



# ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

## ACN 009 120 405

### NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that the Extraordinary General Meeting of Shareholders of Environmental Clean Technologies Limited (ACN 009 120 405) (**ECT** or **Company**) will be held:

Date: 24 June 2022  
Time: 1:00pm (AEST)  
Venue: Online: register at [www.ectltd.com.au/egm-june-2022](http://www.ectltd.com.au/egm-june-2022)  
**OR**  
Cornwalls, Level 4, 380 Collins Street, Melbourne, VIC 3000

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.

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at this Extraordinary General Meeting. The Explanatory Memorandum forms part of this Notice of Meeting and should be read in conjunction with it.

Your Directors recommend that Shareholders carefully read this Notice of Meeting and the Explanatory Memorandum including the accompanying Independent Expert's Report in full before making any decision in relation to the Resolutions. If Shareholders have any doubt about what to do, they should consult their legal, financial or other professional adviser.

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

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## BUSINESS

To consider, and if thought fit, to pass with or without modification, the following resolutions

1. **RESOLUTION 1 – APPROVAL TO ISSUE THE SECOND TRANCHE PLACEMENT OPTIONS**

To consider and, if thought fit, to pass, with or without amendment, 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 55,555,556 Options pursuant to the Placement (**Second Tranche Placement Options**) on the terms described in the Explanatory Statement.”*



## 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 issue and any person who will obtain a material benefit as a result of the issue (except a benefit solely in the capacity of a holder of ordinary securities) or an associate of any of them.

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

- (a) a person as a 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
- (b) the Chairman as 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
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) 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 the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 2. RESOLUTION 2 – RATIFICATION OF THE PRIOR ISSUE OF THE PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve the prior issue of 166,666,667 Shares by the Company pursuant to the Placement (**Placement Shares**) on the terms described in the Explanatory Statement.”*

## Voting Exclusion Statement

In accordance with Listing Rule 14.11, the Company will disregard votes in favour of this resolution by a person who participated in the issue or is a counterparty to the agreement being approved.

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

- (a) a person as a 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
- (b) the Chairman as 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



- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) 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 the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### 3. **RESOLUTION 3 – RATIFICATION OF THE PRIOR ISSUE OF THE FIRST TRANCHE PLACEMENT OPTIONS**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve the prior issue of 55,555,556 Options by the Company pursuant to the Placement (**First Tranche Placement Options**) on the terms described in the Explanatory Statement.”*

#### **Voting Exclusion Statement**

In accordance with Listing Rule 14.11, the Company will disregard votes in favour of this resolution by a person who participated in the issue or is a counterparty to the agreement being approved.

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

- (a) a person as a 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
- (b) the Chairman as 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
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) 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 the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### 4. **RESOLUTION 4 – RATIFICATION OF THE PRIOR ISSUE OF THE JLM OPTIONS**

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

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve the prior issue of 10,200,000 Options to nominees of the Joint Lead Managers pursuant to the Placement (**JLM Options**) on the terms described in the Explanatory Statement”*



### **Voting Exclusion Statement**

In accordance with Listing Rule 14.11, the Company will disregard votes in favour of this resolution by a person who participated in the issue (namely the Joint Lead Managers and their nominees) or is a counterparty to the agreement being approved or an associate of any of them.

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

- (a) a person as a 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
- (b) the Chairman as 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
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) 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 the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **5. RESOLUTION 5 – APPROVAL OF THE ISSUE OF DIRECTOR OPTIONS TO MR JAMES BLACKBURN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 40,000,000 Options to Mr James Blackburn (**Director Options**) under the Employee Incentive Plan on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion Statement**

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr James Blackburn (or his nominee) and any other person who will obtain a material benefit as a result of the issue securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of any of them.

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

- (a) a person as a 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
- (b) the Chairman as 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



- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) 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 the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **EXPLANATORY STATEMENT**

An Explanatory Statement in respect of the Resolution set out above is enclosed with this Notice of Meeting. Expressions defined in the Explanatory Statement including the Glossary included in the Explanatory Statement have the same meaning when used in this Notice of Meeting.

