) A voting exclusion statement:

A voting exclusion statement is set out in the Notice of Meeting.

- (i) A report on the transaction from an independent expert:

The Independent Expert's Report accompanying this Notice of Meeting sets out a detailed independent examination of the granted of the Security to enable non-associated Shareholders to assess the merits and decide whether to vote in favour of Resolution 1.

- (j) The Independent Expert has concluded that the grant of the Security is **FAIR AND REASONABLE** to the non-associated Shareholders.

### 3.7 Recommendation

The Board of the Company recommends that Shareholders vote **IN FAVOUR** of Resolution 1.

Each Director who is entitled to vote on Resolution 1 at the General Meeting has indicated that they intend to vote in favour of Resolution 1 in respect of all Shares they own or control. A voting exclusion statement with respect to Resolution 1 is contained in the Notice of Meeting.

## 4. RESOLUTION 2 - RATIFICATION OF THE PRIOR ISSUE OF TRANCHE 1 PLACEMENT SHARES

### 4.1 General

The Company issued 475,000,000 fully paid ordinary shares to professional and sophisticated investors under the Placement (**Tranche 1 Placement Shares**) on 26 February 2025 at \$0.001 per Share, raising \$475,000 (before costs). The Tranche 1 Placement Shares were issued under the Company's 15% placement capacity under ASX Listing Rule 7.1.



ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies previous issues of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1), those securities will be deemed to have been issued with shareholder approval for the purpose of ASX Listing Rule 7.1. The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under ASX Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Tranche 1 Placement Shares.

#### **4.2 Technical information required by ASX Listing Rule 14.1A**

If Resolution 2 is not passed, the Tranche 1 Placement Shares will be included in calculating the Company's 15% placement capacity under ASX Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Tranche 1 Placement Shares.

If Resolution 2 is passed, the base figure upon which the Company's 15% annual placement capacity is calculated will be a higher number, which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

Resolution 2 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of the Tranche 1 Placement Shares.

#### **4.3 Technical information required by ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 2:

- (a) the persons to whom the Company issued the Tranche 1 Placement Shares are institutional and sophisticated investors introduced to the Company by Kaai as lead manager of the Placement.
- (b) 475,000,000 Tranche 1 Placement Shares were issued. All of the Tranche 1 Placement Shares are fully paid ordinary Shares in the Company in the same class as the Company's existing listed ordinary Shares;
- (c) the Tranche 1 Placement Shares were issued on 26 February 2025;
- (d) the Tranche 1 Placement Shares were issued at an issue price of \$0.001 per Share; and
- (e) the funds raised from the issue of the Tranche 1 Placement Shares will be used to support the Company's COLDry Fertiliser Project with joint venture partner ESG Agriculture, the Company's acquisitions strategy and working capital.



#### 4.4 Recommendation

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 2. Each Director has indicated that he intends to vote in favour of Resolution 2 in respect of Shares he owns or controls.

#### 4.5 Voting exclusion statement

A voting exclusion statement with respect to this Resolution is contained in the Notice of Meeting.

### 5. RESOLUTION 3 – APPROVAL OF THE ISSUE OF TRANCHE 2 PLACEMENT SHARES

#### 5.1 Introduction

The Company proposes to raise \$750,000 by way of placement of 750,000,000 fully paid ordinary shares to institutional and sophisticated investors (**Placement**) at price of \$0.001. Because the number of shares to be issued in the Placement exceeds the number to Company can issue without shareholder approval the Placement will be undertaken in 2 tranches. Tranche 1 comprises 475,000,000 fully paid ordinary shares in the Company (**Tranche 1 Placement Shares**) and does not require shareholder approval. The Tranche 1 Placement Shares have been issued.

Tranche 2 comprises 275,000,000 fully paid ordinary shares in the Company (**Tranche 2 Placement Shares**). It requires shareholder approval, and this is the purpose of Resolution 3.

#### 5.2 Technical information required by ASX Listing Rule 14.1A

If Resolution 3 is not passed, the Tranche 2 Placement Shares will be included in calculating the Company's 15% placement capacity under ASX Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Tranche 2 Placement Shares.

If Resolution 3 is passed, the base figure upon which the Company's 15% annual placement capacity is calculated will be a higher number, which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

Resolution 3 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of the Tranche 2 Placement Shares.

#### 5.3 Technical information required by Listing Rule 7.3

- (a) Persons to whom the entity will issue the securities or the basis upon which those persons will be identified or selected:  
Professional or sophisticated investors identified by Kaai Capital
- (b) The number and class of securities the entity will issue:  
275,000,000 fully paid ordinary shares
- (c) Material terms of the securities:  
Not applicable – the securities are fully paid ordinary shares



- (d) The date or dates on or by which the entity will issue the securities:  
The Company expects to issue the securities shortly after the General meeting and in any event within 3 months after the date of the General Meeting
- (e) The price or other consideration the entity will receive for the securities:  
\$0.001 per share, equalling a total of \$275,000  
The purpose of the issue, including the intended use of any funds raised by the issue will be to support the Company's COLDry fertiliser project, potential acquisitions and working capital.
- (f) Securities issued under an agreement:  
Not applicable
- (g) Securities issued to fund a reverse takeover:  
Not applicable

#### 5.4 Recommendation

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 3. Each Director has indicated that he intends to vote in favour of Resolution 3 in respect of Shares he owns or controls.

#### 5.5 Voting exclusion statement

A voting exclusion statement with respect to this Resolution is contained in the Notice of Meeting.

### 6. RESOLUTION 4 – APPROVAL OF THE LEAD MANAGER SHARES

#### 6.1 Introduction

Kaai Capital Limited (**Kaai Capital** or **Lead Manager**) has been appointed to act as lead manager of the Placement. Kaai Capital's provision of lead manager services for the Placement is pursuant to an agreement between the Lead Manager and the Company (**Kaai Agreement**).

Under the Kaai agreement, the Company is required to pay the Lead Manager a cash fee of 6%. However, the Company and Kaai have agreed that this will be paid by the Company by issuance of 45,000,000 shares to Kaai (**Lead Manager Shares**).

The Kaai Agreement otherwise contains terms relating to warranties, termination and general provisions that are considered standard for an agreement of this nature.

Because of the number of shares comprising the Tranche 1 Placement Shares, the Company cannot issue additional securities, including the Lead Manager Shares, without shareholder approval.

#### 6.2 Technical information required by ASX Listing Rule 14.1A

If Resolution 4 is not passed, the Lead Manager Shares will be included in calculating the Company's 15% placement capacity under ASX Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Lead Manager Shares.



If Resolution 4 is passed, the base figure upon which the Company's 15% annual placement capacity is calculated will be a higher number, which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

Resolution 4 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of the Lead Manager Shares.

### **6.3 Technical information required by Listing Rule 7.3**

- (a) Persons to whom the entity will issue the securities or the basis upon which those persons will be identified or selected:  
Kaai Capital
- (b) The number and class of securities the entity will issue:  
45,000,000 fully paid ordinary shares
- (c) Material terms of the securities:  
Not applicable – they are fully paid ordinary shares
- (d) The date or dates on or by which the entity will issue the securities:  
The Company expects to issue the Lead Manager Shares shortly after the General Meeting and in any event within 3 months after the date of the General Meeting
- (e) The price or other consideration the entity will receive for the securities:  
The Lead Manager Shares are to be issued under the Kaai Agreement in consideration of the provision of lead manager services.
- (f) The purpose of the issue, including the intended use of any funds raised by the issue:  
The Lead Manager Shares are to be issued under the Kaai Agreement in consideration of the provision of lead manager services. No funds will be raised by the issue of the Lead Manager Shares.
- (g) Securities issued under an agreement:  
The Kaai Agreement is described in section 6.1 above.
- (h) Securities issued to fund a reverse takeover:  
Not applicable

### **6.4 Recommendation**

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 4. Each Director has indicated that he intends to vote in favour of Resolution 4 in respect of Shares he owns or controls.

### **6.5 Voting exclusion statement**

A voting exclusion statement with respect to this Resolution is contained in the Notice of Meeting.



## 7. RESOLUTION 5 – APPROVAL OF THE LEAD MANAGER OPTIONS

### 7.1 Introduction

Kaai Capital Limited (**Kaai Capital** or **Lead Manager**) has been appointed to act as lead manager of the Placement. Kaai Capital's provision of lead manager services for the Placement is pursuant to an agreement between the Lead Manager and the Company (**Kaai Agreement**). Under the Kaai agreement, the Company is required to issue to the Lead Manager 75,000,000 unlisted options, each with an exercise price of \$0.002 expiring 3 years from issue (**Lead Manager Options**).

The Kaai Agreement otherwise contains terms relating to warranties, termination and general provisions that are considered standard for an agreement of this nature.

Because of the number of shares comprising the Tranche 1 Placement Shares, the Company cannot issue additional securities, including the Lead Manager Options, without shareholder approval.

### 7.2 Technical information required by ASX Listing Rule 14.1A

If Resolution 4 is not passed, the Lead Manager Options will be included in calculating the Company's 15% placement capacity under ASX Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Lead Manager Options.

If Resolution 5 is passed, the base figure upon which the Company's 15% annual placement capacity is calculated will be a higher number, which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

Resolution 5 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of the Lead Manager Options.

### 7.3 Technical information required by Listing Rule 7.3

- (a) Persons to whom the entity will issue the securities or the basis upon which those persons will be identified or selected:

Kaai Capital

- (b) The number and class of securities the entity will issue:

75,000,000 options to acquire fully paid ordinary shares

- (c) Material terms of the securities:

The material terms of the Lead Manager Options are set out in Schedule 2.

- (d) The date or dates on or by which the entity will issue the securities:

The Company expects to issue the Lead Manager Options shortly after the General Meeting and in any event within 3 months after the date of the General Meeting

- (e) The price or other consideration the entity will receive for the securities:

The Lead Manager Options are to be issued under the Kaai Agreement in consideration of the provision of lead manager services.



- (f) The purpose of the issue, including the intended use of any funds raised by the issue:

The Lead Manager Options are to be issued under the Kaai Agreement in consideration of the provision of lead manager services. No funds will be raised by the issue of the Lead Manager Options.

- (g) Securities issued under an agreement:

The Kaai Agreement is described in section 7.1 above.

- (h) Securities issued to fund a reverse takeover:

Not applicable

#### 7.4 Valuation of the Lead Manager Options

The Lead Manager Options have been valued according to a Black & Scholes valuation model on the following assumptions:

	Lead Manager Options
<b>Number of Securities</b>	75,000,000
<b>Assumed Share Price at date of grant</b>	\$0.002
<b>Exercise price</b>	\$0.002
<b>Market value on ASX of underlying Shares at time of setting exercise price</b>	\$6.3M
<b>Exercise price premium to market value</b>	Nil%
<b>Expiry</b>	3 years from issue date
<b>Expected volatility</b>	100%
<b>Risk free interest rate</b>	3.84%
<b>Annualised dividend yield</b>	Nil
<b>Value of each Security</b>	\$0.0013
<b>Aggregate value of the Securities for Kaai Capital Pty Ltd (and/or its nominees)</b>	\$95,269
<b>Maximum number of Securities</b>	75,000,000
<b>Dilution effect post-issue of the Securities (assuming the Options convert (if applicable))</b>	2.31%

The value of the Lead Manager Options has been calculated based on the Share price when the proposed issue of the Lead Manager Options was announced to ASX, being 18 February 2025.



### **7.5 Recommendation**

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 5. Each Director has indicated that he intends to vote in favour of Resolution 5 in respect of Shares he owns or controls.

### **7.6 Voting exclusion statement**

A voting exclusion statement with respect to this Resolution is contained in the Notice of Meeting.

## **8. RESOLUTION 6 – APPROVAL OF THE DIRECTOR OPTIONS**

### **8.1 Introduction**

Resolution 6 seeks shareholder approval for the purposes of ASX Listing Rule 10.11 to allow the Company to issue 25,000,000 unlisted Options with an exercise price of \$0.002 and an expiry date of 3 years from issue (**Director Options**) to Mr Joseph van den Elsen.

### **8.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must, pursuant to section 208 of the Corporations Act:

- (1) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (2) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act. One of the exceptions is that the benefit is given on arm's length terms.

The issue of Director Options constitutes giving a financial benefit, and Mr. Joseph van den Elsen is a related party of the Company by virtue of being a Director of the Company.

The Directors (other than Mr Joseph van den Elsen who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Director Options because the Director Options will be issued to Mr Joseph van den Elsen on the arms' length negotiated terms and as such giving of the financial benefit is on commercial arm's length terms.

### **8.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in ASX Listing Rule 10.12 applies.

Mr Joseph van den Elsen is a related party of the Company by virtue of being a Director of the Company. Further, the issue of the Director Options involves the issue of securities to related parties of the Company. As such, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the





exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. As such, Shareholder approval for the purpose of ASX Listing Rule 10.11 is being sought.

If approval is given by Shareholders to this Resolution, the issue of Director Options will not come out of the Company's capacity under ASX Listing Rule 7.1 (and separate approval is not required under ASX Listing Rule 7.1) as the approval of Shareholders is being obtained under ASX Listing Rule 10.11.

#### **8.4 Technical information required by Listing Rule 14.1A**

If this Resolution is passed, the Company will be able to proceed with the issue of the Director Options to Mr Joseph van den Elsen within one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Director Options (because approval is being obtained under Listing Rule 10.11), the issue of the Director Options will not use up any of the Company's 15% annual placement capacity.

If this Resolution is not passed, the Company will not be able to proceed with the issue of the Director Options to Mr Joseph van den Elsen.

#### **8.5 ASX Listing Rules 10.11 and 10.13**

The following information is provided in accordance with ASX Listing Rules 10.11 and 10.13:

- (a) The name of the person and relationship to the Company:  
Mr Joseph van den Elsen is a related party of the Company by virtue of being a Director of the Company (category ASX Listing Rule 10.11.1).
- (b) The maximum number of Director Options to be issued:  
The following number of Director Options will be issued to Mr Joseph van den Elsen upon Shareholder approval: 25,000,000 Director Options to Mr Joseph van den Elsen.
- (c) Terms of the Director Options:  
The Director Options will be issued to Mr Joseph van den Elsen on the terms and conditions set out in Schedule 3.
- (d) The date by which the Company will issue the Director Options:  
If this Resolution is approved, the Company intends to issue the Director Options within 5 business days after the date of the General Meeting, but in any event within 1 month after the date of the General Meeting (or such later date as ASX permits).
- (e) Issue price and consideration:  
The Director Options will be issued for nil consideration. However, the Director Options have an exercise price of \$0.002, and therefore, if exercised, the Company will raise \$50,000.
- (f) Intended use of the funds raised:



Not applicable. No funds will be raised from the issue of the Director Options.

(g) Remuneration package:

Mr Joseph van den Elsen is not currently receiving remuneration in respect of his role as Non-Executive Chairman of the Company.

(h) If the securities are being issued an agreement, a summary of any other material terms of the agreement:

There are no other material terms of the agreements relating to the issue of the Director Options, other than as set out in this Notice.

(i) Valuation of Director Options:

The Director Options have been valued according to a Black & Scholes valuation model on the following assumptions:

	Director Options
Number of Securities	25,000,000
Assumed Share Price at date of grant	\$0.002
Exercise price	\$0.002
Market value on ASX of underlying Shares at time of setting exercise price	\$6.3M
Exercise price premium to market value	Nil
Expiry	3 years from issue date
Expected volatility	100%
Risk free interest rate	3.84%
Annualised dividend yield	Nil
Value of each Security	\$0.0013
Aggregate value of the Securities for Joseph van den Elsen (and/or its nominees)	\$31,756
Maximum number of Securities	25,000,000
Dilution effect post-issue of the Securities (assuming the Options convert (if applicable))	0.78%

The value of the Director Options has been calculated based on the Share price when the proposed issue of the Lead Manager Options was announced to ASX, being 18 February 2025.

## 8.1 Recommendation

The Board (excluding Mr Joseph van den Elsen, who is participating in the issue) recommends that Shareholders vote **IN FAVOUR** of the Resolution.

## 8.2 Voting exclusion statement

Voting exclusion statements with respect to the Resolution are contained in the Notice of Meeting.



## 9. GLOSSARY

<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited (ACN 008 624 691) or, where the context requires, the Australian Securities Exchange operated by ASX Limited
<b>ASX Listing Rules</b>	The official listing rules of ASX, as amended or waived from time to time
<b>Board</b>	Board of Directors of the Company and, where applicable, includes a committee of the Directors
<b>Chairman</b>	The chairperson of the Board
<b>Company or ECT</b>	Environmental Clean Technologies Limited (ASX:ECT) (ACN 009 120 405)
<b>Constitution</b>	The constitution of the Company (as amended from time to time)
<b>Convertible Note Deed</b>	Means the convertible note deed between the Company and LJK Thomson dated 16 December 2024, pursuant to which LJK Thomson has agreed to subscribe for convertible notes to be issued by the Company
<b>Convertible Notes</b>	Means convertible notes issued by the Company to LJK Thomson pursuant to the Convertible Note Deed
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Director</b>	A director of the Company
<b>Explanatory Memorandum</b>	The explanatory memorandum which is attached to or accompanies, and is incorporated as part of, the Notice of Meeting and includes any schedule or document annexed to it or incorporated by reference
<b>General Meeting or Meeting</b>	The extraordinary general meeting of the Company to be held on 23 April 2025
<b>Independent Expert</b>	Moore Australia (VIC) Pty Ltd
<b>Independent Expert's Report</b>	The report prepared by the Independent Expert in Schedule 1 of the Explanatory Statement
<b>IP</b>	Intellectual property rights including patents, copyright and knowhow whether owned by the Company or licensed to the Company by a third party
<b>Kaai Agreement</b>	The agreement for Kaai Capital to provide lead manager services for the Placement. See section 7
<b>Kaai Capital or Lead Manager</b>	Kaai Capital Limited



<b>Lead Manager Options</b>	The Options to be issued to Kaai Capital under the Kaai Agreement. See section 7.1
<b>LJK Thomson</b>	LJ & K Thomson Pty Ltd (ACN 120 166 510) ATF LJ & KT Superannuation Fund
<b>Notice or Notice of Meeting</b>	The Notice of General Meeting of Shareholders to which the Explanatory Memorandum is attached or otherwise accompanies
<b>Placement</b>	the placement of 750,000,000 fully paid ordinary shares in the Company to institutional and sophisticated investors to raise \$750,000.
<b>Proxy Form</b>	The proxy form enclosed with this Notice of Meeting
<b>Resolution</b>	A resolution referred to in the Notice of Meeting
<b>R&amp;D Rebates</b>	Rebates owed or that may be paid or become owing to the Company by a government authority or similar organisation as an incentive by the Company to undertake research and development activities
<b>Secured Properties</b>	Means the Company's properties at Yallourn Drive, Yallourn, Victoria, 3825 bearing the following title details: Volume 10303/Folio 288 and Volume 10324/ Folio 061
<b>Security</b>	Means the first ranking security granted under a General Security Agreement over all assets of the Company other than IP and R&D Rebates
<b>Share</b>	A fully paid ordinary share in the Company (ASX:ECT)
<b>Share Registry</b>	Automatic Share Registry
<b>Shareholder</b>	A person who holds Shares in the Company
<b>Tranche 1 Placement Shares</b>	475,000,000 fully paid ordinary shares in the Company. See section 5
<b>Tranche 2 Placement Shares</b>	275,000,000 fully paid ordinary shares in the Company. See section 5
<b>Voting Platform</b>	Platform where each Shareholder will cast their vote in respect of each Resolution



**SCHEDULE 1**  
**INDEPENDENT EXPERT'S REPORT**

# ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Independent Expert's Report and Financial Services  
Guide for distribution to Shareholders.

Proposed grant of security over a significant asset(s)  
to a substantial holder requiring Shareholder  
approval (**Resolution 1**).

4 MARCH 2025

**VICTORIA**

Level 44, 600 Bourke Street  
Melbourne VIC 3000  
T +61 3 9608 0100

Level 3, 237 Ryrie Street  
Geelong VIC 3220  
T +61 3 5215 6800

**TASMANIA**

161 St John Street  
Launceston TAS 7250  
T +61 3 6334 0500

victoria@moore-australia.com.au  
[www.moore-australia.com.au](http://www.moore-australia.com.au)

4 March 2025

The Directors  
Environmental Clean Technologies Limited  
Suite 37, 209 Toorak Road,  
South Yarra VIC 3141

Dear Directors

**INDEPENDENT EXPERT'S REPORT FOR SHAREHOLDERS****PROPOSED GRANT OF SECURITY OVER A SIGNIFICANT ASSET(S) TO A  
SUBSTANTIAL HOLDER REQUIRING SHAREHOLDER APPROVAL  
(RESOLUTION 1).**

1. We refer to our engagement letter dated 7 January 2025 and are pleased to submit our Independent Expert opinion on the above Proposal.
2. This summary should be read with the body of our Report, which sets out our scope of work, reasoning, and findings. It should also be read with the Notice of Meeting (**NoM**) provided to Shareholders.

**1.1. Introduction***Background*

3. Environmental Clean Technologies Limited (**ECT** or **Company**) is an Australian company listed on the ASX. The Company's main activity is research, development, and commercialisation of technologies for the energy and resource sector. Its main technology is a low pressure, low temperature ("**COLDry**") method for producing low emission hydrogen and fertilizer products from lignite (brown coal).
4. In FY24 it reported audited revenue of \$1.4m and a net loss of \$3.7m. Revenue was mainly from R&D rebates. Net assets were reported as \$3.4m on 30 June 2024 and includes real property owned in Yallourn, VIC. The current share price of ECT is ~\$0.003 per share and a market cap of \$6.9m<sup>1</sup>.
5. On 17 December 2024, the Company announced a funding arrangement with its major shareholder LJ & K Thomson Pty Ltd and associates (**LJK Thomson**) who is a substantial shareholder of ECT Shares. The funding arrangement includes:
  - An "R&D Loan" of \$482k partly secured to \$170k against future R&D rebates. The loan expires in 6 months and accrues interest at 11.5% per annum. This loan will be repaid at the time the Convertible Note Deed is issued (see next).
  - A **Convertible Note Deed** loan of \$1.13m. The Convertible Note Deed loan is to be secured by first ranking mortgage **Security** over the Company's Yallourn properties (**Secured Properties**). It accrues interest at 11.5% per annum and is due for repayment or conversion by 6 Dec 2025. The conversion price is \$0.00425 per Share. If Shareholder approval is required upon conversion, this must be sought later, and that approval is not the subject of this Report.

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<sup>1</sup> 28 Feb 2025 using 2.3b ORD Shares that are tradeable.

6. On 27 February 2025, a Deed of Amendment to the Convertible Note Deed agreed extends a General Security Agreement (**GSA**) over the “whole undertaking of property and assets” (**Secured Assets**). This is in addition to the first ranking mortgage. However, assets excluded from the GSA are Intellectual Property (**IP**) and any “**R&D Rebates**”. The security is only up to the value of the debt outstanding (including interest).
7. The Convertible Note Deed loan (as amended) is conditional on ECT Shareholder approval, this Report concluding that the granting of the Security is either 'fair' or 'not fair' but 'reasonable' to Shareholders.

#### *Summary of the Proposal*

8. The NoM sets out Resolution 1 on granting a security under a General Security Agreement over all assets of the Company other than IP and R&D Rebates being the subject of this Report, consistent with the above terms.
9. As per our engagement terms, our opinion is only on the above and any alternatives, being the **Proposal** for the purposes of our analysis.

### **1.2. Purpose of this Report**

10. In Resolution 1 of the NoM shareholder approval and our Report are required under:
  - ASX LR 10.1 (potential disposal of a substantial asset(s) to a person in a position of influence).
11. The Convertible Note Deed holder, LJK Thomson is considered a ‘person of influence’ for the purposes of the ASX LR due to their substantial holding of Shares in the Company exceeding 10%.
12. We consider the ordinary shareholders other than LJK Thomson to be as the non-associated shareholders (**Shareholders**).
13. Therefore, the Directors have engaged Moore to prepare this Independent Expert’s Report. The scope of the Report is to assess whether the Proposal is fair and reasonable to Shareholders.

### **1.3. Basis of evaluation**

14. Fairness is a “quantitative” assessment. Reasonableness is a “qualitative” assessment. To assess if the Proposal is fair and reasonable, we have:
  - Undertaken a quantitative assessment. The Proposal is fair if the consideration in the form of the Convertible Note Deed loan is equal to or greater than the fair value of the Secured Assets granted as security and potentially forgone to settle the loan.
  - Assessed the qualitative merits as reasonable if it is fair, or despite not being fair, if advantages outweigh the disadvantages for Shareholders.

