



**ENVIRONMENTAL CLEAN
TECHNOLOGIES LIMITED**

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

TO BE HELD AT:

RSM Bird Cameron

Level 21, 55 Collins Street, Melbourne, Victoria

At 10:00 am on Friday, 29 November 2013

TO BE VALID, THE PROXY FORM ENCLOSED FOR USE AT THE MEETING MUST BE COMPLETED AND RETURNED NO LATER THAN 10:00 AM ON WEDNESDAY, 27 NOVEMBER 2013

IMPORTANT

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the course you should follow, you should consult your legal, financial or other professional adviser immediately.

Contents

Director's Letter	2
Notice of General Meeting	3
Explanatory Memorandum	8
Glossary	20

A Proxy Form is enclosed separately



Director's Letter

28 October 2013

Dear Shareholder,

This year's Annual General Meeting will be held at the offices of RSM Bird Cameron, Level 21, 55 Collins Street, Melbourne, Victoria commencing at 10:00 am on Friday, 29 November 2013.

The Directors look forward to the opportunity to provide Shareholders with an update on the Company's progress at the Annual General Meeting, including an overview of the engineering milestones achieved in the past year and the strategy moving forward.

The Meeting will consider:

- the Remuneration Report for the Company;
- the re-election of Mr Iain McEwin and Mr Stephen Carter and the election of Mr Lloyd Thomson as directors of the Company;
- approval of additional placement capacity;
- issues of Securities to executives under the Executive and Director Incentive Scheme; and
- a proposed issue of new listed options.

I would like to draw your attention to a number of key points when considering your vote.

Firstly, the importance of your vote relating to the Remuneration Report (Resolution 1) and the implications should it not be approved with more than 75% of votes in favour.

- Last year the company received less than 75% of votes in favour of the Remuneration Report.
- Under the ASX 'second strike' rule, if the Remuneration Report receives less than 75% of votes in favour again this year, a Spill Meeting Resolution will be put to Shareholders.
- If the Spill Meeting Resolution is approved, a general meeting will be called within 90 days and all Directors, except for the Managing Director, vacate their positions and stand for re-election.

Second, the additional capacity sought under Resolution 5 provides flexibility around capital management to enable your Board to execute the commercialisation strategy. In the absence of this additional capacity the Board may need to seek funding on less favourable terms.

The last point I would like to highlight is a potential issue of new listed options proposed by Resolution 7. As existing option holders will be aware, the current series expires at 5pm on 16 January 2014. This Resolution, if approved will give the Board the discretion to proceed with the issue of a new options series, which would require the preparation of a Prospectus. It should also be noted that, should the existing options be converted to shares ahead of their expiry, or other circumstances arise which result in the Board forming the view that the issue would not be in the Company's best interests, the Board would not be bound to proceed with the new issue. If the issue does proceed, the Board will endeavour to permit Shareholders who are not option holders to be given an opportunity to participate.

Your company is at an important point in its commercialisation pathway, with many challenging factors influencing the advancement of the Coldry technology. At the same time, the technology has never been so ready to deploy, providing a solid basis from which to tackle those challenges.

I encourage you to read the Explanatory Memorandum in full and look forward to seeing you at the Annual General Meeting on 29 November 2013.

Yours sincerely,

Ashley Moore
Managing Director



Notice of Annual General Meeting

The Annual General Meeting of Environmental Clean Technologies Limited (ACN 009 120 405) will be held at RSM Bird Cameron, Level 21, 55 Collins Street, Melbourne, Victoria on Friday 29 November 2013 at 10:00 am, Melbourne time.

AGENDA

ORDINARY BUSINESS

1. Annual Financial Report

To receive and consider the Annual Financial Report of the Company for the year ended 30 June 2013 and the related Directors' Report, Directors' Declaration and Auditor's Report.

2. Resolution 1 - Remuneration Report

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

"That, for the purposes of section 250R of the Corporations Act 2001 (Cth), the Remuneration Report for the Company for the financial year ended 30 June 2013 be adopted."

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

However, if 25% or more of the votes cast on this Resolution are against the Resolution, then the Board Spill Meeting Resolution (Resolution 8 set out below) will be put to Shareholders for their consideration and vote.

3. Resolutions 2 & 3 – Re-election of Mr Iain McEwin and Mr Stephen Carter

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

"That Mr Iain McEwin, who retires in accordance with clause 13.2 of the Constitution, being eligible for re-election, be re-elected as a Director of the Company."

"That Mr Stephen Carter, who retires in accordance with clause 13.2 of the Constitution, being eligible for re-election, be re-elected as a Director of the Company."

4. Resolution 4 – Election of Mr Lloyd Thomson

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

"That Mr Lloyd Thomson, who retires in accordance with clause 13.4 of the Constitution, being eligible for election, be elected as a Director of the Company."

5. Resolution 5 – Approval for additional placement capacity of Securities

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of Meeting."



6. Resolution 6 – Approval of the issue of Securities under the ECT Executive & Director Incentive Plan

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

“That for the purposes of Exception 9 in ASX Listing Rule 7.2 and for all other purposes, Shareholders approve as an exception to ASX Listing Rule 7.1 the issue of Securities under the Plan as detailed in this Notice and accompanying Explanatory Memorandum.”

7. Resolution 7 – Approve the issue of New Options

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

“That for the purposes of ASX Listing Rules 7.1 and for all other purposes, Shareholders approve the issue of New Options, on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of Meeting.”