**By Order of the Board**

Jason Marinko  
Chairman  
25 May 2022



## HYBRID EXTRAORDINARY 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 Extraordinary 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 Extraordinary General Meeting via the Zoom® app. The registration link is available on our website: [www.ectltd.com.au/egm-june-2022](http://www.ectltd.com.au/egm-june-2022)

When you register for access, you will need to provide your details (including SRN/HIN) to be verified as a Shareholder. Registration closes at 7:00pm (AEST) on Wednesday, 22 June 2022.

A link to join the Extraordinary General Meeting will then be emailed to all registered Shareholders on Thursday, 23 June 2022.

We encourage registered Shareholders and proxyholders to login at 12:45 pm (AEST) on Friday, 24 June 2022 to ensure they are ready prior to the scheduled Meeting start time of 1:00 pm (AEST).

Shareholders are strongly encouraged to vote prior to the Extraordinary General Meeting by lodging a directed proxy appointing the Chairman before 1:00pm (AEST) on 22 June 2022 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 1:00pm (AEST) on 23 June 2022 which the Company will endeavour to answer within the Extraordinary General Meeting where relevant to the business of the Extraordinary General Meeting.

Shareholders who attend the Extraordinary 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 Extraordinary General Meeting physically at the offices of Cornwalls, Level 4, 380 Collins Street, Melbourne, VIC 3000.

## **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 1.00pm am AEST on 22 June 2022 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.

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

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

All Shareholders will have a reasonable opportunity to ask questions during the Extraordinary General Meeting via the virtual Extraordinary 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 Extraordinary 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 Extraordinary General Meeting regarding personal matters or those that are commercial in confidence.

Shareholders who prefer to register questions in advance of the Extraordinary 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 Extraordinary General Meeting. Written questions must be received by the Company by 10.00am on 23 June 2022, 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 Extraordinary General Meeting. Each Resolution considered at the Extraordinary 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 15 minutes prior to the scheduled start time for the Extraordinary General Meeting. Our guide on virtual attendance is available on our website: [www.ectltd.com.au/egm-june-2022](http://www.ectltd.com.au/egm-june-2022).

- 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 Extraordinary General Meeting is available in the Online Platform Guide at: <https://ectltd.com.au/egm-june-2022>.

### **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@atomic.com.au](mailto:hello@atomic.com.au) or call on 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 1.00pm on 22 June 2022 (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**
- faxing it to Automic Registry Services on +61 2 8583 3040; or

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 he/she thinks 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.



# EXPLANATORY STATEMENT

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## 1. BACKGROUND TO THE RESOLUTIONS

### 1.1 Capital Raise

As announced to the market on 28 April 2022, the Company raised gross proceeds of \$5,000,000.00 via a share placement to institutional and sophisticated investors (**Placement**) to fund the Company's obligations under its JV with GrapheneX and to provide additional working capital. The Placement was strongly supported and will see several new institutional shareholders join the Company's register. The Placement comprises:

- (a) The issue of 166,666,667 new fully paid ordinary shares at an issue price of \$0.03 per share (**Placement Shares**). The issue price represented a 9% discount to the last traded share price of \$0.033 cents, a 9% discount to the 5-day volume-weighted average share price, and a 10% discount to the 30-day volume-weighted average share price. The Placement Shares were issued pursuant to the Company's 15% capacity under ASX Listing Rule 7.1 and Resolution 2 seeks Shareholder approval to ratify the issue.
- (b) The issue of 2 free attaching Options for every 3 Placement Shares issued under the Placement on the same terms as the Company's existing Options (each exercisable at \$0.03 and expiring on 23 February 2023 (ASX: ECTOE)), as follows:
  - (i) 55,555,556 Options were issued pursuant to the Company's 15% capacity under ASX Listing Rule 7.1 and at the same time as the Placement Shares (**First Tranche Placement Options**) and Resolution 3 seeks Shareholder approval to ratify the issue; and
  - (ii) 55,555,556 Options are to be issued once the Company receives Shareholder approval to do so (**Second Tranche Placement Options**) as these fell outside of the Company's ASX Listing Rule 7.1 capacity. This is the purpose of Resolution 1.