### **1.4. Summary of quantitative assessment**

15. The Table below sets out our comparison of the estimated fair values for the consideration in the form of the Convertible Note Deed loan and the Secured Assets.

*Table 1*

<b>\$'000's / \$ whole per share</b>	<b>Low</b>	<b>Mid</b>	<b>High</b>
<b>Evaluation summary</b>			
<b>Comparison</b>			
Fair value of Convertible Note Deed	1,130	1,184	1,238
Fair value of Secured Properties	(1,092)	(1,126)	(1,160)
Fair value of residual GSA Assets	(38)	(58)	(78)
Difference - gain / (loss) to Shareholders	-	-	-
<b>Quantitative evaluation</b>	<b>Fair</b>	<b>Fair</b>	<b>Fair</b>



#### *Offer price comparison*

16. The fair value of the Convertible Note Deed loan is between \$1.1m and \$1.2m:
  - At the low range, equal to the Subscription Amount received by ECT at the drawdown of the loan, and assuming monthly interest payments due are paid during the loan.
  - At the high range, assuming monthly interest amounts are not repaid and accrue to the maturity date. This means a greater amount is repayable at maturity than the Subscription Amount.
17. We estimate that the fair value of the Secured Properties is between \$1.1m and \$1.2m. This is estimated based upon:
  - At the low range, the estimated depreciated book value recorded in the accounts of ECT at 31 Dec 2024.
  - At the high range, the estimated market value of the properties determined by specialist expert CIVIC MJD independent property valuers. CIVIC MJD reissued their valuation report dated 27 Nov 2024 assuming market value for the purpose of a first mortgage and this IER. We have read CIVIC MJD's report and determined it is suitable for reliance for forming our opinion; having obtained their consent to use. Their full report is attached to this Report.
18. We estimate that only a modest quantum of GSA Assets is required to bridge the gap between the value of the Secured Properties and the Convertible Note Deed Loan.
19. Therefore, the fair value consideration offered in the form of the Convertible Note Deed loan payable is equal to the fair value of Secured Assets at all ranges.

#### *Fairness opinion*

20. As in our opinion the fair value consideration in the form of the Convertible Note Deed loan payable is equal than the fair value of Secured Assets at all ranges, we conclude that the Proposal is **Fair** to Shareholders. In our view it is likely that the LJK Thomson are not receiving a financial benefit if they exercise their rights under the Security.

### **1.5. Summary of qualitative assessment**

21. We summarise the merits of the Proposal and any alternatives to the Proposal:

#### **Advantages of the Proposal**

- The Proposal is fair at all ranges.
- The Proposal provides cash in the short term which the Company needs to continue to operate and pursue its strategy.
- The Convertible Note Deed loan is structured such that the Secured Properties may never be forgone by the Company if ECT can either:
  - repay the debt or
  - the loan amount is converted to ~265.9 Shares (subject to further Shareholder approval if required).
- The other terms of the Convertible Note Deed, including the LVR of ~50%, interest rate of 11.5%, fees, exclusion of IP and R&D Rebates as security and conversion terms are in our view reasonable (further details provided in body of our Report).

#### **Disadvantages of the Proposal**

- The Convertible Note Deed loan is only short-term and matures on 6 Dec 2025. This means that repayment or conversion may be difficult unless the Company raises additional funds.

	<ul style="list-style-type: none"> <li>Only if the loan amount is converted to ~265.9 Shares, then it is possible LJK Thomson may increase their interest in the Company to ~22%. However, any increase above 20% is subject to further Shareholder approval.</li> </ul>
<b>Other considerations including no change in circumstances</b>	<ul style="list-style-type: none"> <li>LJK Thomson will continue to be a substantial holder of Shares in the Company with no change.</li> </ul>
<b>Alternatives to the Proposal</b>	<ul style="list-style-type: none"> <li>The Directors confirm that they are not aware of any other proposals to sell or leverage for funding the Secured Properties that are capable of acceptance in the short term.</li> <li>The Directors confirm that they are pursuing other efforts to raise additional funding and consider this funding is required in addition to the Proposal to progress the Company's activities.</li> </ul>
<b>Impact of the Proposal if the Proposal does not proceed</b>	<ul style="list-style-type: none"> <li>The Directors advise that the Company is continuing to incur monthly operating cashflow losses for at least the remainder of FY25. We calculate the FY24 monthly operating cash outflow was \$226k. Directors state that the operating cash out flow reduced to \$655k for the 6 months to 31 Dec 2024. We do not expect losses to improve in the near term if the Proposal does not proceed.</li> <li>The Company has diminishing resources to fund those losses or continue to operate. On 30 June 2024, cash was \$762k. Since that date, R&amp;D grant money has been received, however on 28 Feb 2025, the cash balance was ~\$310k (unaudited).</li> <li>If the granting of the Security does not proceed, then funds from the Convertible Note Deed will not be received.</li> <li>On this basis, it is unlikely that the Company could continue as a going concern.</li> </ul>

22. We are mostly persuaded by the poorer outcomes for ECT if the Proposal does not proceed and the lack of significant disadvantages. Therefore, in our opinion the advantages of the Proposal outweigh the disadvantages, and the Proposal is **Reasonable** to Shareholders.

## 1.6. Summary of Opinion

23. On the balance of the above matters considered, we think that the Proposal is **Fair and Reasonable** to the Shareholders of the Company.

## 1.7. Summary of disclosures and limitations

24. Our opinion is subject to the limitations and disclaimers set out in the body of this Report.

### *Changes in market conditions*

25. Our analysis and conclusions are based on market conditions existing at the date of this Report. We have assumed a valuation date of 31 December 2024 (adjusted for significant events to 28 Feb 2025). A limitation of our conclusion is that market conditions may change between the date of this Report and when the various aspects of the Proposal are concluded.

*Individual Shareholder circumstances*

26. Acceptance or rejection of the Proposal is a matter for individual Shareholders based upon their own views of value, risk, and portfolio strategy. Shareholders who are in doubt as to the action that they should take in relation to the Proposal should consult their professional advisor.

*Financial Services Guide*

27. Our Financial Services Guide is attached in **Appendix 4**. This includes the contact details of whom to address any concerns with this Report.

We thank you for the opportunity to assist you in this important matter.

Yours faithfully

**Moore Australia (VIC) Pty Ltd**

Holder of Australian Financial Services License No.247362



Colin Prasad  
Director – Corporate Finance  
CAANZ Business Valuation Specialist

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## GLOSSARY

Term	Meaning
<b>Act</b>	Corporations Act 2001.
<b>APES</b>	Accounting Professional and Ethical Standard.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX (LR) (GN)</b>	Australian Securities Exchange. (Listing Rules). (Guidance Note).
<b>CFME / CFMR</b>	Capitalised future maintainable earnings / revenue.
<b>CIVIC MJD</b>	CIVIC MJD, the author of the Independent Valuation Report dated 27 Nov 2024 on the Secured Properties; see <b>Appendix 6</b> .
<b>Company</b>	Environmental Clean Technologies Limited.
<b>Convertible Note Deed</b>	As described in Section 2.0, being the loan for \$1.13m, secured against the Secured Properties.  Includes the amendment made in Feb 2025 to add the GSA.
<b>DCF</b>	Discounted cash flow.
<b>Directors</b>	Directors of the ECT.
<b>EBITDA</b>	Earnings before interest, tax depreciation and amortisation.
<b>ECT</b>	Environmental Clean Technologies Limited.
<b>FV</b>	Fair Value.

Term	Meaning
<b>FY</b>	Financial Year ending 30 June.
<b>GSA</b>	General Security Agreement – over all assets in addition to the Secured Properties but excluding IP and R&D Rebates.
<b>IP</b>	Intellectual Property – being the patents, copyrights, and knowhow whether owned or licensed by the Company.
<b>LJK Thomson</b>	LJ & K Thomson Pty Ltd (ACN 120 166 510) ATF LJT & KT Superannuation Fund (and associates). A substantial holder of Shares and the provider of funds under the Convertible Note Deed.
<b>LVR</b>	Loan to Value Ratio.
<b>MAV</b>	Moore Australia (VIC) Pty Ltd – the employer of the authors of this Report.
<b>NoM</b>	Notice of Meeting.
<b>Proposal</b>	The granting of the Security for the Convertible Note Deed.
<b>QMP</b>	Quoted market price.
<b>R&amp;D Rebates</b>	Amounts owed or payable by a government to the Company for its research and development activities.
<b>RG</b>	ASIC Regulatory Guide
<b>Security</b>	Being a first mortgage to be issued over the Secured Properties and the GSA.
<b>Secured Assets</b>	Being the Secured Properties and the included assets defined under the GSA.

Term	Meaning
<b>Secured Properties</b>	ECT's properties at Yallourn Drive, Yallourn, Victoria, 3825 bearing the following title details: Volume 10303/Folio 288 and Volume 10324/ Folio 061.
<b>Shares</b>	Shares in the Company.
<b>Shareholders</b>	The non-associated shareholders of the Company, being non-Director ordinary shareholders who are not associated with LJK Thomson.
<b>TEV</b>	Total Enterprise Value.
<b>VWAP</b>	Volume weighted (Share) price.



## 2.0 THE PROPOSAL

### 2.1. Granting of security

28. The Company and LJK Thomson have entered a Convertible Note Deed on 16 December 2024 for:
- ECT to borrow \$1.13m from LJK Thomson. Of which \$0.48m is to be used to settle an R&D funding loan already received, the balance to be received in cash.
  - Interest at 11.5% on the total Subscription Amount of \$1.13m, to be paid monthly.
  - Matures 6 Dec 2025.
  - Must be repaid by the Company at or before that date. A minor early redemption fee is payable if repaid within 4 months of draw down. A minor establishment fee (already paid by ECT).
  - At LJK Thomson's option, the loan can be converted to Shares at \$0.00425 per Share. At the subscription amount of \$1.13m, this would convert to 265.9m Shares. If Shareholder approval is required upon conversion, this must be sought later, and that approval is not the subject of this Report.
  - On 27 February 2025, a Deed of Amendment to the Convertible Note Deed agreed extends a GSA over the Secured Assets. This is in addition to the first ranking mortgage. However, assets excluded from the GSA are IP and any R&D Rebates.
  - The security is only up to the value of the debt outstanding (including interest). Under Australian laws, in exercising any rights to realise assets under the Security, there is an obligation for the debt holder to return any surplus (net of enforcement costs) to the borrower (or other creditors).
29. The granting of Security is conditional on ECT Shareholder approval and this Report concluding that the Sale is either 'fair' or 'not fair' but reasonable' to Shareholders.
30. The full terms of the Convertible Notes are set out in the NoM.

### 2.2. Shareholders resolution in the NoM

31. The NoM sets out the resolution relevant to this Report for approval, which we summarise as:
- **Resolution 1:** That for the purposes of ASX Listing Rule 10.1, and for all other purposes, approval is given to ECT to grant to LJK Thomson, being a substantial shareholder in the Company, a GSA over all assets of the Company other than IP and R&D Rebates to secure ECT's obligations owed to LJK Thomson pursuant to the Convertible Note Deed.
32. The full wording of the resolution and explanatory statement is set out in the NoM.
33. We understand that LJK Thomson is excluded from voting on the above resolutions. We regard the ordinary shareholders other than LJK Thomson as the non-associated **Shareholders**.
34. We consider the above resolution covering the Sale and other terms including alternatives as the Proposal. We have not considered the other resolutions included in the NoM other than for any qualitative impact on this Proposal.

## 3.0 SCOPE OF THIS REPORT

### 3.1. Purpose

35. Our report is required for compliance with ASX LR, as stated in Section 2.2.
36. Therefore, the Directors have engaged Moore to prepare this Independent Experts Report. The scope of the Report is to assess whether the Proposal is fair and reasonable to Shareholders.

### 3.2. Basis of evaluation

37. Fairness is a “quantitative” assessment. Reasonableness is a “qualitative” assessment. We have considered the below guidance in our analysis where relevant. The methodology that we have used to form an opinion as to whether the Proposal is fair and reasonable, is summarised as:

#### *Fairness*

38. We have undertaken a quantitative assessment. The Proposal is fair if the consideration in the form of the Convertible Note Deed loan is equal to or greater than the value of the Secured Assets that may be forgone.

#### *Reasonableness*

39. We assessed the qualitative merits as reasonable if it is fair, or despite not being fair, if the advantages outweigh the disadvantages for Shareholders. We analysed significant matters which include:

- The advantages of the Proposal.
- The disadvantages of the Proposal.
- Any alternatives to the Proposal.
- The impact if the Proposal does not go ahead.

#### *Guidance*

40. The relevant NoM resolution refers to approval under ASX LR 10.1. This type of approval is also covered by ASIC RG 111.
41. We have considered the above guidance. The recommended form of ‘fair and reasonableness’ analysis is consistent with our basis described above.
42. We have undertaken our valuations assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length. This is a standard of fair value.
43. We have also assumed a premise of value as a going concern, notwithstanding William Buck noting a significant doubt for ECT to continue as a going concern in their FY24 Audit report.

### 3.3. Limitations

44. We have only considered the effects of the Proposal.
45. We are not aware of any other significant limitations on scope. Had our work not been limited in scope, then our opinion could differ, perhaps materially.

### 3.4. Redraft

46. In accordance with RG112.57 Independence of Experts, we disclose the following:
- We issued a redacted opinion draft for factual review of our Report to the Company on 15 Jan 2025.
  - Following factual comments, we issued an unredacted draft of our Report to the Company on 20 Jan 2025. That Report stated our opinion as ‘Fair and Reasonable’.

- We were instructed to pause any further work pending ongoing negotiations between the Company and LJK Thomson.
- On 28 Feb 2025 we received instructions that a Deed of Amendment which added the GSA terms had been agreed, along with supporting documentation.

47. Therefore, we have included the residual value of GSA Assets in our assessment of the Proposal. In our view, this is not a significant change because:

- Only a modest quantum of residual GSA Assets would likely be required to bridge any gap between the value of the Secured Properties and the Convertible Note Deed Loan.
- The provision of the Secured Assets and the implied LVR of ~50% is in our view reasonable.
- The elapse of another month is unlikely to invalidate CIVIC MJD's valuation opinion of the Secured Properties due to low expected price volatility in a regional market for unattractive properties (see **Section 9**).
- Therefore, our opinion of 'fair and reasonable' is unchanged from our earlier draft.

### 3.5. Other terms of reference

48. We have conducted our Services according to the guidelines contained in APES 110 "*Code of Ethics for Professional Accountants*" and the principals of APES 225 "*Valuation Services*".

49. We confirm MAV are the holder of AFSL licence 247 262, which authorises us to provide reports and advice in respect of securities. A copy of our Financial Services Guide is included in **Appendix 4**.

50. Regulatory guidance from ASIC includes:

- RG 76 "Related Party Transactions – March 2011". We confirm our analysis is on a "arms-length test" basis.
- RG 112 "Independence of Experts March 2011". We confirm our qualifications and independence in Appendix 3. We detail our use of a specialist expert CIVC MJD in **Section 9**.
- RG 111 "Content of Experts Reports – October 2020". Relevant guidance is given on the basis of evaluation including the standard of fair market value and the use of prospective financial information only where there is a 'reasonable' (and not hypothetical – per RG 170) basis to do so. Specific guidance relevant to this report are referred to above and elsewhere in this Report.
- RG 170 "Prospective Financial Information – April 2011" – factors that indicate 'reasonable grounds' for prospective financial information.

## 4.0 PROFILE OF ECT

### 4.1. Background<sup>2</sup>

51. ECT is an Australian company listed on the ASX. The Company's main activity is research, development, and commercialisation of technologies for the energy and resource sector. Its main technology is a low pressure, low temperature ("COLDry") method for producing low emission hydrogen and fertilizer products from lignite (brown coal).
52. Directors of ECT are presently:
  - Jason Marinko – Chairman, Non-Executive Director
  - James Blackburn - Non-Executive Director
  - Sam Rizzo – Executive Director.
53. Recent highlights announced by ECT in their FY24 Annual Report first published 29 August 2024 include:
  - **COLDry Commercialisation Project (Phase 1) -Drying System Development:**
    - Validated waste heat utilisation from the on-site data centre, confirming reliable low-temperature drying energy.
    - Achieved efficiency gains in Conditioning System and Packed Bed Dryer testing, resulting in significant capital expenditure (CAPEX) and operating expenditure (OPEX) savings.
  - **Techno-economic Analysis:** Completed techno-economic analysis, targeting 30,000 tpa of COLDry lignite-nitrogen fertiliser by Q4 CY2025.
  - **Strategic Partnership:** Partnered with ESG Agriculture to develop and offtake COLDry lignite-nitrogen fertiliser, targeting initial production of 30,000 tpa, increasing to over 50,000 tpa.
  - **EPA Approvals:** Application lodged for agricultural products (Phase 1), char, and syngas (Phase 2). Approval expected Q3 CY2024.
  - **Planning Approvals:** Local Council Works Permit application submitted with approval expected Q3 CY2024.
  - **Syngas Pilot Project (Phase 2):** Began planning for a biomass-blended lignite pyrolysis syngas pilot at Bacchus Marsh, focusing on net-zero and net-negative carbon products like methanol and hydrogen.
  - **Organisational Restructure:** Conducted a comprehensive restructure, recruited high-calibre talent, and enhanced policies and processes.
  - **Capital Management:** Raised \$3.5 million through share placements, supported by existing and new investors.
  - **Patent Portfolio Expansion:** Secured HydroMOR patents in Europe, Australia, Russia, and Canada, with additional patents pending, and developed a strategy for ongoing protection and new opportunities.
54. After the publishing of the FY24 annual report relevant announcements have included:

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<sup>2</sup> Source: Directors / management, previous announcements.

- 30 September 2024 – announced that the R&D Tax incentive cash rebate of \$1.42m was received.
- 31 October 2024, September Quarterly update to the above:
  - **“Zero Quest” Joint Venture:** Joint venture established to develop sustainable soil health solutions including the commercialisation of ECT’s net-zero COLDry fertiliser product. JV company set up: Zero Quest Pty Ltd. ESG and ECT to contribute seed funding of \$150k each. Field trials to start at once.
  - **Funding Milestones:** ECT secured \$482k R&D Loan, including contribution for JV seed funding. ECT secured, subject to shareholder approval, \$647k in further funding, (being the subject of this Proposal).
  - **Project Advancements:** COLDry Fertiliser process design completed and tested; field trials to follow
  - **Leadership Transition:** Sam Rizzo transitions to Non-Executive Director role for ECT and Zero Quest.
- 11 to 17 December 2024 – ECT was voluntarily suspended from trading pending further details on the Proposal.

## 4.2. Capital structure and Shareholders

55. Table 2 below sets out Shareholders in the Company as of 31 December 2024. The Proposal causes no direct change on the capital structure or Shareholders if the Convertible Note Deed is not converted. Nevertheless, for completeness we show the impact on holdings if conversion does occur.

Table 2: Share summary

#'000's	Associate d with	Pre & Post Proposal		If notes are converted	
Share summary			%		%
<b>Top 10 holders</b>					
LJ & K THOMSON PTY LTD (LJT & KT SUPER FUND)	LJK Thomson	505,873	15.9%	771,756	22.4%
SUNSET TIDAL PTY LTD <SUNSET TIDAL INVESTMENT TRUS>		110,000	3.5%	110,000	3.2%
GODIN CORP PTY LTD <SEVEN A/C>		100,145	3.2%	100,145	2.9%
EMERALD RIVER PTY LTD <KENNY FAMILY A/C>		100,000	3.2%	100,000	2.9%
BIN LIU		88,562	2.8%	88,562	2.6%
ARKYN PTY LTD <KOVANI A/C>		76,492	2.4%	76,492	2.2%
SUPERIOR COATINGS (AUST) PTY LTD		71,000	2.2%	71,000	2.1%
TELLARO PTY LTD <TELLARO TRUST>		69,250	2.2%	69,250	2.0%
IAIN ROBERT MCEWIN		60,000	1.9%	60,000	1.7%
CHALLENGE BRICKS & ROOFING PTY LTD		55,285	1.7%	55,285	1.6%
Total Top 10		1,236,607	39.0%	1,502,489	43.7%
All Other Shareholders		1,935,204	61.0%	1,935,204	56.3%
<b>Total Shares (incl. ELF Shares)</b>		<b>3,171,810</b>	<b>100.0%</b>	<b>3,437,693</b>	<b>100.0%</b>
<i>Change reconciled as:</i>					
Shares that may be issued on conversion				265,882	

56. Source: Company Top Holders report extracted 31 December 2024. The total number of Shares includes ELF shares (ELF – Equity Lending Facility, as per note 11 of the Audited FY24 Annual Report).

57. There are 3,171.8m ordinary shares on issue, including 857.8m ELF<sup>3</sup> Shares which are not part of the tradeable free float of Shares on the ASX. All Shares carry equal voting rights. There is a total of ~ 5,311<sup>4</sup> (4,454 holding less than a marketable parcel) ordinary Shareholders in the Company and each Share is one fully paid Share entitled to one vote at a meeting of the Shareholders.
58. Outside of the top Shareholder, LJK Thomson, no individual ordinary Shareholder holds more than 5% of the Shares of the Company.
59. LJK Thomson holds 15.9% of the Shares (pre and post proposal). Only if they convert the Convertible Loan Note Deed to 265.9m Shares, their interest could increase to 22.4%. As noted above, if Shareholder approval is required upon conversion, this must be sought later, and that approval is not the subject of this Report.
60. The contributed equity to the Company to 30 June 2024 was \$92.4 million arising from previous capital raisings and Share issues over a lengthy period. Accumulated losses were \$91.5m.

#### 4.3. Financial Performance of Company

61. The historical financial information in this Section was extracted from the audited financial reports for 30 June 2023 and 2024 (**FY23** and **FY24**).
62. The Auditor, William Buck (Melbourne) issued an unqualified audit opinion dated 29 August 2024. Without modifying their opinion, their audit report included an emphasis of a material uncertainty and significant doubt of ECT's ability to continue as a going concern.
63. We set out below the recent historic financial performance for the Company.

*Table 3: Profit and Loss - ECT.*

\$ '000s		FY23	FY24
ECT	Note	Audit extract	Audit extract
R&D Grant income	a	735	1,410
Other		103	29
<b>Total income</b>		<b>838</b>	<b>1,439</b>
Employee benefits expense	b	(375)	(1,377)
Other operating expenses	b	(3,719)	(3,044)
<b>EBITDA</b>	c	<b>(3,256)</b>	<b>(2,982)</b>
Depreciation and amortisation	d	(1,056)	(1,136)
Write off assets & loss	d	(148)	(634)
Change in fair value of financial liabilities	d	63	1,070
Interest income		37	20
Finance costs		(56)	(52)
Tax expense			
<b>Comprehensive / Net profit / (loss)</b>		<b>(4,417)</b>	<b>(3,714)</b>
<b>Key Performance Indicators</b>			
Cash flow from operations	c	(1,596)	(2,712)
EBITDA / Cashflow from operations	c	2.0x	1.1x

<sup>3</sup> ELF – Equity Lending Facility, as per note 11 of the Audited FY24 Annual Report.

<sup>4</sup> Per FY24 annual report.

*Source: Financial Reports and MAV analysis. Classifications may differ from the financial reports.*

64. Table 3 notes are as follows:

- a) The Company does not have any commercial operating revenue. Reported revenue has mostly been from R&D tax grants.
- b) All other expenses relate to internal management overheads including engineering, key management, corporate and other such costs. Personnel costs include non-cash share based payments.
- c) The Company recorded substantial net EBITDA losses.
- d) Other expenses (depreciation, amortisation and write offs) and the liability fair value adjustment are non-cash. The fair value adjustment was for the earn-out liability for the COLDry intellectual property acquisition.
- e) Cash flow from operations was negative, along with EBITDA.

65. In our view the historical financial performance of the Company reflects a pre-commercial operations development entity with no sustainable sources of operating income.

#### 4.4. Financial Position of Company

66. We set out below a summary of the financial position for the Company as at, 30 June 2023 and 2024 extracted from the audited financial reports noted above. We also show the unaudited position on 28 Feb 2025 taken from management accounts. We also show how we classify items.