8. Resolution 8 – Board Spill Meeting Resolution

This Resolution will only be put to the Annual General Meeting if at least 25% of the votes cast on the Resolution to adopt the Remuneration Report (Resolution 1) are cast against the adoption of the Report.

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

“That:

- (a) an extraordinary general meeting of the Company (the “Spill Meeting”) be held within 90 days of the Company’s 2013 Annual General Meeting;*
- (b) all of the Directors (other than the Managing Director, being Mr Ashley Moore) who were in office when the directors’ resolution to make the Directors’ Remuneration Report for the year ended 30 June 2013 was passed, and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting.”*

OTHER BUSINESS

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.

Voting exclusion statement

As required by the Corporations Act and ASX Listing Rules, the Company will disregard any votes cast on:

1. Resolution 1 and 8 by a Director or other Key Management Personnel of the Company whose remuneration is included in the 2013 Remuneration Report for the Company and any of their Closely Related Parties.
2. Resolution 5 by any person who may participate in an issue of shares permitted by Resolution 5, if it is passed. The Company has taken the view that the persons who may participate in such an issue cannot be determined and so will not disregard any votes cast on Resolution 5.
3. Resolution 6 by any Director of the Company, and any associate of a Director.
4. Resolution 7 by any person who may participate in an issue of Securities that are issued pursuant to an approval granted by Resolution 7 and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities. The Company has taken the view that the persons who may participate cannot be determined and so will not disregard any votes cast on Resolution 7.



However, a Director, a Key Management Personnel or their Closely Related Parties may cast a vote on Resolution 1 and 8 if:

1. the person is acting as proxy for a person who is entitled to vote and the proxy form specifies how the proxy is to vote; or
2. the person is the Chairman voting an undirected proxy which expressly authorises the Chairman to vote the proxy on a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Company need not disregard votes of the above parties for Resolutions 5 and 6 if:

1. it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
2. it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, in relation to Resolution 6 if you leave your proxy undirected, Key Management Personnel (other than the Chairman) or their Closely Related Parties will not be able to vote your Shares.

Explanatory Memorandum

The accompanying Explanatory Memorandum forms part of this Notice of Annual General Meeting and should be read in conjunction with it. A Glossary of terms used in this Notice of Annual General Meeting and Explanatory Memorandum is contained in the Explanatory Memorandum.

NOTES REGARDING PROXIES AND VOTING

Voting entitlements

Pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining voting entitlements for the Meeting will be as it appears in the share register at 7:00 pm on Wednesday, 13 November 2013. Accordingly, only those persons will be entitled to attend and vote at the Meeting.

Important voting information

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on the Resolutions.

The Chairperson intends to vote undirected proxies in favour of Resolutions 1, 5, 6 and 7, abstain from Resolutions 2, 3 and 4 and against Resolution 8 (if that Resolution is required). If you want the Chairman to vote as your proxy but to vote otherwise you need to indicate your voting directions by marking the boxes above. The Chairman intends to vote all undirected proxies against Resolution 8. However, the Chairman of the meeting is not permitted to vote an undirected proxy on Resolutions 1, 6 and 8 unless the proxy expressly authorises the Chairman to vote the proxy on such Resolution even if it is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

In respect of Resolution 1, 6, and 8, if the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on those Resolutions, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

Appointing a proxy

A Proxy Form accompanies the Notice of Meeting.

The Proxy Form contains important information and other instructions, which you should carefully read.



A Shareholder who is entitled to attend and vote at the Meeting has the right to appoint a proxy to attend and vote on his or her behalf. The proxy need not be a Shareholder of the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint not more than 2 proxies to attend and vote at the Meeting and may specify the proportion or number of votes each proxy is appointed to exercise. If you want to appoint 2 proxies, an additional proxy form will be supplied by the Company's share registry, Security Transfer Registrars Pty Ltd, on request by contacting them directly. Contact details for Security Transfer Registrars Pty Ltd are shown below. Where 2 proxies are appointed, both forms should be completed with the nominated proportion or number of votes each proxy may exercise. Otherwise each proxy may exercise half of the votes (disregarding fractions).

Proxy Forms must be signed by a Shareholder or the Shareholder's attorney or, if the Shareholder is a corporation, must be signed by 2 directors or by a director and a secretary, or if it is a proprietary company that has a sole director who is also the sole secretary (or has no secretary), by that director, or under hand of its attorney or duly authorised officer. If the Proxy Form is signed by a person who is not the registered holder of Shares (e.g. an attorney), then the relevant authority (e.g. in the case of proxy forms signed by an attorney, the power of attorney or a certified copy of the power of attorney) must either have been exhibited previously to the Company or be enclosed with the Proxy Form.

Please read the instructions and other information on the Proxy Form.

For an appointment of a proxy to be effective, the proxy's appointment (and, if the appointment is signed by an attorney, the authority under which it was signed or a certified copy of the authority) must be received by Environmental Clean Technologies' share registry by 10:00 am on Wednesday, 27 November 2013.

A Proxy Form is included with this Notice. If you require a second proxy form, please contact Environmental Clean Technologies' share registry or you may copy the Proxy Form.