### 1.2 Mandate

Kaai Capital Limited (**Kaai**) and Peak Asset Management (**Peak**) were separately appointed to act as joint lead managers for the Placement (**Joint Lead Managers**).

In consideration for lead managing the Placement, the Company agreed to pay the Joint Lead Managers a fee of 6% of the amount raised and issued their nominees a total of 10,200,000 Options (**JLM Options**).

The JLM Options are on the same terms as the Company's existing Options (each exercisable at \$0.03 and expiring on 23 February 2023 (ASX: ECTOE)).

The JLM Options were issued pursuant to the Company's 15% capacity under ASX Listing Rule 7.1 and Resolution 4 seeks Shareholder approval to ratify the issue.



### 1.3 Use of funds

Funds raised under the Placement will be applied by the Company as follows:

- (a) \$3.5m to fund the Company's obligations under the joint venture agreement with GrapheneX, being the installation of the pyrolysis kiln and site preparation for the turbine, formic acid process and hydrogen hub (as announced to the market on 28 April 2022);
- (b) \$1.2m for general working capital; and
- (c) \$0.3m to fund the costs of the Placement.

### 1.4 Director options

The Company is proposing to issue 40,000,000 Options to non-executive Director of the Company Mr James Blackburn (**Director Options**) pursuant to a recently adopted employee incentive plan (**Employee Incentive Plan**).

The Director Options will be subject to various vesting conditions. This is the purpose of Resolution 5.

## 2. RESOLUTION 1 – APPROVAL TO ISSUE THE SECOND TRANCHE PLACEMENT OPTIONS

### 2.1 General

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Second Tranche Placement Options does not fall within any of these exceptions and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires the approval of the Shareholders under ASX Listing Rule 7.1.

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

Resolution 1 seeks the required shareholder approval to issue the Second Tranche Placement Options for the purposes of Listing Rule 7.1.

If Resolution 1 is passed, the Company will be able to proceed with the issue of the Second Tranche Placement Options and the Second Tranche Placement Options will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under ASX Listing Rule 7.1.

If Resolution 1 is not passed, the Company will not be able to proceed with the issue of the Second Tranche Placement Options.

### 2.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 1:



- (a) the Second Tranche Placement Options will be issued to the professional and sophisticated investors who participated in the Placement (and each of these persons is a not related party, key management personnel member, substantial holder or advisor to the Company);
- (b) 55,555,556 Second Tranche Placement Options will be issued. The Second Tranche Placement Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the notional value of the Second Tranche Placement Options is \$500,000 using the closing quoted price of \$0.009 for ECTOE's on 4 May 2022 (being the date the Placement Shares were issued);
- (d) the full terms of the Second Tranche Placement Options (being the terms of the existing listed ASX: ECTOE Options on issue) are set out in Schedule 1;
- (e) the Second Tranche Placement Options are free attaching options issued under the Placement which raised \$5,000,000.00 (before costs). The Company will not receive any other consideration for the issue of the Second Tranche Placement Options (other than in respect of funds received on exercise of the Second Tranche Placement Options);
- (f) the Company intends to apply the funds raised from the Placement for the purposes set out in section 1.3;
- (g) the Second Tranche Placement Options are not being issued under an agreement; and
- (h) the Second Tranche Placement Options are not being issued under, or to fund, a reverse takeover.

## **2.4 Recommendation**

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

## **2.5 Voting exclusion statement**

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

# **3. RESOLUTION 2 – RATIFICATION OF THE PRIOR ISSUE OF THE PLACEMENT SHARES**

## **3.1 General**

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that 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 Placement Shares.