*Table 4: Statement of Financial Position*

\$ '000s		30-Jun-23	30-Jun-24	28-Feb-25	
ECT	Notes	Audit extract	Audit extract	Unaudited	Classification
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	a	1,286	762	310	Working Capital
Trade and other receivables	b	1,665	1,537	412	Working Capital
Prepayments and other assets	b	57	52	242	Working Capital
<b>Total current assets</b>		<b>3,008</b>	<b>2,351</b>	<b>963</b>	
<b>Non-current assets</b>					
Property plant and equipment	c	4,637	3,239	2,330	Operating
Right of use assets		384	261	90	Operating
Intangibles		153	102	68	Other
<b>Total non-current assets</b>		<b>5,174</b>	<b>3,602</b>	<b>2,488</b>	
<b>TOTAL ASSETS</b>		<b>8,182</b>	<b>5,953</b>	<b>3,451</b>	
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	b	(693)	(609)	(374)	Working Capital
Borrowings	d	(1,968)	(984)	(482)	Debt
Lease liabilities		(138)	(86)	(31)	Operating
Employee benefits	b	(20)	(49)	(9)	Working Capital
<b>Total current liabilities</b>		<b>(2,818)</b>	<b>(1,728)</b>	<b>(896)</b>	
<b>Non-current liabilities</b>					

\$ '000s		30-Jun-23	30-Jun-24	28-Feb-25	
ECT	Notes	Audit extract	Audit extract	Unaudited	Classification
Lease liabilities		(273)	(203)	(87)	Operating
Employee benefits	d	(18)	(28)	(27)	Operating
Financial liabilities	e	(1,639)	(569)	(567)	Debt
<b>Total non-current liabilities</b>		<b>(1,931)</b>	<b>(800)</b>	<b>(680)</b>	
<b>NET ASSETS</b>		<b>3,433</b>	<b>3,425</b>	<b>1,874</b>	
<i>Net working capital</i>		2,296	1,693	581	
<i>Debt</i>		(3,607)	(1,553)	(1,050)	

*Source: Financial Reports and MAV analysis. Classifications may differ from the Financial Reports.*

67. Table 4 notes are:

- We regard the whole of the cash balance as part of working capital due to a historical monthly operating cashflow loss of approximately ~\$226k, albeit reduced in the 6 months to 31 Dec 2024. Since that date, R&D grant money has been received, however on 28 Feb 2025, the cash balance was ~\$310k (unaudited). We do not expect any cash to be available to Shareholders for distribution.
- Net working capital is positive, but largely reflects the cash balance and debtors. Debtors includes the R&D tax rebate receivable.
- Property, plant & equipment includes the Secured Properties at net book value of \$1.1m on 30 June 2024. The reduction through to 28 Feb 2025 is mainly due to depreciation.
- Borrowings at FY24 relate to R&D funding loan and the COLDry earn-out liability.

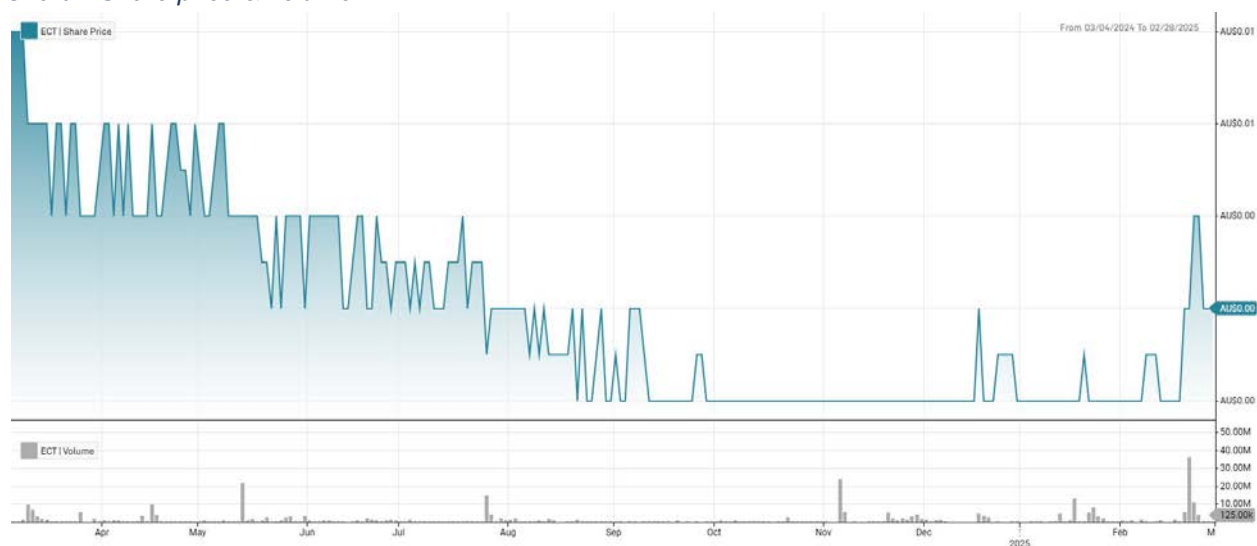
68. The Company exhibits positive net assets largely as a function of property plant and equipment.



#### 4.5. Share trading performance of the Company

69. We set out below the Share trading performance of the Company over the last year to 28 February 2025, (noting a brief suspension from trading during Dec 2024):

*Chart – Share price & volume*



Source: S&PCapIQ

70. The chart shows a persistent decline from around 1 cent to well below 1 cent per Share.
71. The implied current market capitalisation of the Company at the Share price of 0.3 cents is \$6.9m<sup>5</sup> which is more than the book net asset values taken from **Table 4**.
72. We summarise Share trading in the following table to the 17 Dec 2024 announcement date:

*Table 5: Recent Share trading summary*

Share trading summary	Pre 17 Dec 2024 Announcement			
	Last 20 days	Last 3 months	Last 6 months	Last 12 months
\$whole Value	\$ 44,904	\$ 113,781	\$ 223,507	\$ 832,215
Number of shares	22,451,882	56,385,914	95,992,376	223,215,302
<b>VWAP \$ whole</b>	<b>\$ 0.002</b>	<b>\$ 0.002</b>	<b>\$ 0.002</b>	<b>\$ 0.004</b>
Number of shares % to total issued	1.0%	2.4%	4.1%	9.6%
<b>Annualised % traded</b>	<b>12.2%</b>	<b>9.3%</b>	<b>8.0%</b>	<b>9.6%</b>
<b>Market capitalisation at VWAP</b>	<b>\$ 4,628,101</b>	<b>\$ 4,669,517</b>	<b>\$ 5,388,001</b>	<b>\$ 8,627,490</b>

Source: S&PCapIQ and MAV analysis, based on close prices only and using the 2.3b ORD Shares that are tradable.

73. We calculated the VWAP for the periods shown in Table 5 as well as the annualised number of shares traded in those periods.

<sup>5</sup> 28 Feb 2025 using 2.3b ORD Shares that are tradeable.

- 74. This results in a price of ~0.2 cents in the last 20 days and 0.2-0.4 cents over the longer periods.
- 75. The table shows that the number of shares traded over the past year was 10% of the total shares on issue, or \$0.8m vs a present spot market capitalisation of \$4.6m. The market capitalisation based on the VWAP prices shown in the table ranges from \$4.6m to \$8.2m.
- 76. We generally consider there is an active and deep liquid market when there is more than 15% of security turnover in a year, refer **Appendix 5**.
- 77. In our view, the level of Share trading over the whole year does not exhibit a liquid and active market.

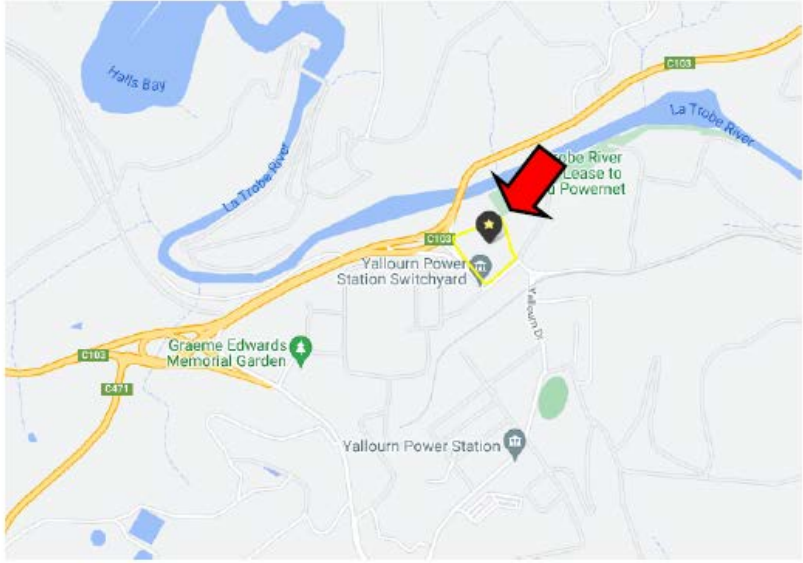
## 5.0 PROFILE OF THE SECURED ASSETS

### 5.1. Brief description of Secured Properties

78. We reproduce from CIVC MJD's Valuation Report dated 27 Nov 2024 a brief description of the Secured Properties:

1.3 Brief Description	
Item	Description
Land Area	<p>The land area of CA 50M1 according to the Title Plan is <b>2.678ha (26,780m<sup>2</sup>)</b>.</p> <p>The land area of CA 50M2 according to the Title Plan is <b>1.525ha (15,250m<sup>2</sup>)</b>.</p>
Zoning Profile	The property is zoned SUZ - Special Use Zone according to the Latrobe planning scheme.
Description of Property	<p>The subject property comprises of two irregular shaped allotments adjoining Yallourn Power Station within Latrobe Valley.</p> <p>Lot 50M1 consists of a vacant parcel of land being generally level throughout. It benefits from its corner position and extensive frontage to Yallourn Drive. The lot has been improved with concrete hardstand, kerbing and light poles enhancing its current use as a carpark. We note that two transmission towers are erected on the northern portion of the site, and a significant portion of the site is traversed by high voltage power lines, which could affect its potential future development.</p> <p>Lot 50M2 is currently improved with an older Heritage building identified as the "Former Yallourn Power Station Administrative Building" and its associated outbuildings. We note that as at the time of our inspection the building was in poor state of repairs albeit some section appeared to have been renovated. We note that one transmission tower is erected on the eastern portion of the site, and a significant portion of the site is traversed by high voltage power lines, which could affect its potential future development.</p>
Tenancy Profile	Whilst we are advised of informal occupancy agreements with the power station to utilise 50M1 for parking and men's shed to partially occupy 50M2; as per standard bank instructions and API guidelines we have assumed vacant possession.

### 3 Location Profile

Item	Description
General Location	<p>The subject property is located on the northern side of Yallourn Drive, adjoining Yallourn Power Station, within Latrobe Valley region. The Melbourne CBD is located approximately 144 kilometres north-west.</p>  <p>Source: Google Maps.</p>
Surrounding Developments	<p>Surrounding developments feature the Yallourn Power Station to the west, encompassing coal-fired power plants, associated infrastructure including switch yard and distribution infrastructure, and large industrial buildings that support its operations. The area also comprises expansive equipment storage facilities. Adjacent to the power station is the Yallourn open-cut coal mine. Surrounding these facilities are vacant parcels of rural land.</p> <p>Local shopping facilities are available within the surrounding towns including Yallourn North, Newborough, Moe and Morwell.</p>
Access	<p>Pedestrian and vehicular access to the subject property is via Yallourn Drive.</p> <p>Vehicular access to the greater regional area is available via Latrobe River Road which links to the Princes Highway to the west.</p>
Noise Affection	<p>The subject property is situated adjacent to the Yallourn Power Station that generates audible operational noise.</p>

79. Further detail on the Secured Properties is included CIVIC MJD's report attached in full at **Appendix 6**.

#### 5.2. Secured Properties remarks

80. We have read CIVC MJD's report in detail and discussed with the authors. We are also somewhat familiar with the location of the property and the area being adjacent to the Yallourn power station and

open cut coal mine. We highlight CIVIC MJD's "Notable Considerations" from the executive summary of their report (see **Appendix 6**):

- The zoning is for special industrial use provided it does not interfere with the operation of the power station or coal mine. This may help an undesirable or noisy industrial use seeking 'cheap' land.
- However, the properties are unattractive due to:
  - 'Out of town' location.
  - Power lines traversing the properties that significantly affect the development potential of the properties.
  - Heritage listed office buildings on Allotment 50M2 are in poor condition and have poor visual amenity.
- Therefore, CIVIC MJD state there is low marketability for the properties and that the time taken to sell could be lengthy.

81. We agree with CIVC MJD's assessment and consider the properties to be unattractive and likely of low marketable interest.

### **5.3. Profile of other GSA Assets**

82. Refer to the Balance Sheet in Section 4.4 for a description of assets other than the Secured Properties generally.

83. Outside of cash, plant and equipment make up most other assets available under the GSA. We summarise this along with the valuation as of 28 Feb 2024 in Section 9 below.

## 6.0 INDUSTRY OVERVIEW

### 6.1. Market overview.

84. Given the purpose of this Report, we do not think an overview of ECT's low emission hydrogen and fertilizer products from lignite activity is relevant. This is because the granting of the Security relates to the value of the Secured Properties rather than the business activity of ECT.
85. Therefore our valuation and assessment of the Proposal does not greatly depend on any further industry analysis.
86. We are satisfied that CIVIC MJD have analysed the relevant market (i.e. industrial properties in the Yallourn VIC area) for the Secured Properties in their Report. See **Appendix 6**.

## 7.0 VALUATION METHODOLOGIES

### 7.1. Available methodologies

87. The following summarises the various methodologies we have considered:

- **Market Based:** Business value or equity or an asset is determined by reference to comparable market buy/sell transactions or quoted market prices (**QMP**) if it is listed on an exchange or recent transactions.
- **Income Based:** Value is determined by reference to capitalised future maintainable earnings or revenue (**CFME / CFMR**) or discounted cash flows (**DCF**) derived by the business or asset.
- **Asset Based:** Value is determined by reference to the sale or realisable proceeds of individual assets or groups of assets in an entity.

88. We provide more details of the available valuation methodologies in **Appendix 2** of this Report.

### 7.2. Selected methodology for Company

#### *Market Based Value*

89. We observe that CIVIC MJD adopted a market comparison approach to their valuation of the Secured Properties which we think is appropriate.

90. ECT is an ASX listed Company with a Share price of less than 1 cent and a market capitalisation of \$6.9m<sup>6</sup>. For the reasons set out in **Section 4.6**, we do not think there is an active and liquid market for the Shares. In any case, the Secured Properties only represents a fraction of the business of ECT. Therefore, we think it is not appropriate to use a market-based value for ECT to derive a value for the Secured Properties.

#### *Income Based Value*

91. We observe that CIVIC MJD did not adopt an income based methodology to their valuation of the Secured Properties as they do not generate any meaningful income. We think this is appropriate

92. As for using the Share Price above the Secured Properties only represent a fraction of the business of ECT. ECT is a development business with no operating revenues or earnings. Given a lack of material earnings historically or in the near term we do not think a CFME method is possible to derive a value for the Secured Properties.

93. Whilst our preference is often for a DCF, in our view there are no reliable forecasts available from management on which to reasonably determine an allocation of value to the Secured Properties. We think ECT's forecasts contain assumptions that are likely to be hypothetical (e.g., when or if financial close is achieved by ECT to develop its projects) in the context of RG 170. We do not mean this as a pejorative statement on the prospects of the businesses, but simply a reflection of the regulatory guidance we are obliged to follow.

94. For the Convertible Note Deed loan we considered capitalising interest to determine the overall value. We did not fair value the embedded derivative on conversion as given the conversion price is ~1.5x the current Share price, and the maturity is less than 1 year, we do not think it likely that derivative has any material fair value.

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<sup>6</sup> 28 February 2025 using 2.3b ORD Shares that are tradeable.

*Asset Based Value*

95. For the Secured Properties we think a market based asset value is appropriate and this has been adopted by CIVIC MJD in their assessment. We have also crossed checked this with ECT's reported net book asset value for the Secured Properties.
96. We have used Directors estimate for plant & equipment assets crossed checked to net book values and high level insurance / replacement cost values. We think this acceptable given only a modest quantum of GSA Assets may be required to bridge any gap to the Convertible Note Deed Loan.



## 8.0 VALUATION OF CONSIDERATION (LOAN)

### 8.1. Convertible Note Deed loan

97. The consideration for the Secured Properties, if the Security right is triggered by LJK Thomson, is the value of the Convertible Note Deed loan. We have assessed the fair value of the Convertible Loan Note Deed as:

*Table 6: Consideration*

\$'000s		Low	Mid	High
Convertible Note Deed	Ref			
Principal loan Subscription Amount	a	1,130	1,130	1,130
Plus interest	b	-	54	108
<b>Fair value</b>		<b>1,130</b>	<b>1,184</b>	<b>1,238</b>

98. Table Notes are:

- The loan 'Subscription Amount' taken from **Section 2.1** per the terms of the Convertible Note Deed.
- Interest, calculated at 11.5% per annum also taken from **Section 2.1**. The low range assumes no interest is payable. This is in line with the terms of the Convertible Loan Note Deed which requires interest to be paid monthly. The high range assumes that interest is not paid monthly and therefore accrued for 10 months until maturity on 6 Dec 2025. The mid-range reflects the values between the low and the high ranges.

99. We therefore think the fair value of the Convertible Note Deed loan ranges from \$1.1m to \$1.2m.

## 9.0 VALUATION OF THE SECURED ASSETS

### 9.1. Summary

100. We have assessed the fair value of the Secured Assets using market and asset cost based methods:

*Table 7: Secured Assets value*

\$'000s				
Secured Assets	Ref	Low	Mid	High
Fair value - Secured Properties	Tbl.8	1,092	1,126	1,160
Fair value - GSA Assets	Tbl.9	841	1,240	1,639
<b>Fair value of Secured Assets</b>		<b>1,933</b>	<b>2,366</b>	<b>2,799</b>
<b>LVR</b>		<b>58%</b>	<b>50%</b>	<b>44%</b>

101. The amounts for the Secured Properties and GSA Assets are taken from tables below.
102. We calculate the implied LVR by dividing the fair value of Convertible Note Deed from Table 6 by the total of the Secured Assets above. In our view, given the credit risks associated with the Company and the realisation risk of assets in the event of default, we think this level of LVR is acceptable.
103. Therefore the range of values for the Secured Assets is from \$1.9m to \$2.8m. However under the terms of the Convertible Note Deed and Australian laws generally, the Security is only up to the value of amounts payable under the Convertible Loan Note Deed.
104. Therefore in our evaluation in Section 10, we only consider the quantum of residual GSA Assets required to bridge any gap in value between the Secured Properties and the Convertible Note Deed Loan.

### 9.2. Secured Properties

105. We assess the fair value of the Secured Properties as follows:

*Table 8: Secured Properties value*

\$'000s			
Secured Properties	Low 31 Dec 24 Book value	Mid Per CIVIC MJD Report	High
Fair value	<b>1,092</b>	<b>1,126</b>	<b>1,160</b>

*31 Dec 2024 book value*

106. The 'Low' value column is ECT's recorded depreciated book value taken from the unaudited management accounts for 31 Dec 2024. It is materially like the value reported in the audited accounts on 30 June 2024.

*Per CIVIC MJD Report, market values*

107. The "High" value column is taken from CIVIC MJD's valuation report issued on 27 Nov 2024. We have read their report in detail and discussed aspects of the report with them. In our view it is appropriate for us to rely upon their report for the purposes of our opinion<sup>7</sup> due to:

<sup>7</sup> Consistent with the requirements of ASIC RG 112 on the use of specialists.

- We are satisfied with the authors qualifications and credentials as being API registered members as Certified Property Valuers. This means they must keep training and quality standards. We are aware of the firm's good reputation.
- We are satisfied with the 'no conflict of interest' disclosures in their report. We have reconfirmed with them that they are independent of ECT and LJK Thomson and have no interest in the outcome of the Proposal.
- Their report was originally commissioned by a financial advisor for ECT to secure First Mortgage lending from another debt provider. That debt provider did not go ahead. We are satisfied that the purpose of that report is essentially the same in the assessment of this Proposal. We reconfirmed the purpose of their report by directly instructing and engaging CIVIC MJD to reissue their report to us for the purpose of this IER and for our reliance on a hold harmless basis.
- Whilst their report discloses that no other persons may rely upon their report for any other purpose, we have therefore obtained CIVIC MJD's consent for us to rely upon their report for our purpose.
- We think the valuation date of 27 Nov 2024 is close enough to the date of this Proposal that significant changes in value are unlikely. This is because the Secured Properties are unattractive (see **Section 5**) and located in a regional area where we do not expect strong price volatility.
- We have critically reviewed CIVIC MJD's assumptions, methodology and data sources. We think the market-based approach and market evidence of comparable area sales provided is a reasonable basis to form the valuation opinion. By way of cross check, we observe that the determined value is similar to the last recorded sale value when ECT purchased the property settled in Feb 2022 of \$1.0m. We understand that there have been no material enhancements or changes to the Secured Properties since that date not reflected in the book value above.

108. Further details from CIVC MJD's Report are provided in **Appendix 6**.

*Estimated fair value range*

109. Therefore we think the fair value of the Secured Properties ranges from \$1.1m to \$1.2m.

### 9.3. GSA Assets

110. We assess the fair value of GSA Assets (at 28 Feb 2025) as follows:

*Table 9 GSA Assets*

\$ '000s				
GSA Assets 28 Feb 2025	Ref	Low	Mid	High
Cash	a	310	310	310
Trade and other receivables	b	1	1	1
Prepayments and other assets	c	-	115	230
Plant and equipment	Tbl.10	530	780	1,030
Right of use assets	c	-	34	68
<b>Total GSA Assets</b>		<b>841</b>	<b>1,240</b>	<b>1,639</b>

111. Table notes are:

- Cash is taken from Table 4 being the current value of cash. However this balance is expected to fluctuate considerably.
- Trade and other receivables are also taken from items shown Table 4 but adjusted to exclude the R&D Rebate receivable as per the terms of the GSA at the high range. At the low range we consider these amounts likely to be nil in realisable value; and the mid-range is the average.
- Prepayments, other and right of use assets are taken from Table 4 but adjusted to exclude a rental bond which we do not think would be available under the GSA at the high range. At the low

range we consider these amounts likely to be nil in realisable value; and the mid-range is the average.

112. Plant & equipment assets form the majority of likely GSA Assets. We summarise this at 28 Feb 2025 as:

*Table 10: Plant & Equipment*

Table 10: Plant & Equipment							
\$'000's	Avge. Age years	Directors' opinion					
		Average condition	Saleability	Gross cost	Net book value	Est. market value low	Est. market value high
Plant & equipment (28 Feb 2024)							
Furniture	7	Fair	Poor	4	-	-	-
Office equipment	3	Fair	Poor	34	7	5	5
P&E Other (Shipping containers)	4	Fair	Good	230	20	10	10
HydroMOR Plant & Equip	7	Fair	Poor	2,613	-	-	-
BM HVTF P&E (conveyers, motors, hammer mill, etc.)	3	Good	Fair	4,742	1,138	500	1,000
Yallourn Assets (security equip.)	3	Good	Fair	24	12	5	5
Other / Heat recovery air system	3	Good	Fair	50	40	10	10
Total Plant & Equipment				7,698	1,217	530	1,030

*Source: Company and MAV analysis*

113. Table 10 notes are:

- We reviewed the book values of plant and equipment assets reported by management at 28 Feb 2025. We asked the Company to estimate the average age, condition, saleability, and market values, as shown in the columns above.
- We also compared this to gross and net book values. We observe substantial depreciation from cost towards lower estimated market values.
- We concur that furniture, office equipment, and security equipment likely has minimal sale value.
- P&E other has mostly been written off, and aside from some shipping containers has minimal sale value.
- The 'HydorMor' Plant & Equip is old, has not been used for a while and relates to a technology the Company is not currently developing. Therefore, Directors think the assets are of little value to someone without access to the IP. For this reason, they have also been fully depreciated for accounting purposes.
- BM HVTF P&E. The gross book value is \$4.7m and a recent replacement cost determined by consultants to the Company confirmed value of that order. The customised plant of the 'Conditioning box' including, air ducts, fans, pipework would have low realisable value as the cost included design and installation costs. Components of the non-customised assets are in good condition such as conveyors, motors, hammer mill etc. Directors think these may have separable realisable value, although likely at a value well below cost or replacement cost due to the need to uninstall and transport. Therefore, the Directors estimate of value ranges from \$0.5m to \$1.0m, below cost and net book value.