Proxy Forms may be lodged by posting, delivery or facsimile to the Company's share registry as follows:

Security Transfer Registrars Pty Ltd

Postal Address: PO BOX 535, Applecross, Western Australia 6953

**Street Address: Alexandra House, Suite 1, 770 Canning Highway,
Applecross, Western Australia 6153**

Telephone: +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

Corporate shareholders

A Shareholder which is a body corporate and which is entitled to attend and vote at the Meeting, or a proxy which is a body corporate and which is appointed by a Shareholder entitled to attend and vote at the Meeting, may appoint a person to act as its representative in accordance with section 250D of the Corporations Act. The representative must present satisfactory evidence that they are authorised to act as the company's representative prior to admission to the Meeting. The authorisation may be effective either for this Meeting only or for all meetings of the Company.

Registration

If you are attending the Meeting, ***please bring your personalised Proxy Form with you***. If you do not bring your form with you, you will still be able to attend the Meeting, but on registration, representatives from the Company's share registry will need to verify your identity.



Questions from Shareholders

There are 2 ways to ask the Directors or the Auditor a question:

1. Post or email your question to the Company at:

Environmental Clean Technologies Limited
Level 7, 530 Little Collins Street,
Melbourne Vic, 3000 Australia
Email: info@ectltd.com.au
Telephone: +61 (0) 3 9909 7684
Attention: Company Secretary

2. Attend the Meeting

Questions to the Company should relate to matters that are relevant to the Meeting, including matters arising from the 2013 Annual Report and general questions regarding the Company's management or performance. Written questions to the Auditor should relate to the conduct of the audit or the content of the Auditor's Report.

Please note that written questions to the Company must be received no later than 10:00 am (Melbourne time) on Wednesday, 27 November 2013. Questions to the Auditor must be received no later than 5 business days before the Meeting, being Friday, 22 November 2013.

The Company is required by law to forward all questions to the Auditor, from which the Auditor is required to prepare a list of those questions that are considered to be relevant to the conduct of the audit or the content of the Auditor's Report. The Auditor may omit questions that are the same in substance to other questions. The list of questions prepared by the Auditor will be available on the Company's website, www.ectltd.com.au prior to the Meeting. In addition, copies of the list of questions will be available at the Meeting.

The Chairman of the Meeting will answer as many of the frequently asked questions submitted to the Company as possible at the Meeting.

By order of the Board

Ashley Moore
Managing Director
28 October 2013



Explanatory Memorandum

This Explanatory Memorandum (which is included in, and forms part of, the Notice of Annual General Meeting) is provided to Shareholders to explain the Resolutions to be put to Shareholders at the Annual General Meeting and to assist Shareholders to determine how they wish to vote on the Resolutions.

The Annual General Meeting will be held at the offices of RSM Bird Cameron, Level 21, 55 Collins Street, Melbourne, Victoria on Friday, 29 November 2013 at 10:00 am, Melbourne time.

1. Annual Financial Report

The full year results for the Company are available in the 2013 Annual Report sent to those Shareholders who elected to receive the annual report or online at www.ectltd.com.au. Any relevant announcements made by the Company after the date of the 2013 Annual Report will be available on the Company's website at www.ectltd.com.au.

The Corporations Act and the Company's Constitution require the following reports in respect of the financial year of the Company ended on 30 June 2013 to be presented to the Meeting:

- the Financial Report (which includes the Financial Statements and Directors' declaration);
- the Directors' Report (which includes the Remuneration Report); and
- the Auditor's Report.

Except for the non-binding advisory resolution in respect of the Remuneration Report (refer to Resolution 1 below), there is no requirement in the Corporations Act or the Constitution for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about or make comments on the management or performance of the Company.

The Auditor of the Company is required to attend the Meeting and will be available to take Shareholder's questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the 2013 financial statements of the Company and the independence of the Auditor in relation to the conduct of the audit. The Auditor will also be allowed a reasonable opportunity to answer written questions submitted in accordance with the process described previously.

2. Resolution 1 - Adoption of Remuneration Report

The Remuneration Report of the Company for the financial year ended 30 June 2013 is set out in the Directors' Report (included in the 2013 Annual Report) (**Remuneration Report**).

In compliance with section 300A of the Corporations Act, the Remuneration Report sets out the Company's policy for determining the nature and amount of remuneration for the Directors and specified executive officers of the Company. The Board has a policy of ensuring that remuneration paid to Directors and management is market competitive while at the same time aligned to the achievement of strategic objectives and the creation of value for Shareholders.

Section 250R of the Corporations Act requires a resolution in relation to the Remuneration Report to be included in the business of the Meeting, so that Shareholders have opportunity to comment and ask questions on the content of the Remuneration Report and exercise a vote for its adoption. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The Corporations Act requires that if at 2 consecutive annual general meetings of the Company, 25% or more of votes cast are against the adoption of the Remuneration Report, Shareholders will be required to vote at the second of those annual general meetings on a resolution (known as a spill resolution) that another general meeting of the Company (known as a spill meeting) is to be held within 90 days of the



spill resolution at which all of the Directors at the time the Remuneration Report was approved (other than the Managing Director of the Company) must stand for re-election.

At the Company's 2012 Annual General Meeting more than 25% of the votes cast in respect of the resolution to adopt the Company's Remuneration Report for 2012 were voted "against" that resolution. At the forthcoming Meeting if more than 75% of the votes cast on Resolution 1 are in favour of adopting the 2013 Remuneration Report then nothing further happens. However, if 25% or more of the votes cast on Resolution 1 are against adopting the 2013 Remuneration Report, Resolution 8 will be put to the Annual General Meeting.