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

If Resolution 2 is not passed, the 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 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 and 7.4 for the issue of the Placement Shares.

### **3.3 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 Placement Shares were institutional and sophisticated investors identified by introduced to the Company by the Joint Lead Managers pursuant to the Placement (and each of these persons is a not related party, key management personnel member, substantial holder or advisor to the Company);
- (b) 166,666,667 Placement Shares were issued. All of the Placement Shares are fully paid ordinary shares in the Company in the same class as the Company's existing listed shares (ASX: ECT);
- (c) the Placement Shares were issued on 4 May 2022;
- (d) the Placement Shares were issued at an issue price of \$0.03 per share; and
- (e) the funds raised from the issue of the Placement Shares will be used for the purposes set out in section 1.3.

### **3.4 Recommendation**

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 2.



### **3.5 Voting exclusion statement**

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

## **4. RESOLUTION 3 – RATIFICATION OF THE PRIOR ISSUE OF THE FIRST TRANCHE PLACEMENT OPTIONS**

### **4.1 General**

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that 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 First Tranche Placement Options.

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

If Resolution 3 is not passed, the First Tranche Placement 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 First Tranche Placement Options.

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 Rules 7.1 and 7.4 for the issue of the First Tranche Placement Options.

### **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 3:

- (a) the persons to whom the Company issued the Placement Shares were institutional and sophisticated investors identified by introduced to the Company by the Joint Lead Managers pursuant to the Placement (and each



of these persons is a not related party, key management personnel member, substantial holder or advisor to the Company);

- (b) 55,555,556 First Tranche Placement Options were issued. All of the First Tranche Placement Options are listed options in the Company in the same class as the Company's existing listed Options (ASX: ECTOE);
- (c) the First Tranche Placement Options were issued on 4 May 2022;
- (d) the notional value of the First Tranche Placement Options is \$500,000 using the closing quoted price of \$0.009 for ECTOE's on 4 May 2022 (being the date that the Placement Shares were issued);
- (e) the full terms of the First Tranche Placement Options (being the terms of the existing listed ECTOE Options on issue) are set out in Schedule 1;
- (f) the First Tranche Placement Options are free attaching options issued under the Placement which raised \$5,000,000.00 (before costs). The Company will not receive any other consideration for the issue of the First Tranche Placement Options (other than in respect of funds received on exercise of the First Tranche Placement Options); and
- (g) the Company intends to apply the funds raised from the Placement for the purposes set out in section 1.3.

#### **4.4 Recommendation**

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 3.

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

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

### **5. RESOLUTION 4 – RATIFICATION OF THE PRIOR ISSUE OF THE JLM OPTIONS**

#### **5.1 General**

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that 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 Rules 7.1 and 7.4 for the issue of the JLM Options.

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

If Resolution 4 is not passed, the JLM 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 JLM Options.

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 Rules 7.1 and 7.4 for the issue of the JLM Options.

## **5.3 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 4:

- (a) the LM Options were issued to nominees of the Joint Lead Managers who are advisors to the Company (however none of the allottees will be a related party of the Company);
- (b) 10,200,000 JLM Options were issued. All of the JLM Options are listed options in the Company in the same class as the Company's existing listed Options (ASX: ECTOE);
- (c) the JLM Options were issued on 4 May 2022;
- (d) the notional value of the JLM Options is \$91,800 using the closing quoted price of \$0.009 for ECTOE's on 4 May 2022;
- (e) the full terms of the JLM Options (being the terms of the existing listed ECTOE Options on issue) are set out in Schedule 1; and
- (f) the Company will not receive any consideration for the issue of the First JLM Options (other than in respect of funds received on exercise of the JLM Options).

## **2.1 Recommendation**

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 4.

## **2.2 Voting exclusion statement**

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





## **6. RESOLUTION 5 – APPROVAL OF THE ISSUE OF DIRECTOR OPTIONS TO MR JAMES BLACKBURN**

### **6.1 General**

The Company proposes, subject to obtaining Shareholder approval, to issue a total of 40,000,000 Options to Mr James Blackburn (**Director Options**) under the Employee Incentive Plan and on the terms as set out in in this Notice and Explanatory Statement.