*Estimated fair value range*

114. Therefore we think the fair value of the GSA Assets ranges from \$0.8m to \$1.6m. Whilst there is high uncertainty in this valuation range, in our view there is likely sufficient headroom available to bridge the modest value gap between the Secured Properties and the Convertible Note Deed Loan.

## 10.0 EVALUATION

### 10.1. Quantitative (fairness) assessment

115. The Table below also sets out our comparison of the estimated fair values for the consideration in the form of the Convertible Note Deed loan and the Secured Properties.

Table 11

\$'000's / \$ whole per share		Low	Mid	High
Evaluation summary	Ref			
<b>Comparison</b>				
Fair value of Convertible Note Deed	Tbl.6	1,130	1,184	1,238
Fair value of Secured Properties	Tbl.8	(1,092)	(1,126)	(1,160)
Fair value of residual GSA Assets	below	(38)	(58)	(78)
Difference - gain / (loss) to Shareholders		-	-	-
<b>Quantitative evaluation</b>		<b>Fair</b>	<b>Fair</b>	<b>Fair</b>

116. As noted, we estimate that only a modest quantum of GSA Assets is required to bridge gap between the value of the Secured Properties and the Convertible Note Deed Loan. The values calculated above are the difference between the Convertible Note Deed and the Secured Properties. As set out in Section 2.1, in the event of default, we'd expect the first mortgage over the Secured Properties to be triggered first, then the GSA, with any surplus assets realised (net of enforcement costs) returned to the Company.
117. Therefore, the fair value consideration offered in the form of the Convertible Note Deed loan payable is equal to the fair value of Secured Assets at all ranges.

#### *Fairness opinion*

118. As in our opinion the fair value consideration in the form of the Convertible Note Deed loan payable is equal to the fair value of Secured Assets at all ranges, we conclude that the Proposal is **Fair** to Shareholders. In our view it is likely that the LJK Thomson are not receiving a financial benefit if they exercise their rights under the Security.

### 10.2. Qualitative (reasonableness) assessment

119. We summarise the merits of the Proposal and any alternatives to the Proposal:

#### **Advantages of the Proposal**

- The Proposal is fair at all ranges.
- The Proposal provides cash in the short term which the Company needs to continue to operate and pursue its strategy.
- The Convertible Note Deed loan is structured such that the Secured Properties may never be forgone by the Company if ECT can either:
  - repay the debt or
  - the loan amount is converted to ~265.9 Shares (subject to further Shareholder approval if required).
- The other terms of the Convertible Note Deed in our view are reasonable. For example:
  - We think an LVR ~50% is acceptable to Shareholders. In our experience, commercial property loans are rarely greater than 65% and only for quality assets. Given the credit risk of the Company, we expect an LVR substantially below normal commercial property lending LVR rates.

- As noted in Section 5, we do not think the Secured Properties (or much of the GSA Assets) are attractive or a quality asset. CIVC MJD also stated in their report that a lender should consider a low LVR due the low marketability of the Secured Properties.
- We think the interest rate of 11.5% is reasonable and likely advantageous to Shareholders. In our experience, given ECT has no operating income, its ability to service any loan represents a substantial risk to any lender which is reasonable to reflect in an interest rate risk premium.
- Early redemption fees are \$43k being 4 months interest which we think is reasonable.
- The exclusion of IP and R&D Rebate assets from the GSA from the Security is advantageous to Shareholders as they can keep control of the IP even if the Security rights are enforced. That said, the IP may not be capable of further development without the Secured Assets.
- Other fees (including the cost of this Report and Shareholder approval meetings) are in our view reasonable.
- The conversion price of \$0.00425 per Share is above the current market Share price of \$0.003 per Share. However as noted above we do not think the ECT Share price represents a liquid and active price. In any case, should conversion result in a change in control, Shareholder approval must be sought beforehand.

**Disadvantages of the Proposal**

- The Convertible Note Deed loan is only short-term and matures on 6 Dec 2025. This means that repayment or conversion may be difficult unless the Company raises additional funds.
- Only if the loan amount is converted to ~265.9 Shares, then it is possible LJK Thomson may increase their interest in the Company to ~22%. However, any increase above 20% is subject to further Shareholder approval.

**Other considerations including no change in circumstances**

- LJK Thomson will continue to be a substantial holder of Shares in the Company with no change.

**Alternatives to the Proposal**

- The Directors confirm that they are not aware of any other proposals to sell or leverage for funding the Secured Properties that are capable of acceptance in the short term.
- The Directors confirm that they are pursuing other efforts to raise additional funding and consider this funding is required in addition to the Proposal to progress the Company's activities.

**Impact of the Proposal if the Proposal does not proceed**

- The Directors advise that the Company is continuing to incur monthly operating cashflow losses for at least the rest of FY25. We calculate the FY24 monthly operating cash outflow was \$226k. Directors state that the operating cash out flow reduced to \$655k for the 6 months to 31 Dec 2024.

We do not expect losses to improve in the near term if the Proposal does not proceed.

- The Company has diminishing resources to fund those losses or continue to operate. On 30 June 2024, cash was \$762k. Since that date, R&D grant money has been received, however on 28 Feb 2025, the cash balance was ~\$310k (unaudited).
- If the granting of the Security does not proceed, then funds from the Convertible Note Deed will not be received.
- On this basis, it is unlikely that the Company could continue as a going concern.

120. We are mostly persuaded by the poorer outcomes for ECT if the Proposal does not proceed and the lack of significant disadvantages. Therefore, in our opinion the advantages of the Proposal outweigh the disadvantages, and the Proposal is **Reasonable** to Shareholders.

### **10.3. Summary of Opinion**

121. On the balance of the above matters considered, we think that the Proposal is **Fair and Reasonable** to the Shareholders of the Company.



## APPENDIX 1 – SOURCES OF INFORMATION

- Draft Notice of Meeting as of 28 February 2025.
- CIVC MJD's valuation report dated 27 Nov 2024 on the Secured Properties (See **Appendix 6**)
- Convertible Note Deed agreement dated 16 December 2024 and the Amendment dated 27 Feb 2025.
- FY24 audited Financial Report for ECT and auditors closing report.
- ECT Management FY25 Budget / forecast.
- ECT management accounts to 28 Feb 2025.
- Emails and discussion with Directors or management of ECT.
- Other sources listed throughout the Report.

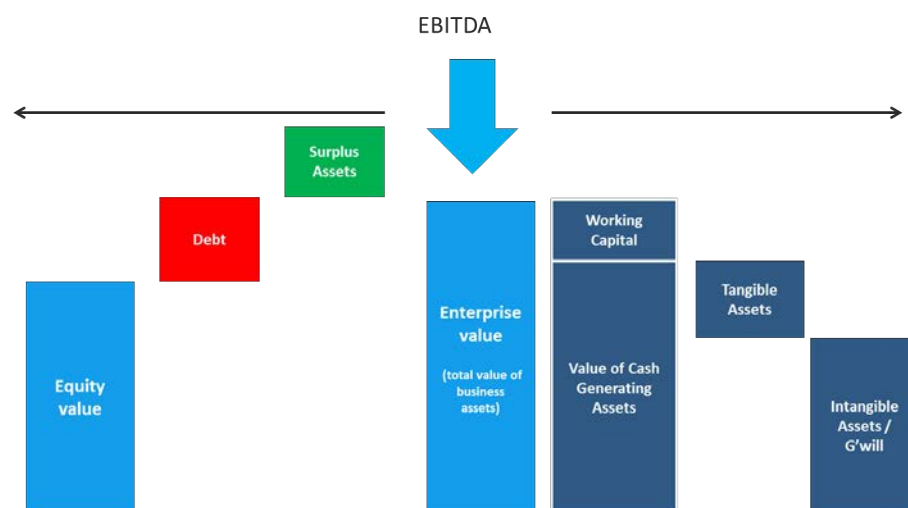
## APPENDIX 2 – OVERVIEW OF VALUATION METHODOLOGIES AND PRINCIPLES

Type	Method	Description	When method used
Income Approaches	Discounted Cash Flow	<p>The Discounted Cash Flow (DCF) method derives the value of a business on a controlling basis based on the future cash flows of the business discounted back to a present value at a suitable discount rate (cost of capital). The discount rate used will reflect the time value of money and the risks associated with the cash flows.</p> <p>The DCF Method requires:</p> <ul style="list-style-type: none"> <li>• Forecasting cash flows over a sufficient long period (at least 5 years and usually 10 years)</li> <li>• Assessing an appropriate discount rate (typically derived using judgment and aids such as the Capital Asset Pricing Model (CAPM)). The cost of equity (Ke) can be built up from first principles or benchmarked against comparable companies ("Co-Co") or transactions ("Co-Tran"), and</li> <li>• Estimation of the terminal value (value of the business into perpetuity) at the end of the period (typically derived using the capitalisation of earnings method).</li> </ul>	<p>Reasonably accurate forecast cash flows (minimum 5 years).</p> <p>Earnings or cash flows expected to fluctuate from year to year.</p> <p>Business is in start-up or turn around phase.</p> <p>Specific projects that have a finite or infinite life, for example, mining projects.</p>
	Capitalisation of Maintainable Earnings	<p>The Capitalisation of Maintainable Earnings (CME) method is the most used valuation method. It involves the application of a capitalisation multiple to an estimate of the Future Maintainable Earnings (FME) of the business. The FME must be maintainable by the business and must not include one-off gains or losses. The capitalisation multiple will reflect the risk, time value of money and future growth prospects of the business.</p> <p>The appropriate capitalisation multiple is determined with reference to the observed multiples of entities whose businesses are comparable ("Co-Co") to that of the business being considered and/or comparable transactions, ("Co-Tran").</p>	<p>The business has a history of profits with a reasonably consistent trend and that trend is expected to continue.</p> <p>The business has an indefinite life.</p> <p>Cash flow forecasts are not available.</p>

Type	Method	Description	When method used
	Capitalisation of Dividends	This method involves the capitalisation of forecast future maintainable dividends. The maintainable level of dividends is estimated by assessing the expected level of future maintainable earnings and the dividend policy of the entity. The appropriate capitalisation rate reflects the investor's required rate of return.	Valuation is for a minority interest. Stable business. High payout ratios.
	Yield Based	This method is primarily used for property assets and involves capitalising forecast distributions by an estimated future maintainable yield. The yield or rate is determined based on analysis of comparable entities.	Commercial or investment properties including retail, industrial and commercial.
Market Approach	Market	<p>This method values a Group bases on the traded prices of its equity on a public market/exchange. The approach can adopt the prevailing spot rate of the entity's securities at valuation date or the Volume Weighted Average Price (VWAP over a set trading period i.e., the preceding 30, 60 or 90 trading days to the valuation date).</p> <p>In the absence of market data specific to the entity, the market approach can also be used by examining market values for comparable companies ("Co-Co") or comparable transactions ("Co-trans").</p> <p>Comparable transactions may be observed as being based upon a widely used industry practice such as a multiple of revenue instead of earnings.</p>	<p>Group's equity is listed on public market/exchange i.e., ASX.</p> <p>Securities in the entity are actively traded on the market/exchange.</p> <p>As above for comparable companies or transactions</p>
Asset Approach	Asset Based	<p>Asset based valuation involve separating the business into components that can be readily sold, such as individual business Shares or items of plant and equipment and ascribing a value of each component based on the amount that could be obtained if sold.</p> <p>The asset value can be determined based on:</p> <ul style="list-style-type: none"> <li>• Orderly realisation</li> <li>• Liquidation</li> <li>• Going concern</li> </ul>	<p>Asset rich entities</p> <p>For wind-up or realisation value</p>

Type	Method	Description	When method used
Asset Approach	Cost approach	The value of an asset determined by: <ul style="list-style-type: none"> <li>• Reproduction cost less depreciation (in basic terms, the cost of replicating functionality).</li> <li>• Reproduction cost (in basic terms, the cost of recreating the asset).</li> </ul>	The cost-based approach can be used to derive market value where market or income factors are difficult to obtain or estimate with reliability (for example, for some intangible assets).

### Valuation Principles



In adopting an income approach, a multiple of EBITDA or a DCF of cash flows is typically used to determine Total Enterprise Value (TEV), which represents the total value of the net business assets. Any excess over tangible and identified intangible assets (moving right in the diagram above) represents goodwill.

Moving left in the diagram, adjustments are made to TEV to add surplus assets (e.g., cash) and deduct debt to determine equity value. Surplus assets are any assets that are not required to generate the business's earnings or cash flows.

Further discounts may be applied to equity to determine a minority or illiquid value.

## APPENDIX 3 – QUALIFICATIONS, INDEPENDENCE, DECLARATIONS AND CONSENTS

### *Statement of Qualifications, Independence, Declarations and Consents*

#### *Qualifications*

Moore Australia (VIC) Pty Ltd (ABN 17 386 983 833) (**Moore**) is a Melbourne based accounting, audit and business advisory practice and is a licensed investment adviser within the terms of the Corporations Act 2001. Moore is an independent practice and a member of Moore International. Moore International is a national and international association of separate accountant and advisor entities represented in major capital cities of Australia and with 266 member firms operating in 112 countries worldwide.

The AFSL licence (No 247262) allows Moore to act for clients only in the capacity of providing reports in relation to certain corporate transactions or to provide general financial product advice on certain classes of financial products. Senior directors at Moore Stephens specialise in such advice and regularly perform corporate and asset valuations and advice on company restructures, acquisitions, and Proposals. Moore Stephens Audit (VIC) is affiliated with Moore Stephens and, acting through different directors, also performs audits on the accounts of Australian companies.

The primary persons responsible for preparing this Report on behalf of Moore are Mr Colin Prasad (B. Com ACA and BVS) (with the assistance of staff), who has a significant number of years of experience in relevant corporate matters including valuations, independent expert reports and investigating accountant engagements.

#### *Independence*

Moore considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC relating to independence of experts and has developed and issued an opinion and report on an unbiased basis.

Moore and its related entities or any of its directors have not had within the previous two years, any Shareholding in the Company. During the 2 years period to this report Moore and its related entities have not provided any professional services to the Company or any related parties to the Company.

None of Moore, Mr Colin Prasad, nor any other member, director, partner, or employee of any of Moore has any interest in the opinion reached by Moore except that we are entitled to receive professional fees for the completion of this Report based on time incurred at normal professional rates. Our fee for the preparation of this report is \$34,000. Except for these fees no parties will receive any other benefits, whether directly or indirectly, for or in connection with issuing this Report.

#### *Disclaimers*

This Report has been prepared at the request of Directors and was not prepared for any other purpose than stated in this Report in Section 3. This Report has been prepared for the sole benefit of the Directors and the Shareholders of the Company. This Report should not be used or relied upon for any purpose other than as set out in Section 3. Accordingly, Moore expressly disclaims any liability to any person (other than the Directors or Shareholders of the Company) who relies on our Report, or to any person at all who seeks to rely on the Report for any other purpose not set out in Section 3.

Appendix 1 identifies the sources of information upon which this Report has been based. To the extent we have used historical information we are entitled to rely upon the information. Any forecast information which has been referred to in this Report has been prepared by the relevant entity and is generally based upon best estimate assumptions about events and management actions that may or may not occur. Accordingly, Moore cannot provide any assurance that any

forecast is representative of results or outcomes that will be achieved. Whilst (unless stated otherwise in the Report) Moore has no reason to believe that such information is not reliable and accurate, it has not caused such information to be independently verified or audited in any way. Inquiry, analysis and review have brought nothing to our attention to indicate a material misstatement, omission or lack of reasonable grounds upon which to base our opinion.

The opinions given by Moore in this Report are given in good faith, based upon our consideration and assessment of information provided to us by the Directors and executives of the parties to the Proposal; and in the belief on reasonable grounds that such statements and opinions are correct and not misleading, (unless otherwise stated in the Report). This Report has been prepared with care and diligence.

Advanced drafts of this Report were provided to the Company. Minor changes for factual content were made to this Report. There was no alteration to the methodology or conclusions reached because of discussions related to drafts of the Report.

Moore's opinion is based on prevailing conditions at the date of this Report including market, economic and other relevant circumstances. These can change over relatively short time and any subsequent changes in these conditions in the value either positively or negatively.

#### *Indemnity*

The Company has agreed that it will indemnify Moore and its employees and officers in respect to any or all losses, claims, damages, and liabilities arising because of or in connection with the preparation of this Report, except where the claim has arisen because of wilful misconduct or negligence by Moore.

#### *Consent*

This Report has been prepared at the request of the Company and may accompany materials to be given to Shareholders.

Moore consents to the issuing of this Report and the form and context to which it is to be included with the materials. Other than the Report, Moore has not been involved in the preparation of the documents or other aspects of the Proposal or the materials to which this Report may be attached. Accordingly, we take no responsibility for the content of those materials or the Proposal as a whole. Neither the whole nor any part of this Report nor any reference thereto may be included in any other document without prior written consent of Moore as to the form and context to which it appears.

## APPENDIX 4 – MOORE AUSTRALIA (VIC) PTY LTD FINANCIAL SERVICES GUIDE

*This Financial Services Guide forms part of the Independent Expert Report.*

Moore Australia (VIC) Pty Ltd (ABN 17 386 983 833) (**Moore**) holds Australian Financial Services Licence no 247262 authorising it to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to wholesale and retail clients. Moore has been engaged by the Company to provide an Independent Experts Report (the **Report**) for inclusion with materials to be sent Shareholders.

The Corporations Act, 2001 requires Moore to provide this Financial Services Guide (**FSG**) in connection with its provision of this Report. Moore does not accept instructions from retail clients. Moore provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Moore does not provide any personal retail financial product advice to retail investors, nor does it provide market-related advice to retail investors.

Moore is only responsible for this Report and this FSG. Moore is not responsible for any material publicly released by the Company in conjunction with this Report. Moore will not respond in any way that might involve any provision of financial product advice to any retail investor.

This Report contains only general financial product advice. It was prepared without considering your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of this Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

When providing reports in the form of this Report, Moore's client is the Company to which it provides the report. Moore receives its remuneration from the Company. For this Report and other services, Moore will receive a fee based upon normal professional rates plus reimbursement of out-of-pocket expenses from the Company. Directors or employees of Moore or other associated entities may receive partnership distributions, salary, or wages from Moore. Moore and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products.

Moore has professional indemnity insurance cover for reports of this nature under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of Section 912B of the Corporations Act 2001.

Moore has internal complaints-handling mechanisms. If you have concerns about this Report, please contact us in writing to Mr. Kevin Mullen, Moore Australia (VIC) Pty Ltd, Level 44, 600 Bourke Street, Melbourne, VIC, 3000. We will endeavor to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.



## APPENDIX 5 – ARTICLE ON SHARE TURNOVER



### WHEN IS SHARE TRADING LIQUID ENOUGH FOR IER VALUATION

By Colin Prasad

Independent Expert Reports (IERs), or "fair & reasonableness" reports require a valuation of the subject Company. When we write an IER we consider if we can use a listed company's share price as a valuation method. But there needs to be an "active and deep liquid market" for it to be a meaningful guide to value.

In deciding this we examine share turnover ratios. A share turnover ratio is the volume of a company's shares traded over a period, as a proportion of the number of total shares on issue. We look at this for a subject Company on both a share trading volume and weighted by value basis.

But what is usually considered a reasonable level of share volume turnover liquidity in a listed company?

For this example, we calculated the annual share turnover ratio of every ASX-listed stock in FY23. The market cap weighted average turnover of the whole market was 81%. This means that 81% of the total shares on issue was turned over in a single year.

We expected this to be less than 100% given that superannuation funds and other institutional investors tend to hold a significant portion of listed shares for the longer term. For example, FY23 stock turnover by large but popular stocks was:

- BHP 67%
- CBA 53%
- CSL 55%
- WES 55%
- TLS 67%

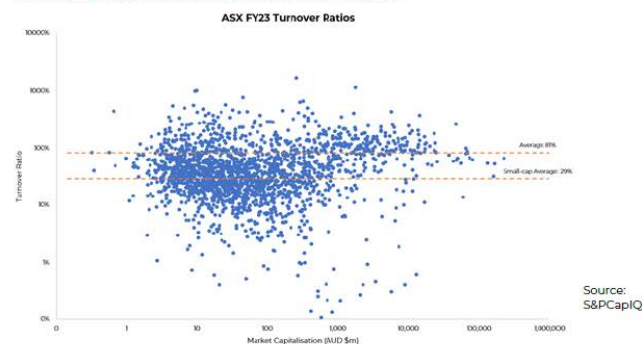
Companies with very high (> 100% turnover) tend to be funds (e.g. "BetaShares") and resources companies with (presently) exposure to critical metals or batteries (e.g. ASX:PMT Patriot Battery Metals).

Companies with less than 20% share volume turnover consisted of a mix of resources companies and industrials of varying market capitalisation. They shared no obvious characteristics, other than perhaps being closely held or unattractive. Macquarie Technology Group (ASX:MAQ) had just 18.2% turnover with a market cap of \$1.6 billion and is an example of a closely held company.

We also calculated the same for small-cap shares with <\$100m market capitalisation. The share volume turnover ratio dropped significantly to just 29% for FY23 for these companies.

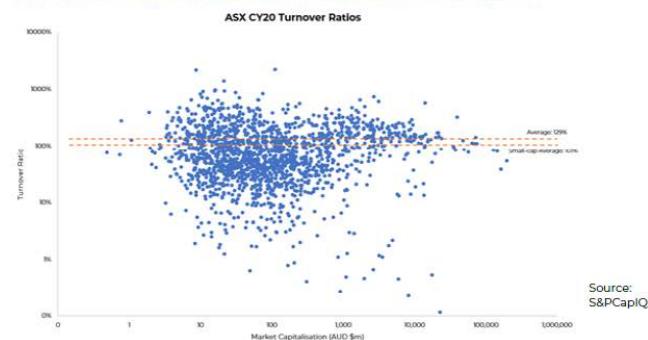
FY23 Chart – Share turnover % vs Market capitalisation.

Note a Log scale is used due to the breadth of data.



Interestingly, we calculated the same for the 2020 calendar year, which experienced heightened economic (COVID-19) instability. The annual share turnover was much higher, both for all ASX-listed companies at 129%, and for small-cap stocks at 101%. This demonstrates how much large scale market selloffs and rallies can skew the apparent turnover of shares.

CY2020 Chart – Share turnover % vs Market capitalisation (log scale).



At Moore Australia, we tend to write IER's on companies with smaller market capitalisations. I view CY2020 data of 101% as abnormal and FY23 data of 29% as more usual.

Therefore, on balance, I think that share trading turnover volumes below 15% would indicate some concern on the reliability of using the share price as a guide to value.

Of course, there are other factors to consider when determining whether a stock is liquid, including:

- Buy/sell spreads (market depth).
- Ownership and the level of free float.
- Size or pattern of trades in the period. For example if trading activity was isolated to a few big trades or was spread throughout the year.

Whilst a share with a trading turnover volume of below 15% means that we probably can not use the share price as a guide to value, we still should not ignore it outright. It just means that we would likely adopt another valuation approach as our primary approach, (e.g. an income or asset based method). If that approach was significantly different from the implied market capitalisation, it may cause us to consider whether our primary approach is plausible, or if there are other reasons for the difference.

Therefore, our expertise and judgement as the valuer is required for the circumstances. There may not always be a firm answer on where the 'cut-off' on share turnover liquidity sits.

If you would like to discuss this further, Moore Australia has valuation experts across the network. Please contact us today to find out more.



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The information provided in this document is for general advice only and does not represent, nor intend to be advice. We recommend that prior to taking any action or making any decision, that you consult with an advisor to ensure that individual circumstances are taken into account.

### CONTACT US

#### Victoria

Level 44, 600 Bourke Street  
Melbourne VIC 3000  
T +61 3 9608 0100  
Level 1, 219 Pyrie Street  
Geelong VIC 3220  
T +61 3 5215 6800

194 High Street  
Bentley VIC 3206  
T +61 3 5241 3888

#### Tasmania

161 St John Street  
Launceston TAS 7250  
T +61 3 6334 0500

[www.moore-australia.com.au](http://www.moore-australia.com.au)





## **APPENDIX 6 – CIVIC MJD VALUATION REPORT ON THE SECURED PROPERTIES ATTACHMENT**

We attach CIVIC MJD's 27 Nov 2024 valuation report on the Secured Properties reissued to us for our reliance with their permission to do so.