If Resolution 8 is put to the Annual General Meeting and is passed, the Board must convene a spill meeting of the Company within 90 days of the 2013 Annual General Meeting in order to consider the composition of the Board.

The vote on Resolution 1 will, in the first instance, be determined by a show of hands as required by clause 12.12 of the Constitution. However, if there is any doubt regarding the outcome of the voting, the Chairman of the Meeting will demand a poll for Resolution 1 so that the votes for and against the Resolution can be accurately determined. If a poll is required, it will be held towards the end of the Meeting.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation to vote the proxy in accordance with the Chairman's intention.

3. Resolutions 2 and 3 – Re-election of Mr Iain McEwin and Mr Stephen Carter (Non-executive Directors)

Clause 13.2 of the Company's Constitution and ASX Listing Rule 14.4 provide that a Director must not hold office without re-election after the third Annual General Meeting following the Director's appointment or 3 years, whichever is longer. In addition, clause 13.2 of the Constitution provides that one-third of the Directors for the time being, or if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office at each Annual General Meeting of the Company. The Directors to retire at an Annual General Meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots. All Directors except for Mr Thomson were elected or re-elected to office at the 2012 AGM and it was agreed between them that Messrs Carter and McEwin would stand for re-election at the 2013 AGM. In addition, Clause 13.4 of the Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed holds office only until the next general meeting and is then eligible for re-election.

Mr Iain McEwin was appointed as a Director by the Board on 11th July 2011 and being eligible, offers himself for re-election at the Meeting. Iain has considerable business experience in the ownership and operation of his own business as a supplier to the building and construction industry. Iain is a major shareholder in ECT.

Mr Stephen Carter (MBA, Dip. Applied Science, Advanced Dip. Company Directors, Diploma Stockbroking, FAICD, MSA) was appointed as a non-executive director in May 2009, re-elected at the 2011 AGM on 30th November 2011 and is retiring from the Board under these rotation rules and, being eligible, offers himself for re-election at the Meeting. Stephen has extensive experience in delivering strategic projects including the commissioning of Crown Casino, the commercial preparation for the integration of Ansett/Air New Zealand, delivery of a multi-million dollar funding package for the redevelopment of the Melbourne Showgrounds, the review and transformation of Air New Zealand's engineering division and the commercial repositioning of Spotlight Pty Ltd. Mr Carter is not and has not been a director of any other publicly listed company in the past 3 years.

Recommendation

The Board makes no recommendation in relation to Resolutions 2 and 3.



4. Resolution 4 – Re-election of Mr Lloyd Thomson (Non-executive Director)

Clause 13.4 of the Company's Constitution and ASX Listing Rule 14.4 provide that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed holds office only until the next general meeting and is then eligible for re-election.

Mr Lloyd Thomson was appointed as a non-executive director by the Board effective on and from 22 August 2013.

Mr Lloyd Thomson brings to ECT a strong commercial background and extensive experience as follows:

- Certified Practicing Accountant (CPA)
- Founder and former partner of WHK Thomsons, the largest regional accounting firm in country Victoria
- Former Commissioner of the amalgamated Mildura Rural City Council 1995-97
- Former Chairman of Sunraysia Development Corporation, Thomsons Agribusiness Limited, Sunraysia Regional Advisory Board, Sunraysia Growers Advisory Group, Inland Advisory Group Association
- Founder of Sunraysia Permanent Building Society
- Former Member of Bendigo Bank's Northern Regional Advisory Board for 6 years
- Inaugural Chairman of Mildura Airport Pty Ltd from 2008 to 2012
- Recipient of the North West Victorian of the Year 1997
- Chairman and owner of Arumpo Bentonite Pty Ltd, a company that operates the largest open cut bentonite mine in Australia.

Mr. Thomson is the Company's single largest shareholder.

Recommendation

The Board makes no recommendation in relation to Resolution 4.

5. Resolution 5 - Approval for additional placement capacity of Securities

ASX Listing Rule 7.1A was introduced to provide eligible mid to small cap listed entities with the ability to seek shareholder approval to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue by way of placements over a 12 month period over and above the 15% permitted under ASX Listing Rule 7.1. The authority to undertake such placements requires shareholder approval by way of a **special resolution** at an AGM and such approval is valid for 12 months from the date of the AGM. To be eligible the company, at the time of the AGM, must not have a market capitalisation of more than \$300 million and cannot be included in the S&P/ASX 300 Index. Furthermore, the securities must not be issued at a price that is less than 75% of the volume weighted average price (VWAP) of the securities calculated over the 15 trading days on which trades in those securities were recorded immediately before the date on which the issue price of the securities is agreed, or the issue date (if the securities are not issued within 5 trading days of the date on which the issue price is agreed).

As at the date of this Notice the Company has 2,070,303,626 fully paid ordinary Shares on issue and Resolution 5 seeks approval for the Company to have the capacity to issue new equity securities equal to 10% of the sum of the number of Shares on issue 12 months before the date of issue or agreement plus the number of Shares issued in the 12 months with approval of holders of ordinary securities under ASX Listing Rule 7.1 (security issues approved by shareholders) or ASX Listing Rule 7.4 (ratification of securities issued under the 15% limit of ASX Listing Rule 7.1) or under an exception in ASX Listing Rule 7.2 (exemptions to ASX Listing Rule 7.1 including Shares issued pursuant to a pro-rata rights issue and approved employee incentive schemes). The Company, as at the date of this Notice, has on issue 2 classes of equity securities, Shares and Options listed on ASX. If Resolution 5 is approved the Directors may, at their discretion, issue equity securities up to 25% of the number of ordinary securities on issue by way of placements over a 12 month period pursuant to ASX Listing Rules 7.1 and 7.1A.