The objective of the issue of the Director Options and of this Resolution 5 is to provide Mr Blackburn with a mechanism to participate in the development of the Company and an incentive for his involvement with, and commitment to, the Company.

### **6.2 ASX Listing Rule 10.14**

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Director Options to Mr James Blackburn.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Director Options to Mr James Blackburn, and will compensate him with a payment of \$50,000 in cash (in addition to his remuneration specified in clause 6.4(c)).

### **6.3 Section 208 of the Corporations Act**

Section 208 of the Corporations Act requires that 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:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) 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 where the benefit constitutes reasonable remuneration as an officer or employee of the company.

The grant of the Director Options constitutes giving a financial benefit and Mr James Blackburn is a related party of the Company by virtue of Mr James Blackburn being a Director of the Company.

The Company's Remuneration and Nomination Committee has reviewed the fees to be paid to Mr James Blackburn and has as part of that review recommended the issue of the Director Options as being reasonable remuneration having regard to the responsibilities involved in the office and the functions to be performed by him.



#### **6.4 Technical information required by ASX Listing Rules 10.14 and 10.15 and other information**

Pursuant to and in accordance with the requirements of ASX Listing Rules 10.14 and 10.15, and in the interests of providing shareholders with other information regarded by the Directors as being good practice the following information is provided in relation to the proposed issue of Director Options.

##### **Listing Rules 10.14 and 10.15**

- (a) Mr James Blackburn is a director of the Company and therefore falls into the category in ASX Listing Rule 10.14.1;
- (b) the number of Director Options to be issued to Mr James Blackburn is 40,000,000;
- (c) Mr James Blackburn currently receives a remuneration package of \$50,000 per annum in respect of his role as a non-executive Director of the Company;
- (d) no securities have previously been issued to either Mr James Blackburn under the Employee Incentive Plan;
- (e) the Director Options are not fully paid ordinary securities. A summary of the terms of the Director Options is included in Schedule 2. Other terms and conditions of the Director Options are set out in the Employee Incentive Plan, the terms of which are summarised in Schedule 3;
- (f) the Director Options will be issued to Mr James Blackburn no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- (g) the Director Options will be granted for nil cash consideration however Mr James Blackburn will be required to pay the exercise price of \$0.050 per Director Option in order to acquire Shares upon exercise of the Director Options. Accordingly, no funds will be raised from the issue of the Director Options but \$0.050 will be raised on exercise of the Options;
- (h) the Director Options will be subject to vesting conditions linked to the Company's VWAP (see the terms and conditions of the Director Options in Schedule 2);
- (i) the Director Options will be issued under the Employee Incentive Plan. A summary of the material terms of the Employee Incentive Plan is set out in Schedule 3;
- (j) no loan will be provided to the Mr James Blackburn in relation to the acquisition of the Director Options;
- (k) details of any securities issued under the Employee Incentive Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that the approval for the respective issue was obtained under ASX Listing Rule 10.14;



- (l) any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Employee Incentive Plan, will not participate until approval is obtained;

#### Other information

- (m) the relevant interests of Mr James Blackburn in securities of the Company as at the date of this Notice is set out below:

Related party (Mr James Blackburn)	Securities
Shares (ASX: ECT)	2,500,001
Options (ASX: ECTOE)	Nil

- (n) if the Director Options granted to Mr James Blackburn are exercised, a total of 40,000,000 Shares would be issued. This would increase the number of Shares on issue from 1,563,053,530 to 1,603,053,530 (assuming that no other Shares were issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of approximately 2.5%;
- (o) the market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company;
- (p) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Date	Price
<b>Highest</b>	16 November 2021	\$0.097
<b>Lowest</b>	28 September 2021	\$0.009
<b>Last</b>	20 May 2022	\$0.022