# Valuation Report

**Address:** CA50M1 & CA50M2 Section A Yallourn VIC 3825.

**Date:** 27 November 2024.




**Prepared for:** Keystone Capital Limited.

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**EXPERTISE • KNOWLEDGE • PEOPLE**

## 1 Executive Summary

### 1.1 Introduction

Item	Description
	Property Address
	CA50M1 & CA50M2 Section A Yallourn VIC 3825.
	Legal Description
	Crown Allotment 50M1 & 50M2 Section A Parish of Narracan being the whole land contained Volume 10324 Folio 061 & Volume 10303 Folio 288.
	Date of Inspection
	27 November 2024.
	Date of Valuation
	27 November 2024.
	Instructing Party
	Keystone Capital Limited.
	Registered Proprietor
	Environmental Clean Technologies Ltd.
	Purpose of Valuation
	First Mortgage Security Purposes.
	Interest Valued
	Fee Simple In Possession Interest.
	Borrower
	Phoenix Property Solutions Pty Limited.
	Our Reference
	V18929.

**NATIONAL: 1300 282 653**  
admin@civicismjd.com.au

**PARRAMATTA, NSW**  
103/107 Phillip Street  
Parramatta NSW 2150

**MELBOURNE, VIC**  
Scottish House, 90 William Street  
Melbourne VIC 3000

**BRISBANE, QLD**  
517-521 Brunswick Street  
Fortitude Valley QLD 4006

**NEWCASTLE, NSW**  
49 Maitland Road  
Mayfield NSW 2304

**GOLD COAST, QLD**  
21 Lake Street  
Varsity Lakes QLD 4227

**SYDNEY, NSW**  
34/26-32 Pirrama Road  
Pyrmont NSW 2009

**PERTH, WA**  
9 Hardy Street  
South Perth WA 6151

**WOLLONGONG, NSW**  
102/62 Moore Street  
Austinmer NSW 2515

**DARWIN, NT**  
6 Brett Street  
Durack NT 0830

**ADELAIDE, SA**  
14/467 Fullerton Road  
Highgate SA 5063

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## 1.2 Instruction

Item	Description
Value Basis	<p>We have been instructed to prepare a valuation report to assess the following for <b>First Mortgage Security Purposes</b>.</p> <ul style="list-style-type: none"> <li>Market Value with Vacant Possession.</li> </ul>

## 1.3 Brief Description

Item	Description
Land Area	<p>The land area of CA 50M1 according to the Title Plan is <b>2.678ha (26,780m<sup>2</sup>)</b>.</p> <p>The land area of CA 50M2 according to the Title Plan is <b>1.525ha (15,250m<sup>2</sup>)</b>.</p>
Zoning Profile	The property is zoned SUZ - Special Use Zone according to the Latrobe planning scheme.
Description of Property	<p>The subject property comprises of two irregular shaped allotments adjoining Yallourn Power Station within Latrobe Valley.</p> <p>Lot 50M1 consists of a vacant parcel of land being generally level throughout. It benefits from its corner position and extensive frontage to Yallourn Drive. The lot has been improved with concrete hardstand, kerbing and light poles enhancing its current use as a carpark. We note that two transmission towers are erected on the northern portion of the site, and a significant portion of the site is traversed by high voltage power lines, which could affect its potential future development.</p> <p>Lot 50M2 is currently improved with an older Heritage building identified as the "Former Yallourn Power Station Administrative Building" and its associated outbuildings. We note that as at the time of our inspection the building was in poor state of repairs albeit some section appeared to have been renovated. We note that one transmission tower is erected on the eastern portion of the site, and a significant portion of the site is traversed by high voltage power lines, which could affect its potential future development.</p>
Tenancy Profile	Whilst we are advised of informal occupancy agreements with the power station to utilise 50M1 for parking and men's shed to partially occupy 50M2; as per standard bank instructions and API guidelines we have assumed vacant possession.

## 1.4 Valuation

Item	Description		
Previous Sales History	The last recorded sale transaction on the subject property according to RP Data occurred in November 2021 (Settled February 2022) for the consideration of \$950,000 GST Liability unknown. We have been advised that both allotments were sold in one line.		
Adopted Market Value	<p><b>Market Value with Vacant Possession</b> is assessed at <b>\$1,160,000</b> (One Million One Hundred &amp; Sixty Thousand Dollars).</p> <p><i>The above amount is GST exclusive.</i></p>		
Valuation Prepared by	<table border="0"> <tr> <td>R. DEAN AAPI API Membership Number 0002100 Certified Practising Valuer (Primary Inspecting Valuer)</td> <td>M. LISTON AAPI (Director) API Membership Number: 00069255 Certified Practising Valuer (QA, Value Guidance &amp; Authenticity)</td> </tr> </table>	R. DEAN AAPI API Membership Number 0002100 Certified Practising Valuer (Primary Inspecting Valuer)	M. LISTON AAPI (Director) API Membership Number: 00069255 Certified Practising Valuer (QA, Value Guidance & Authenticity)
R. DEAN AAPI API Membership Number 0002100 Certified Practising Valuer (Primary Inspecting Valuer)	M. LISTON AAPI (Director) API Membership Number: 00069255 Certified Practising Valuer (QA, Value Guidance & Authenticity)		
Counter-signature Statement	Whilst not having inspected the subject property, we the counter-signatories, acting in the capacity as Supervising Members, have reviewed the draft Valuation Report and working papers, and based upon that review and questioning of the Primary Valuer (as appropriate), are satisfied there is a reasonable basis for the valuation process undertaken and the methodology adopted by the Primary Valuer."		



Entity	This valuation has been undertaken by Civic MJD Victoria Pty Ltd on behalf of Civic MJD Australia Pty Ltd.
Pecuniary Interest	The Valuer/Firm (in addition to the principal valuer) has no Potential Conflict of Interest or Pecuniary Interest (real or perceived) relating to the subject property.
Mortgagee Recommendations / Endorsement	<p>Based upon the information provided the subject is suitable for First Mortgage Security Purpose only, having regard to all the assumptions and recommendations noted within the report.</p> <p>Given current volatility in financial markets worldwide, the uncertainty about the cost of capital and its supply, along with rising interest rates are increasing downward pressure on the assessed value and recommend that the prospective mortgagee closely monitor market conditions and obtain regular valuation updates if so required in order to ensure that the financial position is not comprised.</p> <p>Moreover, we have not given any authority or consent to this report being used by mortgage insurers. Any reliance upon the report by mortgage insurers is not permissible without the express consent in writing from the undersigned.</p> <p><i>This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value and this should be considered by the instructing party prior to advancing mortgage funds and/or relying on this valuation.</i></p>
Lender Customer Disclaimer	This Valuation Report is prepared for the Lender named above for first mortgage purposes only and is <u>not</u> to be used or relied upon by any other party for any other purpose. It is subject to the terms and conditions, disclaimers, qualifications and limitation contained in the Report and any annexures thereto, including the Third-Party Disclaimer and Lender's Customer Disclaimer contained within the Critical Assumptions section and Annexures of this Valuation Report.

## 1.5 Property Overview & Risk Assessment

Property Risk Assessment					
Market Risk Assessment					
Rating	Low	Low-Medium	Medium	Medium-High	High
Market Risk	<ul style="list-style-type: none"><li>Yallourn was established in the 1920s as a company-owned town to support the workers of the State Electricity Commission of Victoria (SECV), which operated the nearby coal mine and power station.</li><li>However, Yallourn no longer exists as a functioning suburb today, as it was dismantled and demolished between the 1970s and 1980s to make way for the expansion of the coal mine.</li><li>As the coal mine expanded, the town was gradually dismantled, and its residents were relocated to nearby areas such as Moe, Morwell, and Newborough.</li><li>Yallourn Power Station and its associated open-cut coal mine remain key landmarks in the Latrobe Valley. Operated by EnergyAustralia, the power station is one of Victoria's main electricity generators, though it is slated for closure by 2028 as part of Victoria's transition away from coal-fired power.</li><li>The nearby towns of Moe, Morwell, and Newborough now serve as residential and commercial hubs for workers and their families, maintaining ties to Yallourn's industrial history.</li><li>The area is part of broader efforts to diversify the Latrobe Valley's economy, with investments in renewable energy, infrastructure, and local industries to support the post-coal future.</li><li>However, we are of the opinion that the subject property would receive limited interest if offered on the market due to its close proximity to the Yallourn Power Station, and the heritage classification and current condition of the building erected on CA 50M2.</li><li>Estimated selling period is within 6 months; however we highlight to an intending mortgagee there is potential for a protracted selling period due to the low levels of marketability as is.</li><li>Accordingly, we have assessed a “High” Market risk and Intending Mortgagees should be aware of the increased Volatility that is apparent within regional development markets at present with asset values likely to be at the upper levels of historical norms and increased volatility potentially challenging asset values in the short to medium term particularly when assets are required to be realised within medium time frames i.e. within 12 months.</li><li>Likely buyer profile: Industrial occupiers / developers / amalgamators / speculators / arbitragers.</li></ul>				
Asset Risk Assessment					
Rating	Low	Low-Medium	Medium	Medium-High	High
Asset Overview	<ul style="list-style-type: none"><li>The subject property consists of two irregular shaped allotments adjoining Yallourn Power Station within Latrobe Valley.</li><li>Underdeveloped site which could be further developed in line with the zoning, subject to council consent.</li></ul>				
Strengths	<ul style="list-style-type: none"><li>Good access.</li></ul>				
Weaknesses	<ul style="list-style-type: none"><li>Capital expenditure requirements for occupation.</li><li>Transmission Line Easements.</li><li>Heritage Listed building with limited redevelopment potential.</li></ul>				

Tenant/Cashflow Profile/Asset Management Risk Assessment					
Rating	Low	Low-Medium	Medium	Medium-High	High
Tenant	<ul style="list-style-type: none"> <li>Quality of tenant(s): "Community Group (Men's Shed) in an informal arrangement. Below Average.</li> <li>Lease expiry profile: Informal agreement only.</li> </ul>				
Cashflow Profile	<ul style="list-style-type: none"> <li>We are advised that the tenant's rent covers outgoings for the property.</li> </ul>				
Asset Management	<ul style="list-style-type: none"> <li>A large industrial property could easily be self-managed or managed by a suitably experienced commercial agent.</li> <li>However, the building would require substantial CapEx for repairs/renovations and upgrading which would require professional assistance.</li> </ul>				

Land & Environmental Risk Assessment					
Rating	Low	Low-Medium	Medium	Medium-High	High
Current Use	<ul style="list-style-type: none"> <li>CA 50M1 – Vacant Land currently on-grade car parking.</li> <li>CA 50M2 – Currently used as a "Men Shed" with most of the existing building still vacant.</li> </ul>				
Previous Use	<ul style="list-style-type: none"> <li>CA 50M1 – Vacant Land.</li> <li>CA 50M2 – We have been advised that the existing building has a diverse history of use, having originally been substantial offices, and since been used as a small hotel, and a nightclub.</li> </ul>				
Contamination	<ul style="list-style-type: none"> <li>Not identified within API list of potentially contaminating activities.</li> </ul>				
Site Constraints	<ul style="list-style-type: none"> <li>Our searches on VicPlan indicate that Allotment 50M2 is subject to a Heritage Overlay, item HO6 which refer to the "Former Yallourn Power Station Administrative building".</li> <li>There are a number of high voltage power lines crossing both titles, and several support towers for the lines erected on-site. They significantly impact the possible development of the property.</li> <li>We highlight part of the subject property is located within a Bushfire Management Overlay.</li> </ul>				
Environmental, Social and Governance ("ESG")	<ul style="list-style-type: none"> <li>Owing to the inherent characteristics of the subject property including its classification, construction date and market segment we do not deem the subject property to display sustainability and/or ESG factors that would have an impact on value.</li> </ul>				
Asbestos	<ul style="list-style-type: none"> <li>We have been provided with a copy of an Asbestos and Hazardous Building Materials Audit prepared by Hazcon Pty Ltd and dated February 2022.</li> <li>We note that the report highlighted several "Immediate Elevate Risk Level" items containing Asbestos within the building.</li> <li>Upon our inspection, we have sighted several signs indicating presence of Asbestos.</li> <li>We have been advised by the sponsor that the majority of the Asbestos within the main building has been removed as at the date of inspection. We highlighted that we are not sufficiently qualified to verify this information.</li> <li>We recommend the lender to make himself aware of the content and recommendations of this report. Should the information provided been inaccurate, we reserve the right to review our assessment.</li> </ul>				

## 1.6 Information Sources and Points for Consideration

Documents & Liability	
Documentation	<p>Information supplied and utilised in the assessment of value includes:</p> <ul style="list-style-type: none"> <li>• Instructions.</li> <li>• Title Searches.</li> <li>• Title Plans.</li> </ul> <p>We have assumed that all information supplied in conducting our valuation consists of a full and frank disclosure of all information that is relevant.</p>
Property Specific Points for Consideration	
Notable Considerations	<p>The subject property comprises two titles, that are adjacent to the Yallourn Power Station and Coal mine.</p> <p>The area is zoned Special Use. This zoning can permit industrial uses that do not impact on the operation of the Power Station and /or the Coal Mine.</p> <p>The subject property is in an “out of town” location. Yallourn North is the closest township, approximately 2.7 kilometres by road to the north, with the major townships of Newborough and Moe, approximately 5.5 kilometres by road to the west, and Morwell, approximately 16 kilometres by road to the east.</p> <p>It is considered that industrial users would prefer to locate within the major local towns, for staff and customer convenience, unless the industry benefitted by being away from a community due to being a noisy or undesirable industry, or an economic benefit, such as being significantly cheaper.</p> <p>The sites are significantly impacted by high voltage power lines traversing the property and several support towers for the lines erected on-site. It is considered that this significantly impacts on the potential development potential of the property.</p> <p>The heritage listed office building located on Allotment 50M2 is substantial but is in need of substantial repairs and maintenance. It is also considered that, if it was bought up to a suitable standard to be occupiable, it would be unlikely to find an occupant willing to provide a commercial return on the asset.</p> <p>We highlight to the intending Mortgagee that the subject currently comprises what is essentially a Landbank opportunity and in order to sustain a prudent lender position a suitable LVR would be required to reflect the low levels of marketability that would be apparent if the property was required to be realised within a short sale period.</p>

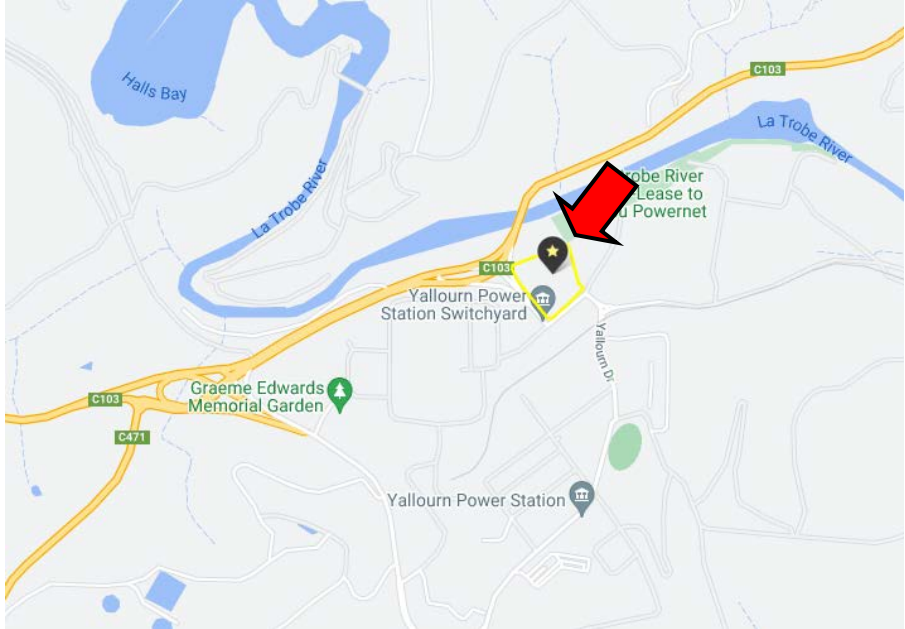
This Executive Summary should be read in conjunction with our full Valuation Report.



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### 3 Location Profile

Item	Description
General Location	<p>The subject property is located on the northern side of Yallourn Drive, adjoining Yallourn Power Station, within Latrobe Valley region. The Melbourne CBD is located approximately 144 kilometres north-west.</p>  <p>Source: Google Maps.</p>
Surrounding Developments	<p>Surrounding developments feature the Yallourn Power Station to the west, encompassing coal-fired power plants, associated infrastructure including switch yard and distribution infrastructure, and large industrial buildings that support its operations. The area also comprises expansive equipment storage facilities. Adjacent to the power station is the Yallourn open-cut coal mine. Surrounding these facilities are vacant parcels of rural land.</p> <p>Local shopping facilities are available within the surrounding towns including Yallourn North, Newborough, Moe and Morwell.</p>
Access	<p>Pedestrian and vehicular access to the subject property is via Yallourn Drive.</p> <p>Vehicular access to the greater regional area is available via Latrobe River Road which links to the Princes Highway to the west.</p>
Noise Affection	<p>The subject property is situated adjacent to the Yallourn Power Station that generates audible operational noise.</p>

## 4 Legal Details

### Title Details

The subject property is legally described as Crown Allotment 50M1 & 50M2 Section A Parish of Narracan being the whole land contained Volume 10324 Folio 061 & Volume 10303 Folio 288.

### Registered Proprietor

061/10324	Environmental Clean Technologies Ltd.
288/10303	Environmental Clean Technologies Ltd.

### Encumbrances & Registered Interests

061/10324	<ul style="list-style-type: none"> <li>Nil</li> </ul>
288/10303	<ul style="list-style-type: none"> <li>Nil</li> </ul>

### Unregistered Interests / Dealings

061/10324	<ul style="list-style-type: none"> <li>Nil.</li> </ul>
288/10303	<ul style="list-style-type: none"> <li>Nil</li> </ul>

### Notification Commentary



We are not aware of any restrictions on title other than if noted in this report. If it should be found that any restrictions not noted in this report onerously affects the land, this report should be referred to us for comment as to the affect, if any, upon our valuation.

The above information has been obtained from the title searched within the relevant plan as attached. We recommend you seek legal advice to confirm all title information. Should any further easements or encumbrances be found this valuation should be returned to the valuer for comment and/or re-assessment.

## 5 Site Particulars

### CA 50M1

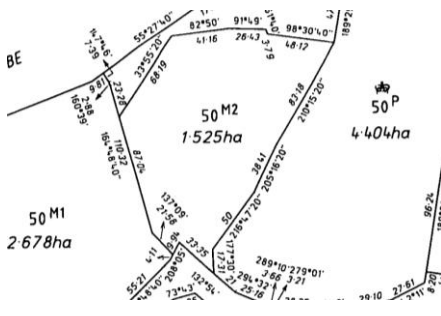

The subject land is described as follows.

Item	Description															
Land Area	<b>2.678ha (26,780m<sup>2</sup>).</b>															
TP / Aerial	<div></div> <div></div>															
Land Dimensions	<table><tr><th>Boundary</th><th>Configuration</th><th>Length (m)</th></tr><tr><td>Northern boundary</td><td>Irregular</td><td>163.35</td></tr><tr><td>Eastern boundary</td><td>Irregular</td><td>141.71</td></tr><tr><td>Western boundary</td><td>Irregular</td><td>181.38</td></tr><tr><td>Southern boundary</td><td>Irregular</td><td>143.18</td></tr></table>	Boundary	Configuration	Length (m)	Northern boundary	Irregular	163.35	Eastern boundary	Irregular	141.71	Western boundary	Irregular	181.38	Southern boundary	Irregular	143.18
Boundary	Configuration	Length (m)														
Northern boundary	Irregular	163.35														
Eastern boundary	Irregular	141.71														
Western boundary	Irregular	181.38														
Southern boundary	Irregular	143.18														
Configuration & Topography	The subject land is an irregular shaped corner allotment being at road level and generally level throughout.															
Utilities	Electricity, water, sewer, drainage and telephone are assumed to be available for connection to the site.															
Encroachments	From our site inspection it appears that the improvements are wholly within the land boundary however we have not sighted a survey which confirms that there are no major encroachments. This report assumes that there are no major encroachments. Should any encroachments be found then this report should be returned for comment and/or re-assessment.															
Identification	The site has been identified by reference to Title Plan, our physical inspection, RPData maps, and Landchecker.															

The area shown above has been taken from the registered Title Plan. Should a subsequent land area survey reveal any significant discrepancies, we reserve the right to review our valuation.

## CA 50M2

The subject land is described as follows.

Item	Description															
Land Area	<b>1.525ha (15,250m²).</b>															
TP / Aerial	<div></div> <div></div>															
Land Dimensions	<table><tr><th>Boundary</th><th>Configuration</th><th>Length (m)</th></tr><tr><td>Northern boundary</td><td>Irregular</td><td>187.69</td></tr><tr><td>Eastern boundary</td><td>Irregular</td><td>188.90</td></tr><tr><td>Western boundary</td><td>Irregular</td><td>108.62</td></tr><tr><td>Southern frontage</td><td>Irregular</td><td>43.29</td></tr></table>	Boundary	Configuration	Length (m)	Northern boundary	Irregular	187.69	Eastern boundary	Irregular	188.90	Western boundary	Irregular	108.62	Southern frontage	Irregular	43.29
Boundary	Configuration	Length (m)														
Northern boundary	Irregular	187.69														
Eastern boundary	Irregular	188.90														
Western boundary	Irregular	108.62														
Southern frontage	Irregular	43.29														
Configuration & Topography	The subject land is an irregular shaped inside allotment being below road level with a gentle fall from its southern frontage to its northern rear boundary.															
Utilities	Electricity, water, sewer, drainage and telephone are assumed to be connected to the site.															
Encroachments	From our site inspection it appears that the improvements are wholly within the land boundary however we have not sighted a survey which confirms that there are no major encroachments. This report assumes that there are no major encroachments. Should any encroachments be found then this report should be returned for comment and/or re-assessment.															
Identification	The site has been identified by reference to Title Plan, our physical inspection, RPData maps, and Landchecker.															

The area shown above has been taken from the registered Title Plan. Should a subsequent land area survey reveal any significant discrepancies, we reserve the right to review our valuation.

## 6 Statutory Valuations

The current Statutory Valuations of the Subject Property, as per the current State Land Tax Assessment is as follows:

Value Basis	Statutory Valuations – 1 January 2023
Site Value	\$195,000

The Statutory Land Value as assessed by the Valuer General Victoria is for rating and taxation purposes only and may not be reflective of current market value.

## 7 Environmental Considerations

Item	Description
Current Use	<p>CA 50M1 – Vacant Land currently use for parking.</p> <p>CA 50M2 – Currently used as a “Men Shed” with most of the existing building still vacant.</p>
Previous Use	<p>CA 50M1 – Vacant Land.</p> <p>CA 50M2 – We have been advised that the existing building has a diverse history of use, having previously served as a hotel, nightclub, and office space.</p>
Existing Use Concerns	<p>Upon inspection, no hazardous or high-risk uses were identified. The majority of the property was observed to be vacant, with a small section of the existing building currently utilised for the storage of tools and equipment.</p>
Environmental Report	<p>Not provided.</p>
Environmental Constraints	<p>According to our perusal of VicPlan online planning information, the subject property is affected by the following environmental constraints.</p> <ul style="list-style-type: none"> <li>• <b>Bushfire Management Overlay</b>– We highlight part of the subject property is located within a Bushfire Management Overlay. This requires that any permit application must be accompanied by a bushfire hazard site assessment, bushfire hazard landscape assessment and bushfire management statement.</li> </ul> <p>The subject property does <u>not</u> appear to be affected by any other environmental hazard other than those noted herein. Should subsequent enquiries reveal this to not be the case we reserve the right to review our assessment.</p>
Flood Affection	<p>According to our perusal of VicPlan online planning information the subject property does not appear to be affected by reason of the likelihood of flooding. Should subsequent enquiries reveal this to not be the case we reserve the right to reconsider our valuation herein.</p>
Native Title	<p>We are not aware of any Native Title claims. We recommend verification with NNTT Registers, native title representative bodies, the Australian Anthropological Society, ATSIC, industry organisations and other sources prior to any release of funds against the subject property.</p>
Flora & Fauna	<p>We have no reason to suspect any rare endangered flora and fauna or archaeological relics that would adversely affect the marketability of the site.</p>
Contamination	<p>The Subject Property is not listed on the Environment Protection Authority’s (EPA) Priority Sites Register nor has the EPA issued a Certificate or Statement of Environmental Audit in relation to the Subject Property or surrounding land. The fact that the Subject Property is not listed on the Register does not preclude it from being added at any time should any future investigation warrant its inclusion.</p> <p>The Environment Protection Authority’s (EPA) website notes that the power station, coal mine and surrounding sites are all part of an area that is</p> <ul style="list-style-type: none"> <li>• an EPA Licenced Area,</li> <li>• an area subject to Groundwater Restricted Use and</li> <li>• is on the Victorian Landfill register.</li> </ul> <p>No responsibility is assumed as to potential contamination of the site and the recipient of this Report is advised that the Valuer is not qualified to detect such substances or estimate the remedial cost.</p> <p>We are of the opinion the risk for potential contamination of this property can be categorised as high.</p> <p><u><i>We recommend the instructing party obtains an Environmental Report. Should this report find onerous costs related to remediation of the site, we reserve the right to review our assessment.</i></u></p>

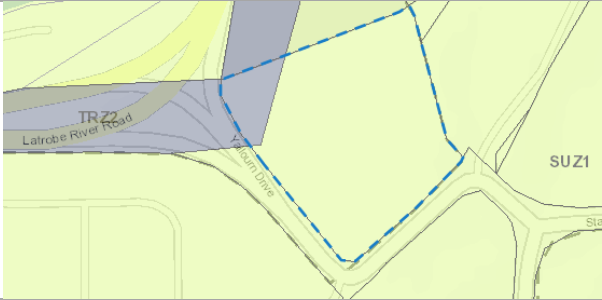

Should there be any contaminants found on the subject site then this report should be returned for comment and/or re-assessment.