Determination of the additional capacity to issue Securities if Resolution 5 approved

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated in accordance with the following formula:

$$(A \times D) - E$$

- A** is the number of shares on issue 12 months before the date of issue or agreement:
- plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
 - plus the number of partly paid shares that became fully paid in the 12 months;
 - plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
 - less the number of fully paid shares cancelled in the 12 months.

(Note that A is has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity).

D is 10%

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rule 7.1 or 7.4.

On 28 October 2012, the Company had on issue 1,611,718,752, Shares and in the 12 months to 29 November 2013 the Company issued a further 62,500,000 Shares with approval under ASX Listing Rule 7.2 and 396,084,874 Shares with approval under ASX Listing Rules 7.1 and 7.4, making A in the above formula 2,070,303,626.

Based on this calculation the Company would theoretically have as at 28 October 2013 a capacity to issue:

- 310,545,544 equity securities under ASX Listing Rule 7.1 (15% of A); and
- subject to Shareholder approval being obtained under Resolution 5, 207,030,363 equity securities under ASX Listing Rule 7.1A (10% of A).

(These theoretical numbers of shares are relevant to the discussion of dilution below.)

The actual number of equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2

Notice requirements for approval under rule 7.1A

Minimum price. The Company will only issue equity securities for which the aggregate issue price of the equity securities is 75% or more of the volume weighted average price (VWAP) of equity securities in the same class calculated over the 15 trading days immediately before the date on which the issue price of the equity securities is agreed, or the issue date (if the equity securities are not issued within 5 trading days of the date on which the issue price is agreed).



Risk of economic and voting dilution. Shareholder approval of Resolution 5 and any subsequent issue of Shares pursuant to ASX Listing Rule 7.1A.2 may result in the economic and voting dilution of existing Shareholders. There is a risk that:

- the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the approval at the Meeting under rule 7.1A; and
- the equity securities may be issued at a price that is at a discount to the market price for Company's equity securities on the issue date.

The impact upon the funds raised and existing shareholder dilution under alternative scenarios of share price and increases in Variable A from the level as at 21 October 2013 (being 2,070,303,626) is shown in the table below. The table provides a matrix showing the number of Shares issued for a 10% dilution and the funds raised assuming Variable A is as at the 21 October 2013 level, 50% higher and 100% higher and assuming the placement Share price is at the Current Price of 0.8¢ (Share price as at 21 October 2013), half the Current Price at 0.4¢ and double the Current Price at 1.6¢.

Variable A in LR 7.1A.2	Dilution			
	Share price	\$0.004	\$0.008	\$0.016
		Half Current Price	Current Price	Double Current Price
Current Variable A	10% Voting Dilution	207,030,363	207,030,363	207,030,363
	Funds Raised	\$828,121	\$1,656,243	\$3,312,486
50% Increase in Variable A	10% Voting Dilution	310,545,545	310,545,545	310,545,545
	Funds Raised	\$1,242,182	\$2,484,364	\$4,968,729
100% Increase in Variable A	10% Voting Dilution	414,060,726	414,060,726	414,060,726
	Funds Raised	\$1,656,243	\$3,312,486	\$6,624,972

The table has been prepared on the following assumptions:

- (a) The Company issues the maximum number of equity securities available if the additional 10% placement capacity is permitted by shareholders approving Resolution 5.
- (b) No Options are exercised into Shares before the date of the issue of the equity securities.
- (c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (d) The table shows only the effect of issues of Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- (e) The issue of equity securities under the 10% Placement Facility consists only of Shares. If the issue of equity securities includes Options or other convertible securities, it is assumed that those Options or other convertible securities are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (f) The Current Price is \$0.008 (21 October 2013).



Expiry of approval. If approved by Shareholders the Company may issue equity securities on terms as detailed in this Explanatory Memorandum from 29 November 2013 until the earlier to occur of:

- 29 November 2014; or
- the date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX.

The approval under Resolution 5 for the issue of the equity securities will cease to be valid if Shareholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking).

Purpose of new issues. Funds raised from any issues under ASX Listing Rule 7.1A.2 may be used for working capital purposes, the acquisition of assets or as consideration for the payment of expenses incurred or services rendered.

Allocation policy. The Company's allocation policy will be dependent on the prevailing market conditions at the time of any proposed issue pursuant to ASX Listing Rule 7.1A. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the methods of raising funds that are available to the Company and advice from the Company's corporate and financial advisers, if applicable. The allottees, if Resolution 5 is approved, have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Details of new issues under rule 7.1A from prior year.