- (q) Mr Glenn Fozard, Mr Jason Marinko and Mr Tim Wise (each a Director of the Company) recommend that Shareholders vote in favour of Resolution 5 for the following reasons:
- (i) the grant of the Director Options to Mr James Blackburn will align the interests of Mr James Blackburn with those of Shareholders;
- (ii) the grant of the Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion



of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr James Blackburn; and

- (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Director Options upon the terms proposed;
- (r) Mr James Blackburn declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of Resolution 5 on the basis that Mr James Blackburn is to be granted Director Options should Resolution 5 be passed;
- (s) in forming their recommendations, each Director considered the experience of Mr James Blackburn, the current market price of the Shares, the current market practices when determining the number of Director Options to be granted as well as the exercise price and expiry date of those Director Options; and
- (t) The notional value of the Director Options is approximately \$360,000 (see the valuation in Schedule 4 which includes the assumptions underlying the valuation);
- (u) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 5.

#### **6.5 ASX Listing Rules 7.1 and 7.2**

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to Mr James Blackburn as approval is being obtained under ASX Listing Rule 10.14 (Exception 13 under ASX Listing Rule 7.2). Accordingly, the issue of Director Options to Mr James Blackburn will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

#### **6.6 Recommendation**

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 5.

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

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



## 1. GLOSSARY

<b>AEST</b>	Australian Eastern Standard Time
<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 or Listing Rules</b>	The Official Listing Rules of ASX
<b>Board</b>	Board of directors of the Company
<b>Chairman</b>	Chairman of the Meeting who, under the Company's Constitution, will be the chairman of the Board of Directors or, should he be unwilling or unable to act, another Director
<b>Constitution</b>	The Company's constitution
<b>Company or Environmental Clean Technologies or ECT</b>	Environmental Clean Technologies Limited (ACN 009 120 405)
<b>Company Secretary</b>	A company secretary of the Company
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>Director</b>	A director of the Company
<b>Director Options</b>	Has the meaning given to it in section 1.1
<b>Employee Incentive Plan</b>	Has the meaning given to it in section 1.1
<b>Explanatory Statement</b>	The Explanatory statement accompanying the Notice of Meeting
<b>Extraordinary General Meeting or Meeting</b>	The extraordinary general meeting of the Company to be held on 24 June 2022
<b>First Tranche Placement Options</b>	Has the meaning given to it in section 1.1
<b>JLM Options</b>	Has the meaning given to it in section 1.1
<b>Joint Lead Managers</b>	Has the meaning given to it in section 1.1



<b>Notice of General Meeting or Notice of Meeting or Notice or Notice</b>	The notice of General Meeting to which this Explanatory Statement is attached
<b>Official List</b>	The official list of the ASX
<b>Option</b>	Listed options in the existing class of the Company's options (ASX: ECTOE)
<b>Placement</b>	Has the meaning given to it in section 1.1
<b>Placement Shares</b>	Has the meaning given to it in section 1.1
<b>Proxy Form</b>	The proxy form enclosed with this Notice of Meeting
<b>Resolution</b>	A resolution included in the Notice of General Meeting
<b>Second Tranche Placement Options</b>	Has the meaning given to it in section 1.1
<b>Securities</b>	shares, options, securities convertible into share or rights to shares or options that may be granted by the Company
<b>Share</b>	A fully paid ordinary shares in the capital of the Company (ASX: ECT)
<b>Share Registry</b>	Automatic Pty Ltd
<b>Shareholder</b>	A person who holds Shares in the Company
<b>Shareholder Question Form</b>	The Shareholder question form enclosed with this Notice of Meeting and on the Company's website



## SCHEDULE 1

# TERMS OF THE FIRST TRANCHE PLACEMENT OPTIONS, SECOND TRANCHE PLACEMENT OPTIONS AND JLM OPTIONS (BEING THE TERMS OF THE COMPANY'S EXISTING CLASS OF LISTED OPTIONS ASX: ECTOE ON ISSUE)

### 1. TERMS USED IN THIS SECTION

**Exercise Price** means \$0.03;

**Expiry Date** means 23 February 2023;

**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 NOTICE

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. NOTICE OF EXERCISE

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. UNCERTIFIED 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 (AEST) 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 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 effected 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.