## 8 Town Planning

The majority of the two titles are located within the Special Use Zone – Schedule 1. The north-west corner of Allotment 50M1 is zoned Transport Zone 2 – Principal Road Network.

Item	Description
Local Authority	Latrobe City Council.
Zoning	Special Use Zone - Schedule 1.
Planning Instrument	Latrobe Planning Scheme.
Objectives	<p>To provide for brown coal mining and associated uses.</p> <p>To provide for electricity generation and associated uses.</p> <p>To provide for interim and non-urban uses which protect brown coal resources and to discourage the use or development of land incompatible with future brown coal mining and industry.</p>
Section 1 – Uses where permit is not required.	Automated collection point, Crop raising (other than Timber production), Dependent person's unit, Dwelling (other than Bed and breakfast), Grazing animal production, Extractive industry, Home based business, Industry (other than Automated collection point), Informal outdoor recreation, Mineral exploration, Mining, Railway, Search for stone, Timber production, Tramway, Utility installation, Warehouse, Any use listed in Clause 62.01.
Section 2 – Uses where permit is required.	Agriculture (other than Crop raising and Grazing animal production), Bed and breakfast, Convenience shop, Dependent person's unit – if the Section 1 condition is not met, Dwelling (other than Bed and breakfast) – if the Section 1 condition is not met, Extractive industry – if the Section 1 condition is not met, Host farm, Industry – if the Section 1 condition is not met, Leisure and recreation (other than Informal outdoor recreation), Manufacturing sales, Mineral, stone, or soil extraction (other than Extractive industry, Mineral exploration, and Mining), Mining – if the Section 1 condition is not met, Office, Retail premises (other than Convenience shop and Manufacturing sales), Search for stone – if the Section 1 condition is not met, Timber production – if the Section 1 condition is not met, Utility installation (other than Minor utility installation) – if the Section 1 condition is not met, Warehouse – if the Section 1 condition is not met, Any other use not in Section 1 or 3.
Section 3 - Prohibited Development	Accommodation (other than Dependent person's unit, Dwelling, and Host farm), Hospital.
Item	Description
Local Authority	Latrobe City Council.
Zoning	Transport Zone 2 - Principal Road Network
Planning Instrument	Latrobe Planning Scheme.
Purpose	<p>To implement the Municipal Planning Strategy and the Planning Policy Framework.</p> <p>To provide for an integrated and sustainable transport system.</p> <p>To identify transport land use and land required for transport services and facilities.</p> <p>To provide for the use and development of land that complements, or is consistent with, the transport system or public land reservation.</p> <p>To ensure the efficient and safe use of transport infrastructure and land comprising the transport system.</p>



	
Section 1 – Uses where permit is not required.	Automated collection point, Railway, Railway station, Tramway, Transport terminal (other than Railway station), Utility installation (other than Minor utility installation and telecommunications facility), Any use listed in Clause 62.01, any other use (the use must be for a transport purpose and carried out by or on behalf of a relevant transport manager).
Section 2 – Uses where permit is required.	None nominated
Section 3 - Prohibited Development	Nil
Planning Overlays	
Bushfire Management Overlay (BMO)	<p>The northern portions of both titles are included in the Bushfire Management Overlay. The Purpose of the overlay is:</p> <p>To implement the Municipal Planning Strategy and the Planning Policy Framework.</p> <p>To ensure that the development of land prioritises the protection of human life and strengthens community resilience to bushfire.</p> <p>To identify areas where the bushfire hazard warrants bushfire protection measures to be implemented.</p> <p>To ensure development is only permitted where the risk to life and property from bushfire can be reduced to an acceptable level.</p> 
Heritage Overlay	Allotment 50M2 is subject to a Heritage Overlay, item <b>HO6</b> which refer to the “ <b>Former Yallourn Power Station Administrative building</b> ”.
Areas of Aboriginal Cultural Heritage Sensitivity	<p>Part of both of the titles are in an ‘area of Aboriginal Cultural heritage Sensitivity’.</p> <p>Under the Aboriginal Heritage Regulations 2018, ‘areas of cultural heritage sensitivity’ are one part of a two part trigger which require a ‘cultural heritage management plan’ be prepared where a listed ‘high impact activity’ is proposed.</p> <p>If a significant land use change is proposed (for example, a subdivision into 3 or more lots), a cultural heritage management plan may be triggered. One or two dwellings, works ancillary to a dwelling, services to a dwelling, alteration of buildings and minor works are examples of works exempt from this requirement.</p>



	Under the Aboriginal Heritage Act 2006, where a cultural heritage management plan is required, planning permits, licences and work authorities cannot be issued unless the cultural heritage management plan has been approved for the activity.
Land Acquisition	According to our perusal of council's online planning maps the subject property does not appear to be affected by any road widening/realignment or any other land acquisition proposals. Should subsequent enquiries reveal this to not be the case we reserve the right to reconsider our valuation herein.



The current use appears to be a use where a permit is not required under the provisions of the Planning Scheme. We have assumed the current use is approved. Should this not be the case then this valuation should be returned for re-assessment.

## 8.1 Approval Status

Online enquiries with the local planning authority have not revealed any recent applications or approvals. We have assumed the current improvements are approved. Should either of the above not be the case then this valuation should be returned for re-assessment.

## 9 Existing Improvements

### 9.1 General

Description	
<p>The subject property comprises two irregular shaped allotments adjoining Yallourn Power Station within Latrobe Valley.</p> <p>Lot 50M1 consists of a vacant parcel of land being generally level throughout. It benefits from its corner position and extensive frontage to Yallourn Drive. The lot has been improved with bitumen and gravel paving, kerbing and light poles enhancing its current use as a carpark. We note that two transmission towers have been erected on the northern portion of the site which could affect its potential future development.</p> <p>Lot 50M2 is currently improved with an older Heritage building identified as the “Former Yallourn Power Station Administrative building” and its associated outbuildings. We note that as at the time of our inspection the building was in poor state of repairs albeit some of the rear portion has been repaired for occupancy by “Men’s Shed.”</p>	
Photographic Study	 
Year Built	1920's and 1970's.

### 9.2 Construction

Item	Description
Component	Material
Footings	Reinforced concrete.
Floors	Reinforced concrete and timber.
External walls	Rendered Brick and Face Brick.
Window frames	Timber.
Roof	Corrugated steel.
Ceilings	Plasterboard and Suspended Acoustic Tile
Internal walls	Masonry, brick and plasterboard.

### 9.3 Accommodation – CA 50M2

Item	Description
Former Yallourn Power Station Administrative building – Also referred to as the “White House”	<p>The property is a substantial two-story building with a total area of approximately 2,905 m<sup>2</sup>, reflecting its diverse former uses. The ground floor spans 1,415 m<sup>2</sup> and is characterised by a range of rooms and spaces designed for operational and recreational purposes. Notable areas include the Caretaker's Dwelling, Foyer, and Entertainment Room, which likely catered to administrative and social functions. Additional facilities such as Locker Rooms, a Cloak Room, and a Pool Room suggest prior uses for recreation and events. The ground floor also includes practical amenities such as male and female toilets, storage rooms, and a Plant Room. Structural features like brick walls and a ceiling height of 3.6 metres contribute to its spacious and functional design. Accessibility is facilitated through multiple hallways and lobbies connecting the various sections.</p> <p>The first floor, with an area of 1,490 m<sup>2</sup>, reflects its former use as a multifunctional space, blending administrative and recreational functions. Key areas include three Conference Rooms, a Dining Room, and Kitchens that would have supported food preparation and gatherings. Social and entertainment spaces, such as three Dance Floors, a Bar, and an Entertainment Room, highlight its adaptability for public and private events. Staff amenities, including dedicated staff rooms and additional storage rooms, support operational efficiency. The slightly lower ceiling height of 3.2 metres provides a more intimate setting compared to the ground floor.</p> <p>Overall, the building's layout and room names reflect its rich history and varied past uses. Its design accommodates a blend of operational, social, and administrative activities, offering significant flexibility for redevelopment or adaptive reuse.</p>
Ancillary Improvements	The property also includes a detached building, historically known as the Gate House, positioned at the entrance of the site. At the rear of the main building, there are seven carports, providing additional parking or storage options. Additionally, we have also sighted an underground basement.

### 9.4 Lettable Area – Existing Building


Item	Description
Ground Floor	1,415m <sup>2</sup>
First Floor	1,490m <sup>2</sup>
<b>Total</b>	<b>2,905m<sup>2</sup></b>

The lettable area of the subject property has been derived from a copy of the building plans dated 24/07/2023. For the purpose of this valuation, we have relied upon this document in good faith however should a subsequent lettable area survey reveal any significant discrepancies we reserve the right to reconsider our valuation herein.

### 9.5 Building Specifications

Item	Description
Security	Security cameras have been sighted. Security gate to front and security fencing installed.
Fire services	We cannot verify that the building is fully compliant with current fire regulations and have had regard to capital expenditure requirements/contingency that a hypothetical market buyer would factor in when purchasing.

## 9.6 Repairs/Condition & Utility

Item	Description
Presentation & Condition	<p>As at the date of valuation, the existing building was in original condition and has been poorly maintained. We note that a portion of the building has been repaired and is currently functional. This has been considered in our assessment.</p> 
Utility of Improvements	<p>Old heritage buildings in poor condition pose challenges such as structural instability, high restoration and maintenance costs, and limited adaptability to modern uses. Regulatory constraints, including heritage protections and zoning restrictions, often complicate redevelopment. Additionally, outdated designs, safety hazards, and environmental inefficiencies can limit functionality and market appeal, requiring careful planning to balance preservation with practicality.</p> <p>The owners advise that they have had several discussions with various parties regarding the heritage listing of the building. The building was built in two stages. The southern portion was constructed in the 1920's and is considered to be of heritage significance (approximately 1,840 square metres total). The rear (northern) portion was constructed in the 1970's. The more recent parts of the building could probably be demolished if required.</p>
Highest and Best Use	Underdeveloped site which could be further developed in line with the zoning, subject to council consent.
Pest Infestation	During our site inspection, there was no indication of onerous pest infestation. Should a certified pest expert report show that there is in fact an onerous pest infestation then we reserve the right to review this assessment.
Asbestos	We have been provided with a copy of an Asbestos and Hazardous Building Materials Audit prepared by Hazcon Pty Ltd and dated February 2022. We note that the report highlighted several "Immediate Elevate Risk Level" items containing Asbestos within the building. Upon our inspection, we have sighted several signs indicating presence of Asbestos. We have been advised by the sponsor that the majority of the Asbestos within the main building as been removed as at the date of inspection. We highlighted that we are not sufficiently qualified to verify this information. We recommend the lender to make himself aware of the content and recommendations of this report. Should the information provided been inaccurate, we reserve the right to review our assessment.
Combustible Cladding	Based on our inspection the subject building/development does <u>not</u> appear to be either wholly or partially 'clad' with aluminium composite panel (ACP), expanded polystyrene (EPS) or similar products, excluding glazed areas. Notwithstanding the above we note we are not experts in this field and should a subsequent site inspection

	reveal our observation above to be incorrect we reserve the right to reconsider our valuation herein.
High Voltage Transmission Infrastructure.	The presence of two transmission towers on CA 50M1 and one tower on CA 50M2 can affect its value due to restrictions on land use under and in close proximity to the high voltage towers and power lines. Limitations on construction may lower the property's functional utility. The towers may deter buyers, reducing the market appeal and value of the land.

The existing improvements appear to be structurally sound however we are not suitably qualified to make an assessment. We have not undertaken a structural survey of the property and nor do we purport to be structural engineers or building surveyors.



## 9.7 Photographic Study

### Photographic Study











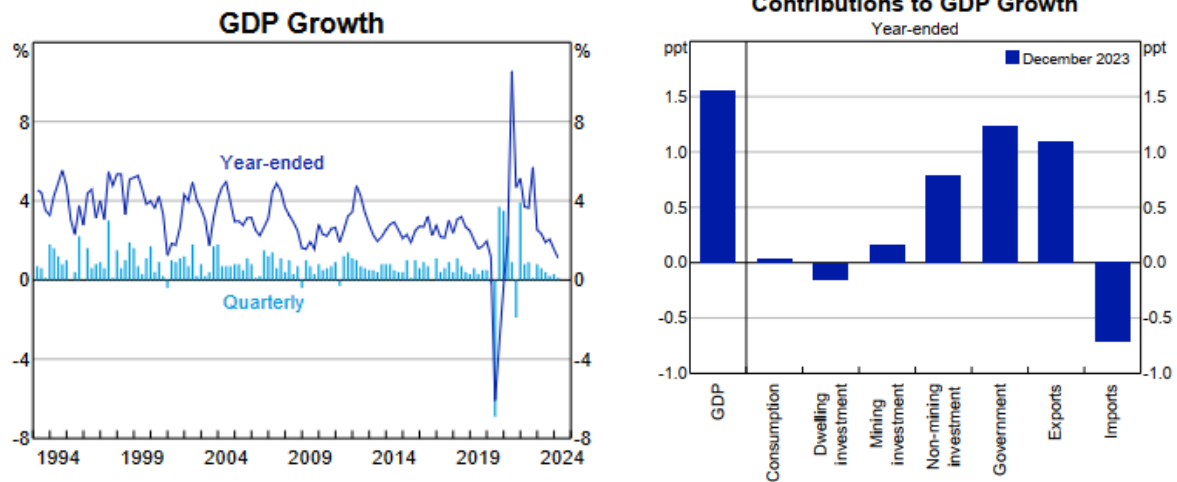




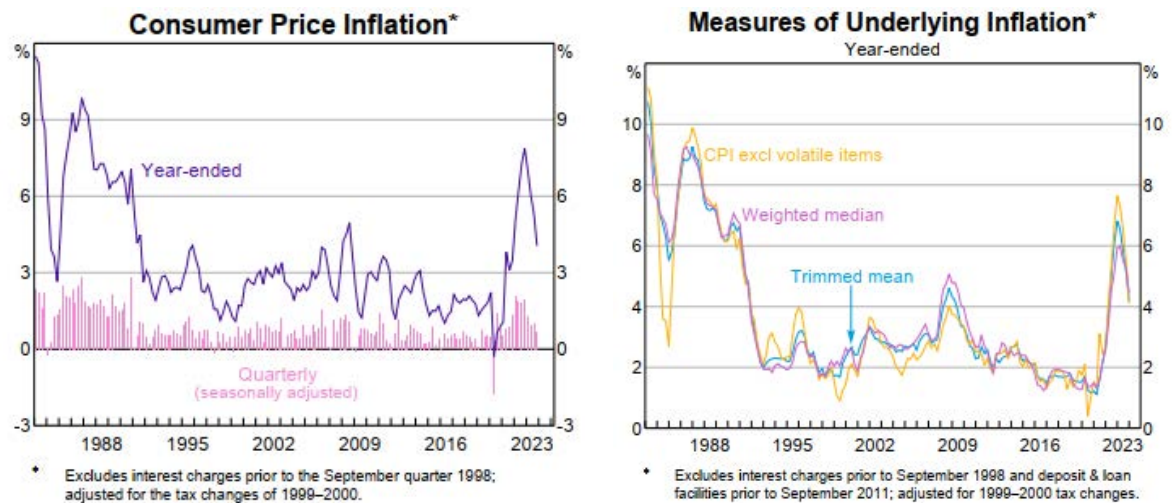
## 10 Economic and Market Overview

### 10.1 Key Economic Indicators

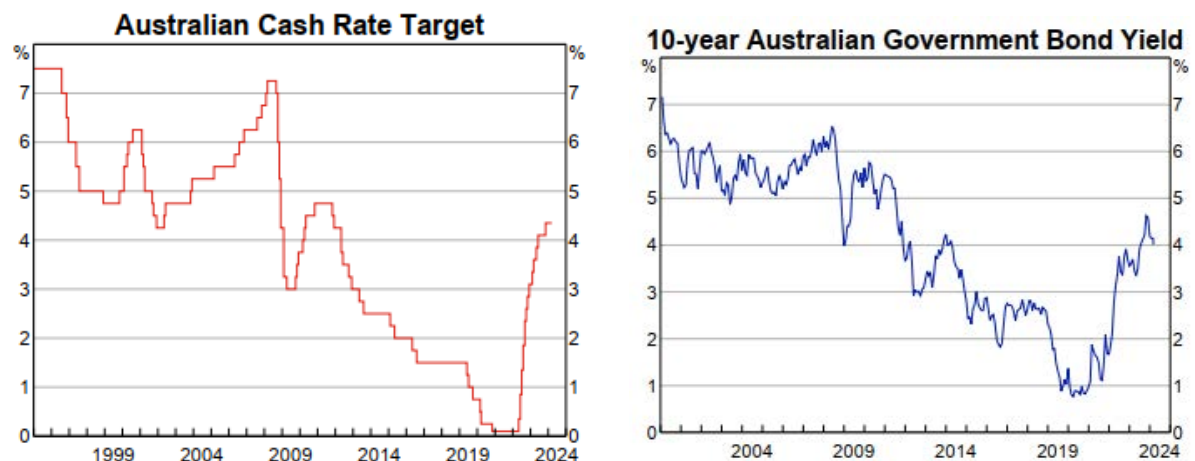
#### Economic Growth



#### Inflation

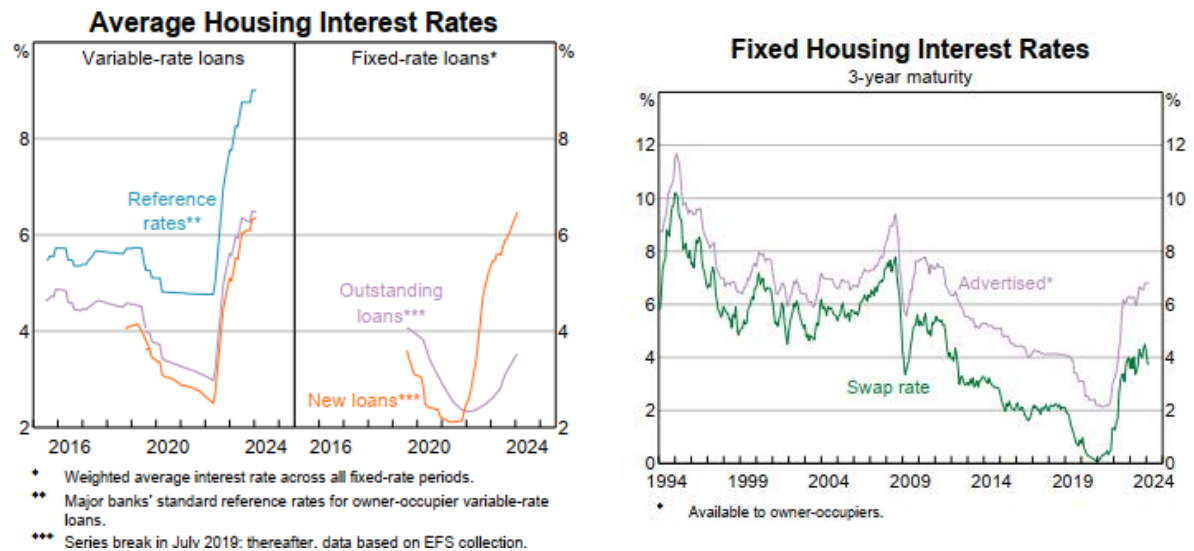


#### Interest Rates

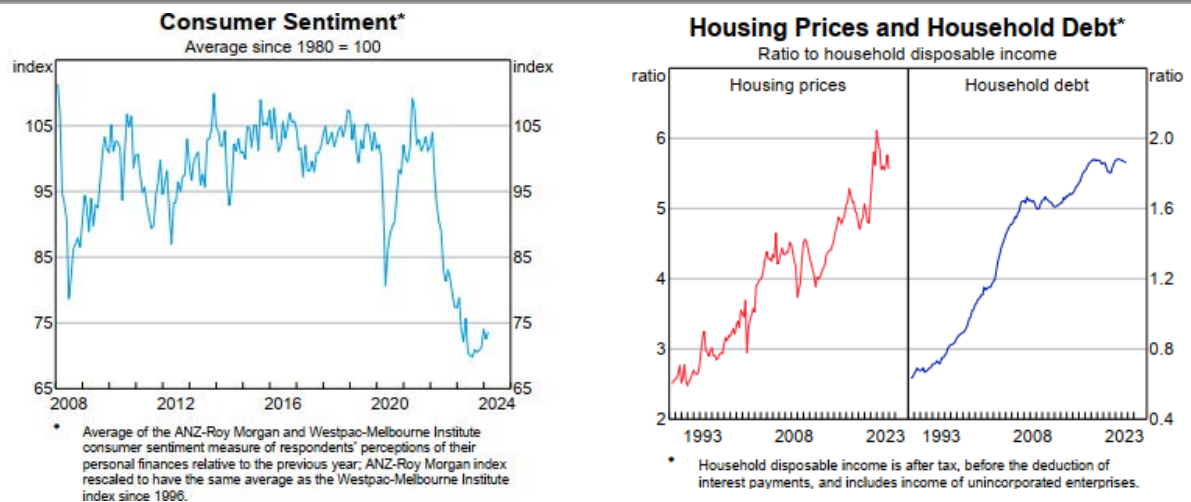




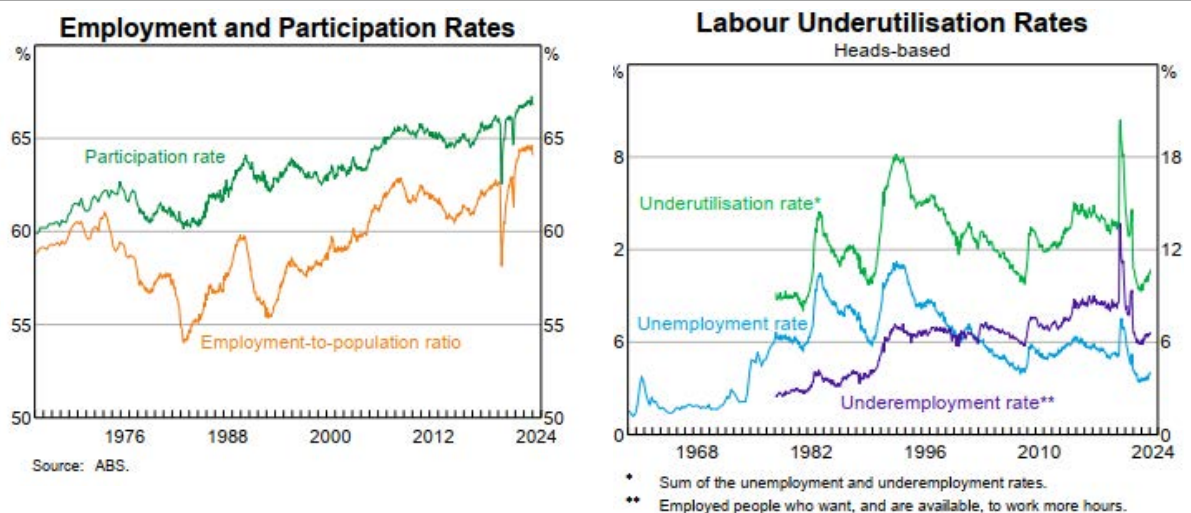
## Interest Rates



## Household Sector



## Factors of Production and Labour Market



The above indicators as well as the entire Australian Economy and Financial Markets Chart Pack has been reviewed by all signatories to this report.