In accordance with Listing Rule 7.3A.6 the following information is provided to Shareholders:

- (a) The total number of Securities on issue at 28 October 2012 was 1,611,718,752. The total number of shares issued in the 12 months since 28 October 2012 was 458,584,874, representing 28% of the total Securities on issue at 29 November 2012.
- (b) Details of all Securities issued in the 12 month period prior to the date of the meeting are set out below. In all cases from 6 February 2012 the price was at a 5% discount to the lowest daily VWAP in the preceding 5 trading days:

On 21 November 2012, the Company issued 5,555,556 Shares at a nominal issue price at 1.35¢ per Share to a nominee of Greenard Willing in respect of fees and commissions relating to the arranging of the Strategic Deliverable Bond. The price represented a 10% discount to market on the day of issue.

On 6 February 2013, the Company issued 55,906,815 Shares at a nominal issue price of 0.906¢ per Share to the below persons in relation to the following transactions:

- Settlement of remaining 2012 FAST Finance facility totalling \$264,538.80 or 29,198,543 Shares;
- Settlement of commission, brokerage and other fees in relation to the 2013 FAST Finance facility totalling \$116,976.94 or 12,911,362 Shares; and
- Placement of 13,796,909 Shares to raise \$125,000 (before expenses).
- Rounding adjustment in the issue of shares totalling one (1) share

All the Shares issued on 6 February 2013 were issued to Menzies Securities, Greenard Willing or their respective clients.

On 19 February 2013, the Company issued 83,453,878 Shares at a nominal issue price of 0.8987¢ per Share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

On 22 May 2013, the Company issued 19,072,018 Shares at a nominal issue price of 0.7865¢ per Share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.



On 7 June 2013, the Company issued 27,777,778 Shares at a nominal issue price of 0.72¢ per Share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

On 26 June 2013, the Company issued 20,833,334 Shares at a nominal issue price of 0.72¢ per Share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

On 10 July 2013, the Company issued 13,888,889 Shares at a nominal issue price of 0.72¢ per Share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

On 17 July 2013, the Company issued 21,681,186 Shares at a nominal issue price of 0.69¢ per Share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

On 17 July 2013, the Company issued 3,000,000 Shares at a nominal issue price of 0.9¢ per Share to Podium International Pty Ltd in satisfaction of milestone-based fees in relation to the granting of EL 5119 as referenced in the ASX announcement of 23 May 2012.

On 19 July 2013, the Company issued 21,681,186 Shares at a nominal issue price of 0.69¢ per share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

On 15 August 2013, the Company issued 24,554,967 Shares at a nominal issue price of 0.61¢ per share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

On 20 August 2013, the Company issued 47,470,000 Shares at a nominal issue price of 0.63¢ per share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

On 22 August 2013, the Company issued 40,191,266 Shares at a nominal issue price of 0.63¢ per share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

On 22 August 2013, the Company issued 11,018,001 Shares at a nominal issue price of 0.64¢ per share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

On 12 September 2013, the Company issued 62,500,000 Shares at a nominal issue price of 0.72¢ per share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

Please note that Resolution 5 is a **special resolution** and therefore requires approval of at least 75% of votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or representative).

Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 5.



6. Resolution 6 – Approval of the issue of Securities under the ECT Executive & Director Incentive Plan

Background

The Board considers it important that a component of executive and Director remuneration be by way of the issue of Company Securities, to help align their interests to the success of the Company. The Company has an Executive and Director Incentive Plan (the **Plan**) that permits the issue of Shares or the grant of Options to eligible executives (including Executive Directors) as an incentive component of their remuneration and to reduce the cash expenditure of the Company.

The Plan does not contemplate the issue of Securities to Non-Executive Directors.

In respect of the Managing Director the issue of Shares, Options or Performance Rights under the Plan will be applied to the provision of bonuses and / or part of his base remuneration.

The Plan to be approved in Resolution 6 is structured to comply with Exception 9 in ASX Listing Rule 7.2 so that issues of Securities under the Plan will not be taken into account for the purposes of the 15% limit on Securities that may be issued under ASX Listing Rule 7.1, with the exception that Shares issued under the Plan will be added to the total number of Securities on issue against which the 15% limit is calculated. The issue of Securities to any Director of the Company will also require approval by Shareholders under Exception 4 in ASX Listing Rule 10.12 to ASX Listing Rule 10.11 which applies to acquisitions of Securities by a director or associate under an employee incentive scheme that have been approved for the purposes of ASX Listing Rule 10.14.

Executive bonuses

The Company has in the past provided equity incentives based upon achievement of pre-determined performance criteria. Past issues of Securities as part of employee remuneration were part of an incentive plan, but as it had never been explicitly approved pursuant to the requirements of Exception 9 in ASX Listing Rule 7.2 any issues were counted against the 15% limit allowed in ASX Listing Rule 7.1. The Company may grant bonuses on an annual basis to key management personnel through the Plan to reward performance against benchmarks agreed by the Board. Executive bonuses may exceed 20% of base remuneration, but only under certain pre-defined performance outcomes negotiated as part of executive's employment contract and may be paid in cash and Securities, including Fully Paid Ordinary shares, Company Options and/or Entitlement Rights. By approving Resolution 6, any issue of Securities issued pursuant to the Plan will not be counted against the 15% limit allowed in ASX Listing Rule 7.1. If Resolution 6 is not approved the Company may still issue Securities pursuant to the Plan, however any Securities issued will be counted against the 15% limit allowed in ASX Listing Rule 7.1.

The Company's Managing Director, Mr Ashley Moore, if eligible for bonuses pursuant to the Plan must seek and receive separate Shareholder approval for the Company to issue Securities to a Director pursuant to the Plan. Such approval by shareholders will be sought at the next General Meeting after Mr Moore becomes eligible.