#### **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 2

### TERMS OF THE DIRECTOR OPTIONS

1. **Terms used in this section**

- 1.1 **Bonus Issue** has the meaning given to it in Chapter 19 of the ASX Listing Rules.
- 1.2 **Exercise Price** means \$0.05.
- 1.3 **Holder** means a holder of an Option.
- 1.4 **Option** means an option to acquire a fully paid ordinary share in the Company.
- 1.5 **Pro rata Issue** has the meaning given to it in Chapter 19 of the ASX Listing Rules.
- 1.6 **VWAP** means the Volume Weighted Share Price of the Company.
- 1.7 **Register** means the register of Holders kept by the Company.

2. **Expiry Date and Vesting Conditions:** Each Option has the following expiry date (Expiry Date) and vesting conditions (**Vesting Conditions**):

Tranche	Percentage of Options to Vest	Vesting Condition	Expiry Date
A	25% (10,000,000)	Vest 12 months from date of grant	3 years from the date of grant
B	25% (10,000,000)	Vest no earlier than 12 months from date of grant if the 20-day VWAP is \$0.060 or higher at any time prior to expiry	3 years from the date of grant
C	25% (10,000,000)	Vest no earlier than 12 months from date of grant if the 20-day VWAP is \$0.080 or higher at any time prior to expiry	3 years from the date of grant
D	25% (10,000,000)	Vest no earlier than 12 months from date of grant if the 20-day VWAP is \$0.100 or higher at any time prior to expiry	3 years from the date of grant

3. **Exercise Period:** Each Option is exercisable at any time prior to the Expiry Date (Exercise Period) upon the achievement of each of the vesting of the Vesting Conditions. After this time, any unexercised Options will automatically lapse.



4. **Exercise Notice:** The Holder may at any time before the Expiry Date upon the achievement of a Vesting Condition 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).
5. Issue of Shares: Within 5 business days after the later of the following:
  - 5.1 receipt by the Company of an Exercise Notice of vested Option; and
  - 5.2 when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information (if there is no such information the relevant date will be 5 business days after the date of receipt of an Exercise Notice as set out in clause (1) immediately above),the Company will:
  - 5.3 allot and issue the Shares pursuant to the vesting of the Options; and
  - 5.4 as soon as reasonably practicable and 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
  - 5.5 apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
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 issue and will be held subject to the constitution of the Company.
7. **Lapse:** The Options will lapse, and be cancelled, if:
  - 7.1 the Vesting Conditions are not satisfied prior to the Expiry Date;
  - 7.2 the holder ceases to be a Director or employee of the Company (as applicable) prior to the Expiry Date.
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 Holder 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 and ASX Listing Rules, all Options are transferable. The provisions of 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 may by resolution:
  - 13.1 waive strict compliance with any of these conditions in this section; or
  - 13.2 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 paragraph must not be made unless:
  - 13.3 any Holder effected by the waiver, addition, variation or other change so consents in writing; or
  - 13.4 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.
15. **Quotation:** The Company will not seek official quotation of any Options.
16. **Shares Issued:** Shares issued on the exercise of the Options rank equally with all existing Shares.