## **11 Tenant Details**

### **11.1 Tenancy Schedule**

Informal occupancy agreements with the power station to utilise 50M1 for parking and men's shed to partially occupy 50M2.




As per standard bank instructions and API guidelines we have assumed vacant possession.

## 12 Sales Evidence

We have had particular regard to the enclosed sales evidence which we consider set parameters by which the value of the subject property may be determined.

Where there is a lack of similar sales in the past six months in this locality, we have relied on older sales evidence within the area and over broader parameters than those set by the instructing party. We consider the sales utilised to be comparable and are considered to provide a reasonable guide to value.

### VACANT INDUSTRIAL LAND SALES EVIDENCE

Address	Sale Date	Price	Land Area	Land Rate
Lot 1 Firmins Lane, Hazelwood North	Aug 2023	\$792,000	13,000m <sup>2</sup>	\$61/m <sup>2</sup>
Analysis:	Settled	Ex GST	Vacant	
<b>Description:</b> This property consists of a regular shaped inside allotment located on the northern side of 1 Firmins Lane, Hazelwood North. The site is currently vacant and generally level.				
<b>Zoning Profile:</b> Zoned IN1Z - Industrial 1 Zone under Latrobe Planning Scheme. The site is identified within a DDO10 - Design And Development Overlay - Schedule 10, BAO1 - Buffer Area Overlay - Schedule 1, ESO1 - Environmental Significance Overlay - Schedule 1, LSIO - Land Subject To Inundation Overlay.				
<b>Sales Details:</b> The subject property was sold by Keith Williams Real Estate. The date listed is the date of exchange and the transaction was settled in November 2023.				
<b>Comparison:</b> Superior location. Superior zoning profile. Land is subject to inundation and environmental planning overlays. Older transaction. <b>We are of the opinion that the subject property would reflect a lower Land Rate in comparison.</b>				
Address	Sale Date	Price	Land Area	Land Rate
11 Swan Road, Morwell	May 2023	\$500,000	3,551m <sup>2</sup>	\$140/m <sup>2</sup>
Analysis:	Settled	Ex GST	Vacant	
<b>Description:</b> This property consists of a regular shaped inside allotment located on the northern side of Swan Road, within Morwell industrial Precinct. The site is currently vacant and generally level.				
<b>Zoning Profile:</b> Zoned IN1Z - Industrial 1 Zone under Latrobe Planning Scheme. The site is identified within a DDO10 - Design And Development Overlay - Schedule 10.				
<b>Sales Details:</b> The subject property was sold off market. The date listed is the date of exchange and the transaction was settled in May 2024.				
<b>Comparison:</b> Superior location. Superior zoning profile. Older transaction. <b>We are of the opinion that the subject property would reflect a lower Land Rate in comparison.</b>				
Address	Sale Date	Price	Land Area	Land Rate
Lot 5/18 Swan Road, Morwell	Oct 2024	\$345,000	1,575m <sup>2</sup>	\$219/m <sup>2</sup>
Analysis:	Settled	Ex GST	Vacant	
<b>Description:</b> This property consists of an irregular shaped inside strata allotment located on the southern side of Swan Road, within Morwell industrial Precinct. The site is currently vacant and generally level.				
<b>Zoning Profile:</b> Zoned IN1Z - Industrial 1 Zone under Latrobe Planning Scheme. The site is identified within a DDO10 - Design And Development Overlay - Schedule 10.				
<b>Sales Details:</b> The subject property was via private treaty by Stockdale & Leggo - Traralgon. The date listed is the date of exchange and the transaction was settled in December 2024.				
<b>Comparison:</b> Superior location. Superior zoning profile. Recent transaction. <b>We are of the opinion that the subject property would reflect a lower Land Rate in comparison.</b>				

## IMPROVED LAND SALES EVIDENCE

Address	Sale Date	Price	Land Area	Land Rate
CA 4K Section A, Morwell	Oct 2023	\$1,430,000	12,009m <sup>2</sup>	\$119/m <sup>2</sup>
<i>Analysis:</i>	<i>Settled</i>	<i>Ex GST</i>	<i>Improved</i>	<i>\$40/m<sup>2</sup> (Land Only)</i>

**Description:** This property consists of an irregular shaped allotment located at the corner of Miners Way and Southern Cct, in proximity to Morwell Power Station and Coal Mine. The land is currently improved with a two high clearance industrial warehouse with associated offices constructed 2017. We note that the property was sold off market with no marketing and very limited information available. Our aerial estimation of the building area equate to circa 1,304m<sup>2</sup>.

**Zoning Profile:** Zoned IN1Z - Industrial 1 Zone under Latrobe Planning Scheme. The site is identified within a ESO1 - Environmental Significance Overlay - Schedule 1.

**Analysis:** To determine the value of the land component, we have deducted the quantum dollar value of the existing building and ancillary improvements from the total sale price. In this instance, we have applied a rate of \$390/m<sup>2</sup> to the warehouse area and \$585/m<sup>2</sup> to the office area, resulting in a calculated building value of \$949,640. Based on this analysis, the estimated land value is \$480,360, equating to approximately \$40/m<sup>2</sup>. This calculation reflects the residual value of the land after accounting for the building and ancillary improvements.

**Sales Details:** The subject property was sold off market. The date listed is the date of exchange and the transaction was settled in May 2024.



**Comparison:** Superior location. Superior zoning profile. Recent transaction. **We are of the opinion that the subject property would reflect a slightly lower Land Only Rate in comparison.**

Address	Sale Date	Price	Land Area	Land Rate
CA 50K Section A Yallourn	Jul 2022	\$1,050,000	6,242m <sup>2</sup>	\$168/m <sup>2</sup>
<i>Analysis:</i>	<i>Settled</i>	<i>Ex GST</i>	<i>Improved</i>	<i>\$20/m<sup>2</sup> (Land Only)</i>

**Description:** This property consists of an irregular shaped allotment located on the eastern side of Yallourn Drive, adjoining Yallourn Power Station. The land is currently improved with a large high clearance industrial warehouse. We note that the property was sold off market with no marketing and very limited information available. Our aerial estimation of the building area equate to circa 2,162m<sup>2</sup> plus 591m<sup>2</sup> of ancillary improvements.

**Zoning Profile:** Zoned Special Use Zone - Schedule 1 under Latrobe Planning Scheme.

**Analysis:** To determine the value of the land component, we have deducted the quantum dollar value of the existing building and ancillary improvements from the total sale price. In this instance, we have applied a rate of \$375/m<sup>2</sup> to the building area, resulting in a calculated building value of \$810,750. Additionally, we have allocated \$190/m<sup>2</sup> for ancillary improvements, leading to a total improvements value of \$923,040. Based on this analysis, the estimated land value is \$126,960, equating to approximately \$20/m<sup>2</sup>. This calculation reflects the residual value of the land after accounting for the building and ancillary improvements.

**Sales Details:** The subject property was sold off market. The date listed is the date of exchange and the transaction was settled in August 2022.



**Comparison:** Located within close proximity to the subject. Similar zoning profile albeit superior planning controls. Older transaction. **We are of the opinion that the subject property would reflect a slightly higher Land Only Rate in comparison.**



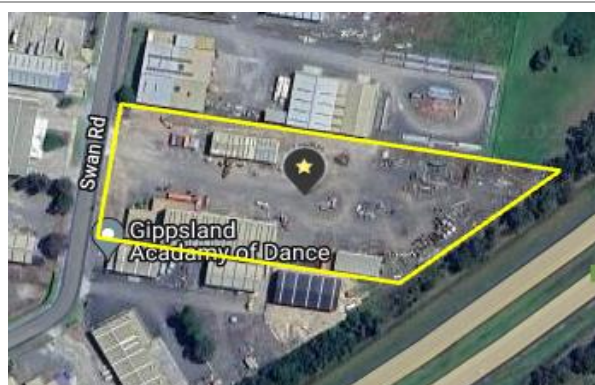
Address	Sale Date	Price	Land Area	Land Rate
20 Swan Rd, Morwell	Sep 2022	\$4,200,000	164,000m <sup>2</sup>	\$25/m <sup>2</sup>
<i>Analysis:</i>	<i>Settled</i>	<i>Ex GST</i>	<i>Improved</i>	<i>\$20/m<sup>2</sup> (Land Only)</i>

**Description:** This property consists of an irregular shaped allotment located on the eastern side of Swan Rd, within Morwell Industrial Precinct. The land is currently improved with a high clearance industrial warehouse with smaller storage space and associated office spaces. Our aerial estimation of the warehouse area equate to circa 1,306m<sup>2</sup> plus 750m<sup>2</sup> of ancillary improvements and 470m<sup>2</sup> of office spaces.

**Zoning Profile:** Zoned IN1Z - Industrial 1 Zone under Latrobe Planning Scheme. The site is identified within a DDO10 - Design And Development Overlay - Schedule 10.

**Analysis:** To determine the value of the land component, we have deducted the quantum dollar value of the existing building and ancillary improvements from the total sale price. In this instance, we have applied a rate of \$270/m<sup>2</sup> to the warehouse area, \$135/m<sup>2</sup> for the ancillary building and \$200/m<sup>2</sup> to the office area, resulting in a calculated building value of \$920,000. Based on this analysis, the estimated land value is \$3,280,000, equating to approximately \$20/m<sup>2</sup>. This calculation reflects the residual value of the land after accounting for the building and ancillary improvements.

**Sales Details:** The subject property was sold off market. The date listed is the date of exchange and the transaction was settled in December 2022.



**Comparison:** Superior location. Superior zoning profile. Older transaction. **We are of the opinion that the subject property would reflect a slightly higher Land Only Rate in comparison.**

## 13 Asset/Sale Summary

### 13.1 Previous Sale History

The last recorded sale transaction of the subject properties according to RP Data occurred in November 2021 (Settled February 2022) for the consideration of \$950,000., GST Liability unknown. We have been advised that both allotments were sold in one line.

### 13.2 Current Sale Information

Not applicable.

## 14 Valuation Rationale

### 14.1 Adopted Methodology

To assess Market Value, we have adopted the following approaches:

1. Direct Comparison Method.

### 14.2 Summary of Sales Evidence

Address	Sale Date	Price	Land Area	Land Rate
Lot 1 Firmins Lane, Hazelwood North	Aug 2023	\$792,000	13,000m <sup>2</sup>	\$61/m <sup>2</sup>
<i>Analysis:</i>	<i>Settled</i>	<i>Ex GST</i>	<i>Vacant</i>	
11 Swan Road, Morwell	May 2023	\$500,000	3,551m <sup>2</sup>	\$140/m <sup>2</sup>
<i>Analysis:</i>	<i>Settled</i>	<i>Ex GST</i>	<i>Vacant</i>	
Lot 5/18 Swan Road, Morwell	Oct 2024	\$345,000	1,575m <sup>2</sup>	\$219/m <sup>2</sup>
<i>Analysis:</i>	<i>Settled</i>	<i>Ex GST</i>	<i>Vacant</i>	
CA 4K Section A, Morwell	Oct 2023	\$1,430,000	12,009m <sup>2</sup>	\$119/m <sup>2</sup>
<i>Analysis:</i>	<i>Settled</i>	<i>Ex GST</i>	<i>Improved</i>	<i>\$40/m<sup>2</sup> (Land Only)</i>
CA 50K Section A Yallourn	Jul 2022	\$1,050,000	6,242m <sup>2</sup>	\$168/m <sup>2</sup>
<i>Analysis:</i>	<i>Settled</i>	<i>Ex GST</i>	<i>Improved</i>	<i>\$20/m<sup>2</sup> (Land Only)</i>
20 Swan Rd, Morwell	Sep 2022	\$4,200,000	164,000m <sup>2</sup>	\$25/m <sup>2</sup>
<i>Analysis:</i>	<i>Settled</i>	<i>Ex GST</i>	<i>Improved</i>	<i>\$20/m<sup>2</sup> (Land Only)</i>

The sales evidence above reflects **\$20/m<sup>2</sup>** to **\$140/m<sup>2</sup>** of unimproved land area.

### 14.3 Direct Comparison Method

The Direct Comparison Method involves the comparison of the subject property with the available sales after making adjustments for (but not limited to) factors including location, market segment, frontage, development potential, state of repair, exposure, planning particulars, lease covenants, size, configuration, accommodation, fit out, light penetration, manoeuvrability and access where applicable in order to arrive at our estimated value.

Having regard to the subject property's main attributes and given the evidence noted within the sales section of the report we consider the most appropriate analysis in this instance to be on a **rate per square metre of improved land area basis**.

Based on the sales evidence contained herein and having regard to our comparative analysis, as above, we are of the opinion the subject property would sit within the **lower end** of the land rate range.

The location, zoning, and site-specific characteristics of the subject property justify the consideration of a lower rate per square metre compared to sales evidence in the surrounding suburb.

The subject property is directly adjoining the Yallourn Power Station and falls under Special Use Zoning, which imposes restrictive land use controls and limits development opportunities.

Additionally, the presence of two transmission towers on a portion of CA 50M1 and the Heritage Building on CA 50M2 further reduces its development potential and range of permissible uses.

In contrast, the comparable sales are located within established industrial precincts governed by Industrial 1 Zoning, which allows for a broader range of industrial activities and attracts higher demand from a wider pool of potential users.

In this instance, we have discounted by 50% our adopted land rate for the portion of the Land which is affected by the high voltage towers and power transmission lines.



Our assessment of value of CA 50M1 is summarised in the table below.

Item	Analysis - Land Area
Land Area CA 50M1 (Unencumbered) (m <sup>2</sup> )	14922
Adopted Rate/m <sup>2</sup> Range (Low er):	<b>\$25</b>
Adopted Rate/m <sup>2</sup> Range (Upper):	<b>\$35</b>
Resultant Value Range (Low er):	\$373,050
Resultant Value Range (Upper):	\$522,270
<b>Adopt CA 50M1 (Unencumbered):</b>	<b>\$450,000</b>
Rate/m <sup>2</sup> of Land Area CA 50M1 (Unencumbered)	\$30
Land Area CA 50M1 (Encumbered) (m <sup>2</sup> )	11858
Adopted Rate/m <sup>2</sup> Range (Low er):	<b>\$10</b>
Adopted Rate/m <sup>2</sup> Range (Upper):	<b>\$20</b>
Resultant Value Range (Low er):	\$118,580
Resultant Value Range (Upper):	\$237,160
<b>Adopt CA 50M1 (Encumbered):</b>	<b>\$180,000</b>
Rate/m <sup>2</sup> of Land Area	\$12
<b>Total Value CA 50M1</b>	<b>\$630,000</b>

*(The above rates are net of GST.)*

We derive a value for CA 50M1 from the Direct Comparison Method of **\$630,000** exclusive of GST.

In assessing the CA 50M2, we have taken into consideration the existing Heritage Building erected on the land. Given the nature of the building, its poor state of repairs and the inability to remove it from the site, we are of the opinion that the building adds very little value, if any, to the site in its current state.

In this instance, we have adopted a slightly higher rate per square metre of land area to reflect the use of the rear section of the building; however, we have not accounted for the remaining of the building which is effectively unusable and limit the redevelopment of the site. While the partially renovated section may provide some utility, its contribution to the overall value is minimal given the extensive repairs required to make the building suitable for occupation.

Our assessment of value of CA 50M1 is summarised in the table below.

Item	Analysis - Land Area
Land area (m <sup>2</sup> ):	15,250
Adopted Rate/m <sup>2</sup> Range (Low er):	<b>\$30</b>
Adopted Rate/m <sup>2</sup> Range (Upper):	<b>\$40</b>
Resultant Value Range (Low er):	\$457,500
Resultant Value Range (Upper):	\$610,000
Adopt:	<b>\$530,000</b>
Rate/m <sup>2</sup> of Land Area	\$35

*(The above rates are net of GST.)*

We derive a value for CA 50M2 from the Direct Comparison Method of **\$530,000** exclusive of GST.

#### RECONCILIATION OF VALUE

Reconciliation of Value Analysis	
Adopted Market Value for CA 50M1	\$630,000
Adopted Market Value for CA 50M2	\$530,000
<b>Total</b>	<b>\$1,160,000</b>

As with all properties, the market sentiment at the time of realisation is an important factor and may well require a more protracted selling period in times other than the most optimistic and/or buoyant market climates and due regard should be given to these factors by the lender/mortgagee in regard to any proposed loan to value ratio.

## 15 Lender Specific Requirements

Item	Description
Company Qualifications	<p>The valuation report has been prepared under the specific instructions for First Mortgage Security Purposes only. This Valuation is for the use only of the parties to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this Valuation. Furthermore, neither the whole nor any part of this report may be included in any publication or document without our prior written consent.</p> <p>This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume responsibility or accept any liability where the valuation is relied upon after the expiration of ninety (90) days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.</p> <p>These Company Qualifications include the nominated conditions as set out in the Mortgage Recommendation / Endorsement section of this report.</p> <p>Changing market circumstances can during periods of time vary property market values and it is recommended that the valuation be reviewed periodically.</p> <p>All signatories to this report have had an input into the final valuation figure.</p>
Selling Period	<p>We consider a reasonable selling period for the property at the value assessed herein is 6 to 36 months, assuming a professional marketing campaign by agents experienced in selling property of this nature within this locality and with an asking price in line with our assessment. As with all properties, the market sentiment at the time of realisation is an important factor and may well require a more protracted selling period in times other than the most optimistic and/or buoyant market climates.</p>
GST Liability	<p>Under "A New Tax System (Goods and Services Tax) Act 1999" the supply of leased commercial premises ("Going Concern") is deemed to be GST free. The supply of vacant commercial property is GST liable. However, given that a potential purchaser is likely to be able to claim input tax credits on the purchase of the property which in turn will allow the vendor to pass on the full cost of the GST to the purchaser, parties may choose to use the ordinary method. The value noted herein is exclusive of GST and therefore, any Contract For Sale should include a clause allowing the vendor to recover GST in addition to the value noted herein (if any).</p> <p>We highlight that we are not tax experts and we strongly recommend the instructing party seeks professional GST advice in this instance.</p>
Insurance Replacement	<p>Due to the historic nature of the building on Allotment 50M2, it's substantial size and the poor state of repair it is considered that, in the event of a loss, it is unlikely that the owners would replace the improvements. If that is the case it may be appropriate to insure the assets for an indemnity value, rather than a full replacement value.</p> <p>However, due to the historic nature of the building, and as an alternative, ascertaining an indemnity value, either value would require advice from a specialist in that area. We recommend prospective lenders obtain a more precise costing from a suitably qualified expert.</p>

<p>Lender's Customer Disclaimer</p>	<p>CivicMJD does not authorise the disclosure of this Valuation Report by Lender named herein to any unauthorised third party other than to their customer, borrower or guarantor (the Lender's Customer) who:</p> <ol style="list-style-type: none"> <li>a. directly paid for or reimbursed the lender specifically for this Valuation Report; and</li> <li>b. has acknowledged and agreed in writing, prior to receiving a copy of this Valuation Report, that CivicMJD and the valuer has no liability to the Lender's Customer howsoever arising, including as a result of negligence. Any use by the Lender's Customer is subject to the following warnings and terms of use.</li> </ol> <ol style="list-style-type: none"> <li>2. The Lender instructed CivicMJD to undertake a valuation of the subject property and prepare a Valuation Report for the Lender to rely upon when assessing the subject property's suitability for mortgage security purposes.</li> <li>3. CivicMJD prepared the Valuation Report in accordance with the Lender's instructions. When preparing the Valuation Report and providing it to the Lender, CivicMJD acted solely and exclusively for the Lender and owed no duty to advise the Lender's Customer or to consider their circumstances or position.</li> <li>4. CivicMJD is aware that the Lender may be subject to the Banking Code of Practice (Code) and is disclosing the Valuation Report to its customer to meet its obligations under the Code. Where the Valuation Report is disclosed to the Lender's Customer under the Code, or any other disclosure of this Valuation Report, a copy of the Instructions should also have been provided to the Lender's Customer. The Lender's Customer must contact the Lender if they have not been provided with a copy of the Instructions. The Valuation Report should be read in conjunction with the Instructions.</li> <li>5. CivicMJD has not assumed any duty to advise the Lender's Customer or to consider the Lender's Customer's circumstances or position by being aware that the Lender must meet its obligations under the Code and provide the Lender's Customer with a copy of the Valuation Report.</li> <li>6. CivicMJD has no liability to the Lender's Customer howsoever arising at law, including as a result of negligence. CivicMJD did not prepare the Valuation Report for the Lender's Customer and therefore makes no representations nor assumes responsibility at all to the Lender's Customer.</li> <li>7. The Lender's Customer should not rely in any way on the Valuation Report as its sole purpose is for use by the Lender in assessing the subject property for mortgage security purposes in the context of the Lender's Customer's loan application or extension. Specifically, the Lender's Customer should not rely upon the Valuation Report for the purpose of: <ol style="list-style-type: none"> <li>a. deciding whether or not to enter into a transaction or alter their financial position; or</li> <li>b. seeking finance from a third party, and should seek their own advice and valuation in such circumstances.</li> </ol> </li> <li>8. The estimated insurance value, if included in the Valuation Report is an estimate of the cost to replace the property new and is based on construction costs at the date of valuation. The insurance value includes some, but not all, ancillary costs that may be encountered when rebuilding the property as detailed in the Valuation Report. The insurance value should not be relied on as a full and accurate estimation of the insurance value for the purposes of making a decision as to the level of insurance coverage that the Lender's Customer should maintain.</li> <li>9. The contents of the Valuation Report are confidential and CivicMJD does not authorise the disclosure of the Valuation Report by the Lender's Customer to any third party.</li> <li>10. The Lender's Customer should take note of the date of valuation of the subject property and be aware that the Valuation Report is current at the date of valuation only. The market value of the property may change significantly over a short period of time.</li> <li>11. The Lender's Customer should direct any questions relating to the Valuation Report to the Lender. CivicMJD is unable to speak to the Lender's Customer directly due to privacy and confidentiality obligations owed to the Lender.</li> </ol>
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Item	Description
Information Security ISO/IEC 27001	Civic MJD is committed to protecting the security of its business information in the face of incidents and unwanted events and has implemented an Information Security Management System (ISMS). In this regard, the Civic MJD Information Security Management System conforms and is certified under ISO/IEC 27001 the international standard for information security.
Reporting Standard	This Valuation Report conforms with The Australian Property Institute Valuation and Property Standards.