Information required for Shareholder approval

Under ASX Listing Rule 7.2 Exception 9(b), the Company is required to provide the following information to shareholders to allow them to assess the proposed Plan:

Summary of the terms of the Plan

The objective of the ECT Executive & Director Incentive Plan (the Plan) is to assist in the reward, retention and motivation of executives and employees. Eligible participants in the Plan are executive directors, executives and other employees of ECT. The Plan permits the ECT Board from time to time at its discretion to issue Shares or the grant of Options or rights to Share or Options to eligible participants in the Plan. The Board will determine the procedure for issuing Shares, granting Options and rights to Share or Options, including the form and content of any invitation, offer or acceptance procedure. The Board may at its discretion impose one or more vesting conditions, including time or performance



conditions, at the time of grant of rights to Share or Options under the Plan. Any issue of Shares, grant of Options and rights to Share or Options will not confer any right or interest in Shares, nor have any entitlement to dividends until any Vesting Conditions have been met. Any Options or rights to Share or Options which have not been exercised will expire and cease to exist in accordance with the terms and conditions specified at the time of grant. The Plan permits the Board to enforce forfeiture of unvested Shares, grant of Options and rights to Share or Options under defined circumstances. If a change of control of ECT occurs, the Board may at its discretion resolve that the vesting conditions applicable to unvested Options or unvested rights to Share or Options be waived. A copy of the Plan is available from the Company upon request.

Prior Issues under the Plan

There have been no Securities issued under the Plan since the date of the last approval.

Voting exclusion statement

A voting exclusion statement relating to the approval of the Plan is included in the Notice of Annual General Meeting.

Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 6.

7. Resolution 7 – Approve the issue of New Options

New Options

The Company is proposing to offer options (**New Options**) to each holder of the Company's current series of listed options (**ESIO**) as at the date of their expiry, provided the holder does not exercise the ESIO held. The terms of the New Options will be (in summary):

Issue Price:	0.2 cents
Exercise Price:	1.8 cents
Expiry:	30 June 2017
Listed:	Yes
Eligibility:	Holders of Listed Options (ESIO) at 5.00 pm on 16 January 2014
Entitlement:	One New Option for each Listed Option (ESIO) held
Shortfall:	Directors reserve the right to place shortfall
Oversubscriptions:	Directors reserve the right to accept oversubscriptions
Capital raising:	Approximately \$1,700,000 if fully subscribed, based on the current number of Options on issue at the date of Notice being 871,885,303

The Directors intend to invite shareholders who are not holders of ESIO to submit expressions of interest in any shortfall. Invitations to express interest in shortfall will be sent to shareholders at the same time as applications for New Options are sent to former option holders. The Directors are considering underwriting arrangements for the offer. Directors and their associates may participate in the underwriting.

The number of ESIO on issue as at the date of this Explanatory Memorandum is 871,885,303. The Directors reserve the right to accept oversubscriptions. The total number of New Options to be issued, including oversubscriptions, will not exceed 120% of the number of ESIO on issue as at the ESIO expiry date, being 5pm on 16 January 2014. On the assumption that no ESIO is exercised and/or new ESIO are issued between the date of this Explanatory Memorandum and 16 January 2014, there will be 871,885,303 ESIO on issue and the maximum number of New Options will not exceed 1,046,262,364 (that is, 120% of 871,885,303).



On the assumptions that the offer is fully subscribed and there are no oversubscriptions, the offer will raise approximately \$1,700,000 before expenses based on the number of ESIO on issue at the date of this Notice. If the offer is fully subscribed and oversubscriptions of 20% are received and accepted the offer will raise approximately \$2,000,000 before expenses. As noted above, if any ESIO are exercised and/ or new ESIO are issued between the date of this Explanatory Memorandum and 16 January 2014, the maximum amount raised by the offer may change and the amounts that will be raised will also change.

The Company will apply for New Options to be quoted on ASX.

The Company may decide not to proceed with the offer and issue of New Options. The Board will make this decision based on its assessment of what is in the best interests of the Company at the time. Until the Directors consider that there is a high degree of certainty that the offer will proceed it will not expend substantial resources in developing the prospectus, underwriting agreements and other documents and arrangements required for the offer.

ASX Listing Rule 7.1 – Issue of New Options

Subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of equity securities that a company may issue or agree to issue without shareholder approval in any 12 month period to 15% of its issued securities. The New Options will be equity securities for these purposes. Resolution 7 seeks approval of the issue of New Options pursuant to ASX Listing Rule 7.1.

Information required for Shareholder approval

In accordance with ASX Listing Rule 7.3, the following information is provided to Shareholders:

1. The maximum number of New Options to be issued will be no greater than 120% of the number of ESIO on issue as at the ESIO expiry date, being 5pm on 16 January 2014. On the assumption that no ESIO are exercised and/ or new ESIO are issued between the date of this Explanatory Memorandum and 16 January 2014, there will be 871,885,303 ESIO on issue and the maximum number of New Options issued will not exceed 1,046,262,364 (that is, 120% of 871,885,303).
2. The issue of New Options is expected to occur in February 2014, but in any event no later than 3 months after the date of the Annual General Meeting, or such later date approved by ASX. If procedures for the offer and issue of the New Options cannot be completed within 3 months after the date of the Annual General Meeting, or such later date approved by ASX, the Company intends to call another general meeting of shareholders to approve the issue of the New Options.
3. The issue price of the New Options will be 0.2 cents.
4. New Options will be offered to holders of ESIO as at 5.00 pm on 16 January 2014 (the date of expiry of ESIO) on a 1 for 1 basis. The Directors reserve the right to place any shortfall.
5. The Terms of the New Options are the same as ESIO, except as set out above.
6. Funds raised by the issue of New Options will be used for:
 - operating capital; and
 - specific project development activities in support of the Coldry Demonstration Plant (CDP);
 - Coldry Project development activities in India; and
 - further development of the Matmor process.



