

## Project Update

### COLDry Commercialisation Project

Dear Shareholders,

Thank you for your continued patience and support. We have been diligently working on several key initiatives to drive value for our business and shareholders. As part of our commitment to keep you informed, I am pleased to provide this update on our recent progress and current direction, as reflected in our latest annual report.



Sam Rizzo - ECT Managing Director

### Global Landscape and Opportunities

The global landscape is rapidly evolving due to geopolitical tensions, rising energy costs, supply constraints, and climate change. Our innovative solutions are positioned to deliver net-zero outcomes across agriculture, industry, and energy sectors, creating significant opportunities for ECT.

### COLDry Agriculture Application

The Bacchus Marsh COLDry-Fertiliser project is central to our strategy to commercialise net-zero technologies.

Urea accounts for 55% of the global nitrogen fertiliser market in the agriculture sector, with an annual consumption of over 200 million tonnes. However, rising natural gas costs have caused urea prices to soar by 183% between June 2020 and February 2024, putting pressure on farmers who rely on it for crop nutrition.

Our partnership with ESG Agriculture uses ECT's COLDry technology to produce lignite granulated fertiliser, which enhances nutrient retention, improves soil structure, restores soil carbon for sustainability, and reduces emissions by 50%, offering a cost-effective solution for agriculture.

### Real prices for food and fertilizer

Index based on constant USD prices. Base 100 = Average 2000-2020



Chart: David Laborde • Source: World Bank, U.S. Bureau of Labor Statistics

Key progress includes:

- **MoU with ESG Agriculture:** Signed on 4 April 2024, this establishes a joint venture to produce up to 30,000 tonnes of lignite-nitrogen fertiliser annually.
- **Independent Testing:** Testing confirmed the successful blending and drying of lignite and nitrogen, overcoming a major technical barrier.
- **Heads of Agreement (HoA):** Following successful MoU activities, we signed an HoA to finalise a detailed Joint Venture Agreement with ESG Agriculture by Q3 CY2024.
- **EPA & Local Council Permits:** Applications have been submitted, with approval expected Q3 CY2024.

## Project Pathway

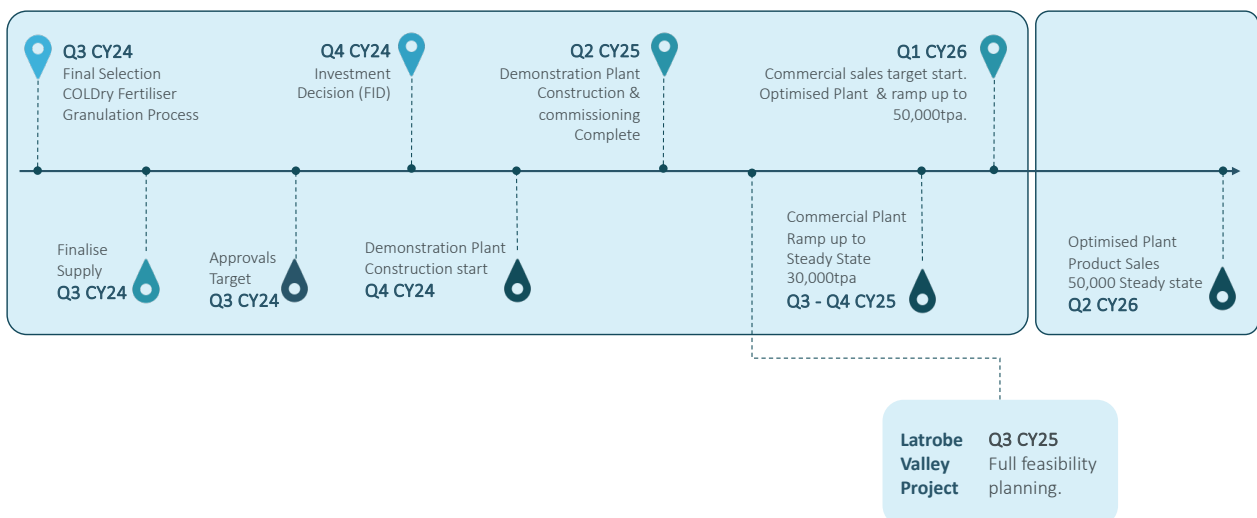
- **Stage 1:** Process demonstration completed in December 2022.
- **Stage 2:** R&D for lignite-nitrogen fertiliser:
  - **Blending Success:** Using our COLDry technology, we overcame a significant blending challenge to produce a uniform mixture of lignite-nitrogen fertiliser with almost zero nitrogen loss.
  - **Granulation and Testing:** The plant can now produce lignite-nitrogen fertiliser for field trials. Large-scale trials will begin shortly across South Australia, Victoria, NSW, and Queensland, converting these trials into bankable off-take agreements.

## COLDry Fertiliser commercialisation pathway to 2026

Race to Revenue Bacchus Marsh Project

Stage 3

Stage 4





## **Project Financing**

We are finalising a comprehensive finance strategy that includes a preferred position for non-dilutive measures to fund construction and operations, protecting shareholder value. This financing will cover key milestones, including construction, field trials, and commercial production, while supporting operational expenses until the project generates cashflow.

We are committed to maintaining a strong financial foundation and are confident that these efforts will drive growth opportunities domestically and internationally.

Thank you for your ongoing support and trust in our mission.

Sincerely,

**Sam Rizzo**  
**Managing Director**

This announcement is authorised for release to the ASX by the Board.

### **For further information, please contact:**

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## **Forward-looking Statement**

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

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

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