## SCHEDULE 3

### TERMS OF EMPLOYEE INCENTIVE PLAN

The following is a summary of the material terms and conditions of the Employee Incentive Plan:

1. **Eligibility:** Participants in the Option Plan may be:
  - 1.1 a Director (whether executive or non-executive) of the Company and any associated body corporate of the Company (each a Group Company);
  - 1.2 a full or part time employee of any Group Company;
  - 1.3 a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (Class Order); or
  - 1.4 a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (1), (2) or (3) above,who is declared by the Board to be eligible to receive grants of Options under the Option Plan (**Eligible Participants**).
2. **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for up to a specified number of Options, upon the terms set out in the Option Plan and upon such additional terms and conditions as the Board determines.
3. **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
4. **Issue price:** Unless the Options are quoted on the ASX, Options issued under the Option Plan will be issued for no more than nominal cash consideration.
5. **Vesting conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option.
6. **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where vesting conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Options have been granted under the Option Plan or their nominee where the Options have been granted to the nominee of the Eligible Participant (Relevant Person)), resolve to waive any of the vesting conditions applying to Options due to:
  - 6.1 special circumstances arising in relation to a Relevant Person in respect of those Options, being:



- (a) a Relevant Person ceasing to be an Eligible Participant due to:
  - (i) death or total or permanent disability of a Relevant Person; or
  - (ii) retirement or redundancy of a Relevant Person;
- (b) a Relevant Person suffering severe financial hardship;
- (c) any other circumstance stated to constitute “special circumstances” in the terms of the relevant offer made to and accepted by the participant; or
- (d) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the Relevant Person in which circumstances may relate to the participant, a class of participant, including the participant or particular circumstances or class of circumstances applying to the participant; or

6.2 a change of control occurring; or

6.3 the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

7. **Lapse of an Option:** An Option will lapse upon the earlier to occur of:

7.1 an unauthorised dealing in the Option;

7.2 a vesting condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to waive the vesting conditions and vest the Option in the circumstances set out in paragraph vi) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;

7.3 in respect of unvested Option only, an Eligible Participant ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Option in the circumstances set out in paragraph (vi) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;

7.4 in respect of vested Options only, a Relevant Person ceases to be an Eligible Participant and the Option granted in respect of that person is not exercised within one (1) month (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;

7.5 the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;

7.6 the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Option; or

7.7 the expiry date of the Option.

8. **Shares:** Shares resulting from the exercise of the Options shall, subject to any sale restrictions from the date of issue, rank on equal terms with all other Shares on issue.



9. **Sale restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominees) on exercise of those Options up to a maximum of seven (7) years from the grant date of the Options. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.
10. **No participation rights:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
11. **Change in exercise price of number of underlying securities:** Unless specified in the offer of the Options and subject to compliance with the ASX Listing Rules, an Option does not confer the right to a change in exercise price or in the number of underlying Shares over which the Option can be exercised.
12. **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
13. **Trust:** The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a participant may exercise, or has exercised, vested Options, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Option Plan to affect the establishment of such a trust and the appointment of such a trustee.



## SCHEDULE 4

### VALUATION OF DIRECTOR OPTIONS

#### VALUATION OF DIRECTOR OPTIONS

In order to provide additional information to Shareholders, the Directors have prepared the following valuation of the Director Options.

#### 1. Director Options

The Director Options have an exercise price of \$0.05 (0.5 cents) and have an expiry date of 3 years from their date of grant. The valuation methodology adopted by the Directors is a Black-Scholes.

Black Scholes – (see assumptions below) = 0.9c cents per Director Options

Assumptions for Black-Scholes valuation:

Spot price as at close of trade 13/5/2022	2.0c
Strike price	5.0c
Time to expiry	36 months
Volatility	100%
Risk free interest rate	2%
Dividend yield	0%

Additional notes: Black-Scholes is a theoretical pricing model which is typically more valid for large cap listed companies. Volatility is highly influential variable in this model and volatility for nano-cap stocks like ECT adds little validity to the final price generated from this model and as such, its best to use a blended valuation range to include actual market price, especially where a listed market exists for the securities in question.





ENVIRONMENTAL CLEAN  
TECHNOLOGIES LIMITED

Environmental Clean Technologies Limited | ABN 28 009 120 405

# Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **1.00pm (AEST) on Wednesday, 22<sup>nd</sup> June 2022**, 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 KMP.

### 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://automic.com.au>.

### Lodging your Proxy Voting Form:

#### Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

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:

#### PHONE:

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