7. The issue date of the New Options will be February 2014. The expected timetable for the offer and issue of New Options is as follows:

Event	Date
ESIO Expire. Record Date for determining Eligible Optionholders	5.00pm Thursday, 16 January
Lodgement of the Prospectus with ASIC and ASX	Friday, 17 January
End of the s727(3) of <i>Corporations Act 2001</i> waiting period	Friday, 24 January
Despatch of Offers to holders of ESIO and invitations to register expressions of interest to shareholders	Wednesday, 29 January
Opening Date of Offer	Tuesday, 4 February
Closing Date of Offer	Thursday, 13 February
Allocation of shortfall and issue of New Options	Wednesday, 19 February

Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 7.

8. Resolution 8 – Board Spill Meeting resolution

This resolution will only be put to the Annual General Meeting if at least 25% of the votes cast on the Resolution to adopt the Remuneration Report (Resolution 1) are cast against the adoption of that report.

If this resolution is put to the Annual General Meeting and passed, the Company must hold a further general meeting (the **spill meeting**) within 90 days after the spill resolution is passed in order to consider the composition of the Board.

All of the Company's Directors (other than the Managing Director), who were Directors of the Company when the Director resolution to make the Directors' Remuneration Report considered at the 2013 AGM was passed, will cease to hold office immediately before the end of the spill meeting and the Directors appointed by the spill meeting will commence to hold office at the end of the spill meeting.

Consequently, if the spill meeting is held, the following Directors will automatically vacate office at the conclusion of the spill meeting unless they are willing to stand for re-election and are re-elected at that meeting:

- Mr Stephen Carter
- Mr Iain McEwin
- Mr Glenn Fozard
- Mr Lloyd Thomson

Mr Ashley Moore, being the Managing Director of the Company, is not required under the Corporations Act to vacate office at the spill meeting or stand for re-election.

Notwithstanding the results of the spill meeting, the Company may retain three Directors (or two plus the Managing Director), being the minimum number of Directors required for a public company under the Corporations Act. If no person receives sufficient votes to be elected as a director by way of ordinary resolution, then the directors that are retained to maintain the statutory minimum will be those candidates for election with the most votes cast in favour of their election at the spill meeting, even if less than half the votes cast on the resolution were in favour of their appointment. If two or more persons have the same



percentage of votes in favour of their appointment, the other Directors will choose one of those persons as the appointed director.

The Company is not required to disregard any votes cast, including votes by Key Management Personnel or their Closely Related Parties, at the spill meeting.

The estimated cost to the Company of holding a spill meeting is approximately \$30,000.

Recommendation

As the Directors, other than the Managing Director, have a personal interest in the proposed resolution they make no recommendation as to how Shareholders should vote on this resolution. The Managing Director recommends that Shareholders vote against this resolution.



Glossary

In this Notice and Explanatory Memorandum:

\$ or A\$ means Australian dollars (AUD);

AGM means an annual general meeting;

Annual General Meeting or **Meeting** mean the annual general meeting of the Company to be held at 11:00am on Friday, 16th November 2012;

ASX means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires);

ASX Listing Rules means the listing rules of the ASX;

Auditor means BDO East Coast Partnership;

Board means the board of Directors of the Company;

Closely Related Party has the meaning given in section 9 of the Corporations Act and includes a spouse, dependent and certain other close family members, as well as companies controlled by a KMP.

Constitution means the constitution of the Company;

Corporations Act means the *Corporations Act 2001* (Cth);

Directors mean the directors of the Company from to time;

Explanatory Memorandum means the explanatory memorandum, which accompanies, and is incorporated as part of, the Notice of Meeting;

Environmental Clean Technologies, ECT or Company means Environmental Clean Technologies Limited ACN 009 120 405;

Key Management Personnel means person having authority and responsibility for planning, directing and controlling the activities of the Company and its controlled entities, directly or indirectly, including any Director (whether executive or otherwise);

KMP means a member of the Key Management Personnel

Menzies Securities means Menzies Securities Pty Ltd ACN 130 703 463;

Monash Capital means Monash Capital Group Pty Ltd ACN 117 708 442;

Notice, Notice of Meeting, or Notice of Annual General Meeting means the attached Notice of Meeting;

Options means options to acquire Shares;

Plan means the Executive and Director Incentive Plan of the Company;

Proxy Form means the proxy form, which accompanies this Notice;

Relevant Quarter means the three-month periods ending 31 March, 30 June, 30 September and 31 December of each year;

Resolution means the resolution to be put to shareholders at the Meeting, as set out in the Notice of Annual General Meeting;

Securities means Shares, Options, securities convertible into Share or rights to Shares or Options that maybe granted by the Company;

Shareholder means the registered holder of Shares; and

Shares means fully paid ordinary shares in the capital of the Company.