

Appendix 4C

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

Name of entity

Environmental Clean Technologies Limited

ABN

28 009 120 405

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3	128
1.2 Payments for		
(a) research and development	(368)	(996)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets	(6)	(72)
(e) staff costs	(189)	(646)
(f) administration and corporate costs	(575)	(1,340)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid		(18)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		1,511
1.8 Other (insurance proceeds)	1,100	1,750
1.9 Net cash from / (used in) operating activities	(33)	319
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		(178)
(d) investments		
(e) intellectual property		(40)
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	-	(218)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,688	1,688
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(159)	(159)
3.5 Proceeds from borrowings	60	995
3.6 Repayment of borrowings		(1,314)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		77
3.10 Net cash from / (used in) financing activities	1,589	1,287

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	219	387
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(33)	319
4.3 Net cash from / (used in) investing activities (item 2.6 above)		(218)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,589	1,287
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,775	1,775

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,775	219
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,775	219

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

(144)

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (R & D lending facility- see below)

7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	550	410

7.5 **Unused financing facilities available at quarter end**

140

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Company's research and development rebate loan facility allows for the provision of funding to the Company where eligible research and development expenditure is incurred. Each drawdown is made in line with the terms of the facility and is based on the accrued value of the anticipated AusIndustry Tax Incentive program for the respective financial year.

8. Estimated cash available for future operating activities**\$A'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	(33)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,775
8.3	Unused finance facilities available at quarter end (Item 7.5)	140
8.4	Total available funding (Item 8.2 + Item 8.3)	1,915
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	58

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No. The operating cash flows for the coming quarter will be reduced due to the implementation of the Company's business continuity plan as a result of the COVID-19 pandemic which has necessitated a contraction of activity. Note that the amount at Item 8.5 has been influenced by the receipt of insurance proceeds as disclosed in Item 1.8.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes. The Company's prospectus for a non renounceable right issue has been issued. The shortfall application period remains open until 10 May 2020 and the company has approximately \$900K available to issue by the closing date. The Company expects to borrow further funds from their R&D incentive lending provider and receive additional insurance proceeds once activities return to normal and the construction of the Bacchus Marsh facility commences.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. Cash on hand is expected to provide enough cash for the business to continue operations.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 17 April 2020

Authorised by: ..The board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.