## 16 Critical Assumptions

Item	Description
Mortgage Purpose	This valuation is prepared on the assumption that the lender as referred to in the valuation report (and no other), may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risks for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that any such lender is providing mortgage financing at a conservative and prudent loan to value ratio. This clause (Prudent Lenders Clause) only applies if the lender is not a lender regulated by the Banking Act of 1959.
Third Party Disclaimer	<p>This Valuation Report is for the sole use of the lender as referred to in the valuation report (and no other) for mortgage purposes only and is not to be used for any other purpose by any other party(s). Any reliance, use, distribution, publication of the Report and/or any other representations made relating to the contents of this Valuation Report is restricted solely to the Lender, and any additional party(s) expressly named in this Valuation Report.</p> <p>No responsibility is accepted by the Valuer and/or Valuation Firm in the event that the Lender to which this Valuation Report is addressed, or any other agreed additional reliant party(s) noted in this Valuation Report, relies, uses, distributes, publishes and /or otherwise represents anything contained in this Valuation Report for any other purpose apart from that expressly noted previously.</p> <p>No responsibility is accepted by the Valuer and/or Valuation Firm to any other party(s) who rely, use, distribute, publish and/or otherwise represent anything contained in this Valuation Report for any purpose.</p>
Hypothetical/ Prospective Purchaser	<p>In our assessment we have relied upon the documentation provided to us from the instructing party. These details have been reviewed and appear to be reasonable. We have assumed that the details are correct and that no details have been withheld that may affect our assessment.</p> <p>For the purpose of this assessment, we have assumed a hypothetical/prospective purchaser will have good title to all relevant plans, surveys, reports and approvals.</p>
Evidence	<p>In our assessment of Market Rental we have had regard to lease agreements we consider represent comparable evidence from which to form an opinion of rental value. In assessing the evidence, we have relied at times on salient facts provided by the leasing agent such as rental area, term, incentives etc. The main points may have been provided verbally and we did not sight a full copy of each lease agreement. Should the instructing party require each agreement be sighted then this report should be returned to the valuer for further comment.</p> <p>In our assessment of Market Value we have had regard to evidence provided verbally and/or RP Data in relation to recent sales. We have taken all care in verifying the evidence but note we have not sighted a full copy of each separate Contract For Sale and individual survey reports. Should the instructing party require each transfer be sighted then this report should be returned to the valuer for further comment.</p> <p>We have inspected the subject property and carried out market research to obtain market evidence to establish the value levels and our analysis is contained within this report.</p>

Item	Description
Title Details	<p>Our assessment assumes the property is free of any mortgages, caveats, charges or other financial liens.</p> <p>This valuation is conditional on there being no further encumbrances or interests on title which materially affect the value, marketability and continued utility of the property. Should any further easements or encumbrances be found this valuation should be returned to the valuer for comment and/or re-assessment.</p>
Improvements	<p>For the purpose of this report, we have provided the area stipulated within this report as a guide. We highlight that these estimated gross areas are only intended to be used as a guide and recommend a survey to verify the actual areas. Should a survey of the building areas differ significantly from our estimate, then this valuation should be returned to the valuer for comment/reassessment.</p> <p>The existing improvements appear to be structurally sound however we are not suitably qualified to make an assessment. We have not undertaken a structural survey of the property and nor do we purport to be structural engineers or building surveyors.</p> <p>We did not test any of the services or facilities and we were unable to gain access to parts of the building that were unexposed or inaccessible to ascertain that these are completely free from defect. Overall, we have assumed that the detailed reports with respect to the structure and service installations of the improvements would not reveal any defects or inadequacies requiring significant capital expenditure.</p> <p>Further, in the absence of a Building Certificate issued by an approved certifier, we have assumed that the property complies with all relevant statutory requirements in respect of such matters as relevant Occupational Health and Fire Safety Regulations. Should the building be found to be defective then the report should be returned for comment/re-assessment.</p>
Zoning	<p>The current use is <u>permissible</u> under the provisions of the Local Environmental Plan. We have assumed the current use is approved. Should this not be the case then this valuation should be returned for re-assessment.</p> <p>We have not been issued with a Planning Certificate to verify the zoning of the subject property.</p> <p>We have not been provided with any certification of approved uses. We have assumed the current improvements are approved. Should this not be the case then this valuation should be returned for re-assessment.</p> <p>The relevant information was obtained from Council, is assumed to be accurate and may be verified by application to Council for a Planning Certificate issued under the provisions of the Environmental Planning and Assessment Act 1979. Should such certificate not confirm the above mentioned zoning and development guidelines, the matter should be referred immediately to the valuer for consideration and review of the valuation if appropriate.</p>
Land	<p>No responsibility is assumed as to potential contamination of the site and the recipient of this Report is advised that the Valuer is not qualified to detect such substances or estimate the remedial cost.</p> <p>We are not soil contamination experts. We have not been provided with an environmental report or contamination report for the site. Therefore, it should be noted that our valuation is subject to there being no surface or sub-surface soil problems including soil instability, asbestos or building material hazards in or on the property that would adversely affect its marketability.</p> <p>We have assumed the subject property is not onerously contaminated. Should an environmental report or contamination report for the site conclude that there is onerous contamination then we reserve the right to review and amend the assessment of value contained herein.</p> <p>This Valuation is provided on the basis that the subject property is clear of any land claims however, should specialist legal searches reveal otherwise, this valuation should be returned to us for re-consideration.</p>

## 17 Definitions

Item	Description
Market Value	"The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."
Market Rental Value	"Market Rental is the best rent which might reasonably be expected to be obtained for the premises at the relevant date assuming a willing lessor and lessee; a reasonable period in which to negotiate the lease; values remain static during such reasonable period; the demised premises are exposed freely to the market and assuming vacant possession, however, no account is to be taken of any higher rent that might be paid by a person with a special interest and any goodwill attached to the premises or any improvements or fixtures erected or installed by the lessee."
Potential Net Rent	The assessed market gross rental based on the available rental evidence for the subject property on a fully leased basis less the total property outgoing expenses which typically include but are not limited to council rates, water rates, land tax, parking levies, building replacement insurance, tenancy management and building maintenance etc.
Passing Net Rent	Sum of the base rent and outgoing recoveries less the total property outgoing expenses which typically include but are not limited to council rates, water rates, land tax, parking levies, building replacement insurance, tenancy management and building maintenance etc.
Core Capitalisation Rate (CCR)	The risk rate applied to the adopted net maintainable income of a property assuming it is fully leased.
Initial Yield (I)	The net passing rent divided by the purchase price excluding acquisition costs.
Market Yield (M)	The net market rent divided by the purchase price or market value excluding acquisition costs.
Equivalent Yield (E)	The fully leased net market income divided by the sale price or adopted value and allowing for any capital adjustments to the core value such as letting up, capital expenditure and leasing fees.
Internal Rate of Return (IRR)	The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on the invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV).

## 18 Valuation

Our value assessment listed below is subject to the assumptions, conditions and qualifications within this report.

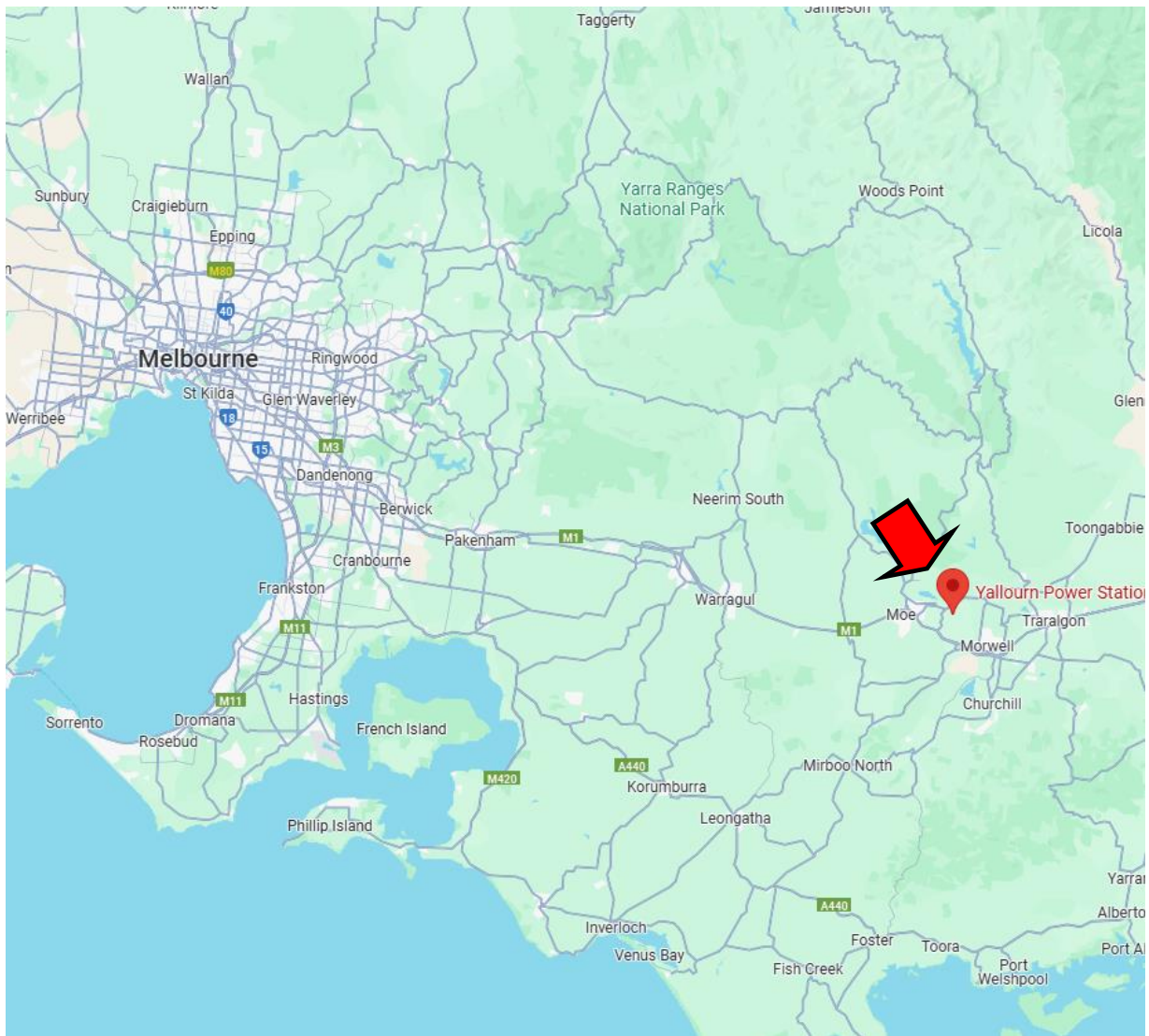
- **Market Value with Vacant Possession** is assessed at **\$1,160,000** (One Million One Hundred & Sixty Thousand Dollars).

The above amount is GST exclusive.



## 19 Annexures

### 19.1 Regional Map



Source: GoogleMap.com



## 19.2 Copy of Certificate of Title

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The Victorian Government acknowledges the Traditional Owners of Victoria and pays respects to their ongoing connection to their Country, History and Culture. The Victorian Government extends this respect to their Elders, past, present and emerging.

### REGISTER SEARCH STATEMENT (Title Search) Transfer of Land Act 1958

VOLUME 10324 FOLIO 061

Security no : 124120156519R  
Produced 26/11/2024 12:37 PM

### LAND DESCRIPTION

Crown Allotment 50M1 Section A Parish of Narracan.  
PARENT TITLE Volume 10248 Folio 616  
Created by instrument U692067L 21/03/1997

### REGISTERED PROPRIETOR

Estate Fee Simple  
Sole Proprietor  
ENVIRONMENTAL CLEAN TECHNOLOGIES LTD of 338 PUNT ROAD SOUTH YARRA VIC 3141  
AV361333B 22/02/2022

### ENCUMBRANCES, CAVEATS AND NOTICES

For details of any other encumbrances see the plan or imaged folio set out under DIAGRAM LOCATION below.

### DIAGRAM LOCATION

SEE TP003778C FOR FURTHER DETAILS AND BOUNDARIES

### ACTIVITY IN THE LAST 125 DAYS

NIL

-----END OF REGISTER SEARCH STATEMENT-----

Additional information: (not part of the Register Search Statement)

Street Address: YALLOURN DRIVE YALLOURN VIC 3825

### ADMINISTRATIVE NOTICES

NIL

eCT Control 19498E CORNWALLS  
Effective from 22/02/2022

DOCUMENT END

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The Victorian Government acknowledges the Traditional Owners of Victoria and pays respects to their ongoing connection to their Country, History and Culture. The Victorian Government extends this respect to their Elders, past, present and emerging.

REGISTER SEARCH STATEMENT (Title Search) Transfer of Land Act 1958

VOLUME 10303 FOLIO 288

Security no : 124120156563T  
Produced 26/11/2024 12:39 PM

LAND DESCRIPTION

Crown Allotment 50M2 Section A Parish of Narracan.  
PARENT TITLE Volume 10248 Folio 616  
Created by instrument U405676T 13/09/1996

REGISTERED PROPRIETOR

Estate Fee Simple  
Sole Proprietor  
ENVIRONMENTAL CLEAN TECHNOLOGIES LTD of 338 PUNT ROAD SOUTH YARRA VIC 3141  
AV361333B 22/02/2022

ENCUMBRANCES, CAVEATS AND NOTICES

For details of any other encumbrances see the plan or imaged folio set out under DIAGRAM LOCATION below.

DIAGRAM LOCATION

SEE TP003778C FOR FURTHER DETAILS AND BOUNDARIES

ACTIVITY IN THE LAST 125 DAYS

NIL

-----END OF REGISTER SEARCH STATEMENT-----

Additional information: (not part of the Register Search Statement)

Street Address: YALLOURN DRIVE YALLOURN VIC 3825

ADMINISTRATIVE NOTICES

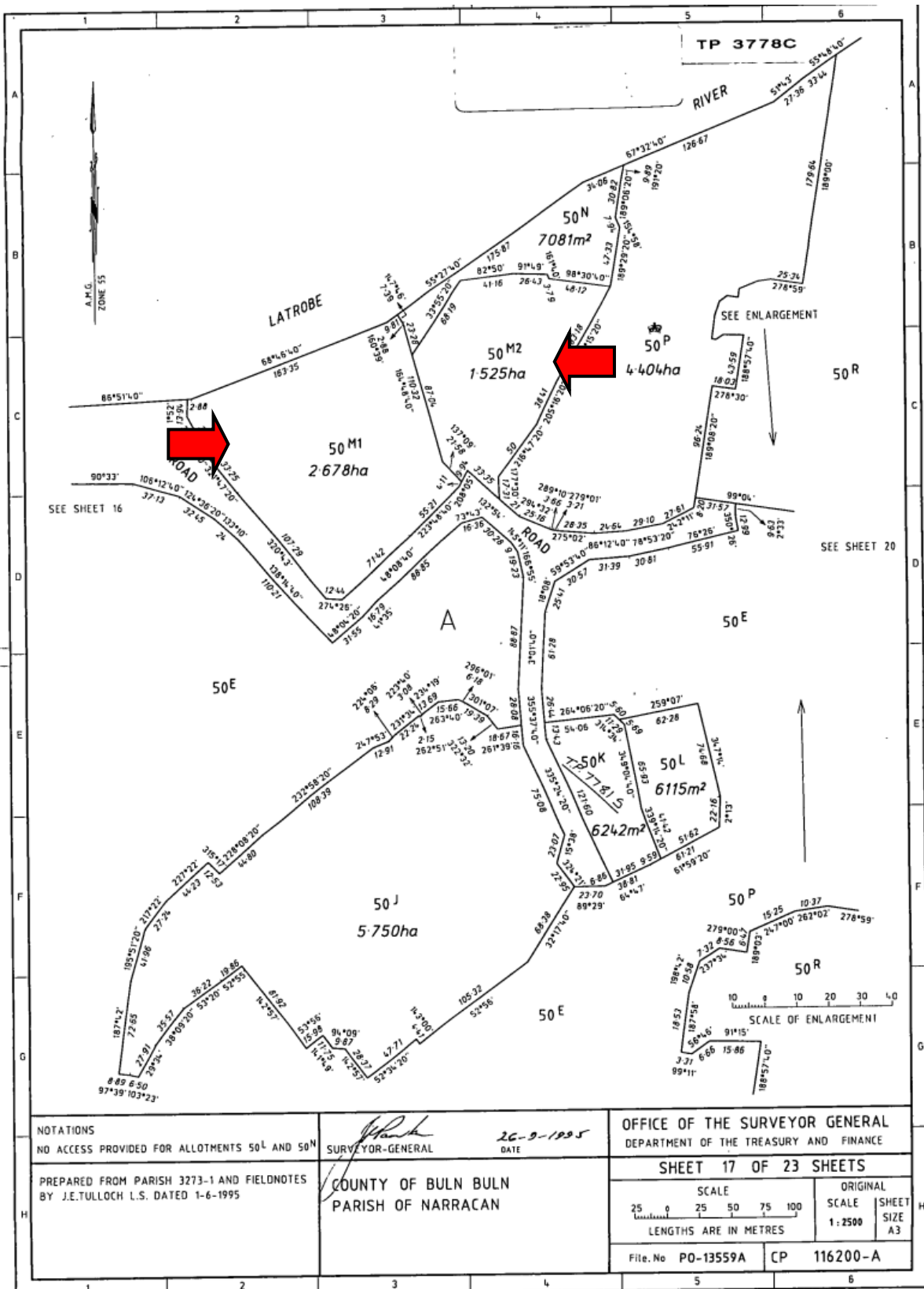
NIL

eCT Control 19498E CORNWALLS  
Effective from 22/02/2022

DOCUMENT END

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### 19.3 Title Plan



## 19.5 Letter of Instruction



Our Ref:

19<sup>th</sup> November 2024

Civic MJD

Attention Ray Dean

Email: [ray@civicmjd.com.au](mailto:ray@civicmjd.com.au)

Dear Ray,

Please accept this letter as an instruction to complete a valuation on the following basis:

Instructing Party:	Keystone Capital Limited.
Purpose:	Mortgage Security Lending.  The valuer and valuation will be disclosed to Keystone Capital investors in the Supplementary Product Disclosure Statement issued to their Members.
Borrower:	Phoenix Property Solutions Pty Limited A.C.N. 619 625 450
Property Address:	CA50M1 Section A Yallourn VIC 3825 CA50M2 Section A Yallourn VIC 3825
Access Contact:	Glenn Fozard  Chief Operating Officer  Mob. 0450 886 756  Email. <a href="mailto:Glenn.fozard@ectltd.com.au">Glenn.fozard@ectltd.com.au</a>
Valuation Required:	'As is' current market value exclusive of GST.  Using the Direct Comparison Approach.

In the interim if you have any questions, please do not hesitate to contact us.

Yours sincerely

Michael Veitch

Head of Property Finance NSW & QLD

**Moore Australia****Victoria**

Level 44, 600 Bourke Street  
Melbourne Victoria 3000

T +61 3 9608 0100

Level 3, 237 Ryrie Street  
Geelong Victoria 3000

T +61 3 5215 6800

**Tasmania**

161 St John Street  
Launceston TAS 7250  
T +61 3 6334 0500

[victoria@moore-australia.com.au](mailto:victoria@moore-australia.com.au)

[www.moore-australia.com.au](http://www.moore-australia.com.au)



## **SCHEDULE 2**

### **LEAD MANAGER OPTIONS – TERMS AND CONDITIONS**

#### **1. TERMS USED IN THIS SECTION**

**Exercise Price** means \$0.002;

**Expiry Date** means 3 years from the issue date;

**Holder** means a holder of an Options;

**Register** means the register of Holders kept by the Company; and

**Pro rata Issue** has the meaning given to it in Chapter 19 of the ASX Listing Rules.

#### **2. ENTITLEMENT ON EXERCISE OF OPTIONS**

Subject to these conditions, each Option entitles the Holder to subscribe for and be allotted 1 Share upon the exercise of the Option and payment to the Company of the Exercise Price at any time prior to the Expiry Date.

#### **3. EXERCISE NOTICE**

The Holder may at any time before the Expiry Date give a notice (Exercise Notice) to the Company requiring the Company to issue Shares on exercise of the Options.

An Exercise Notice must be in writing and must be delivered to the registered office of the Company (or such other place as the Company may notify Holders in writing) together with payment of the Exercise Price for each of the Options exercised.

The directors of the Company may prescribe the form of an Exercise Notice, which must be given by a Holder in order to exercise an Option.

Holders may exercise all their Options at once or may exercise parcels of their Options which are multiples of \$1,000 (or such lower multiple as the Company permits in its absolute discretion).

#### **4. ISSUE OF SHARES**

On exercise of any Options, the Company must allot to the Holder the number of Shares for which the Options are exercised at the Exercise Price.

The Company must allot the Shares within 5 Business Days of receipt of the Exercise Notice.

An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price for the Options exercised in cash or cleared funds.



## **5. UNCERTIFICATED HOLDING STATEMENTS**

The Company must send to the Holder a holding statement or other statement in respect of the Options so held and any Shares issued on exercise of those Options within the time and in accordance with the applicable provisions of the ASX Listing Rules, ASX Settlement Operating Rules and the constitution of the Company.

If required by the ASX Listing Rules, the Company must tell the Holder in writing of the Exercise Price and Expiry Date of the Options within the time prescribed by the ASX Listing Rules after the first holding statement or other statement is sent.

## **6. RANKING OF SHARES ALLOTTED ON EXERCISE**

Shares allotted upon exercise of Options will rank equally in all respects with all other issued Shares from the date of allotment and will be held subject to the constitution of the Company.

## **7. LAPSE**

Any Option which has not been exercised by 5.00 pm (Melbourne Time) on the Expiry Date will lapse.

An Exercise Notice is not effective if it is received by the Company after the expiration of the Exercise Period.

## **8. QUOTATION OF SHARES**

If Shares in the Company are quoted on ASX at the time of exercise of the Options, the Company will make application to ASX for the number of Shares as corresponds to the number of Options exercised within 5 Business Days of the allotment of those Shares.

## **9. NEW, BONUS AND PRO RATA ISSUES**

Except as expressly set out in these conditions, a Holder does not have any right to change the Exercise Price of an Option or the number of Shares over which an Option can be exercised.

If the Company offers Shares by way of a Pro-rata Issue (except a Bonus Issue) to the holders of Shares (whether renounceable or non-renounceable), the Exercise Price of an Option will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

If there is a Bonus Issue to the holders of Shares in the Company, then the number of Shares over which each Option is exercisable will be increased by the number of Shares which the Holder would have received under the Bonus Issue if the Option had been exercised before the record date for the Bonus Issue.

In the event of any reorganisation including subdivision, consolidation, reduction, return or cancellation of the issued capital of the Company on or prior to the Expiry Date, the rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules governing reorganisations in force at the time of the reorganisation.



#### **10. REGISTER OF HOLDERS OF OPTIONS**

The Company will keep and maintain, or cause to be kept and maintained, a register of Holders of Options.

The Company must ensure that the Register is maintained in compliance with the Corporations Act and all other applicable rules and requirements.

#### **11. TRANSFERS OF OPTIONS**

Subject to the constitution of the Company, ASX Listing Rules and ASX Settlement Operating Rules, all Options are transferable.

The provisions of the constitution of the Company relating to a transfer of Shares apply, with necessary alterations, to a transfer of Options.

#### **12. HOLDERS BOUND BY CONSTITUTION**

A Holder is bound by these conditions and the constitution of the Company.

#### **13. WAIVER AND VARIATION**

Subject to the ASX Listing Rules, ASX Settlement Operating Rules and the constitution of the Company, the directors of the Company may by resolution:

- waive strict compliance with any of these conditions in this section; or
- add to, vary or otherwise change any of these conditions for any reason including to ensure compliance with the ASX Listing Rules either generally in relation to all Holders or as they apply to a particular Holder.
  - Any waiver, addition, variation or other change under this section must not be made unless:
- any Holder affected by the waiver, addition, variation or other change so consents in writing; or
- the directors of the Company reasonably consider that the waiver, addition, variation or other change is required to ensure compliance with the ASX Listing Rules, or any law or requirement binding on the Company or does not adversely affect a Holder's rights under these conditions.

#### **14. NOTICE OF EXPIRY**

The Company will send a Holder before the Expiry Date of the Options any notice required by the ASX Listing Rules to be sent to Holders.





## SCHEDULE 3

### DIRECTOR OPTIONS – TERMS AND CONDITIONS

The terms and conditions of the Director Options are summarised as follows.

**1. Exercise Price**

The amount payable upon exercise of each Director Option will be \$0.002 (**Exercise Price**).

**2. Expiry Date**

Each Director Option will expire at 5:00 pm (AEST) on the date that is 3 years from the date of issue (**Expiry Date**). A Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

**3. Vesting Condition and Exercise Period**

The Director Options will vest if the 20-day VWAP of the Company is \$0.005 or higher at any time prior to expiry (**Vesting Condition**).

Once the Vesting Condition is satisfied, the Director Options can be exercised at any time prior to the Expiry Date (**Exercise Period**).

**4. Notice of Exercise**

The Director Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Director Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Director Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

**5. Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Director Option being exercised in cleared funds (**Exercise Date**).

**6. Timing of issue of Shares on exercise**

Within 15 business days after the Exercise Date, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to



ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (c) if admitted to the official list of ASX at the time, apply for official quotation of the Shares issued upon the exercise of Director Option.

If a notice delivered under this section for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 business days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

#### **7. Shares issued on exercise**

Shares issued on exercise of the Director Options rank equally with the then-issued shares of the Company.

#### **8. Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a Director Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

#### **9. Participation in new issues**

There are no participation rights or entitlements inherent in the Director Options, and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options without exercising the Director Options.

#### **10. Change in exercise price**

A Director Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Director Option can be exercised.



# Proxy Voting Form

If you are attending the Meeting in person, please bring this with you for Securityholder registration.

Environmental Clean Technologies Limited | ABN 28 009 120 405

Your proxy voting instruction must be received by **11.00am (AEST) on Monday, 21 April 2025**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of Key Management Personnel.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automicgroup.com.au>.

### Lodging your Proxy Voting Form:

#### Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.**



#### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

#### IN PERSON:

Automic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

#### BY EMAIL:

[meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

#### BY FACSIMILE:

+61 2 8583 3040

#### All enquiries to Automic:

#### WEBSITE:

<https://automicgroup.com.au>

#### PHONE:

1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

