



**ENVIRONMENTAL CLEAN  
TECHNOLOGIES LIMITED**

# Notice of General Meeting

**24 May 2021**

TO BE HELD AT LEVEL 21, 55 COLLINS STREET MELBOURNE VIC 3000

**AT 10:00 AM (AEST) ON FRIDAY, 25 JUNE 2021**

**TO BE VALID, THE PROXY FORM FOR USE AT THE MEETING MUST BE COMPLETED AND RETURNED NO LATER THAN 10:00 AM (AEST) ON WEDNESDAY, 23 JUNE 2021.**

## **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.**

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**A Proxy Form is available online via the share registry using your personal login details. If you do not have login details, please visit [www.investor.automic.com.au](http://www.investor.automic.com.au) and register to access your ECT holding, download relevant forms and vote online.**



## Director's Letter

24 May 2021

Dear Shareholder,

This General Meeting will be held at Level 21, 55 Collins Street, Melbourne Vic 3000 at 10:00 am AEST on Friday, 25 June 2021.

The meeting is called to deal with the matters on the agenda. There will be a brief company update provided at the meeting by the Chairman.

Questions from Shareholders will be dealt with as they relate to the matters on the agenda and resolutions before the meeting.

I look forward to you joining us at the meeting.

Yours sincerely,

**Glenn Fozard**  
**Executive Chairman**



## Notice of General Meeting

The General Meeting of Environmental Clean Technologies Limited (ACN 009 120 405) (**Company**) will be held at Level 21, 55 Collins Street, Melbourne VIC 3000 at 10:00am (AEST), Melbourne time on 25 June 2021.

The Explanatory Memorandum which accompanies this Notice of Meeting is incorporated in and forms part of the Notice of Meeting. Expressions defined in the Explanatory Memorandum have the same meaning when used in this Notice of Meeting.

## AGENDA

### ORDINARY BUSINESS

#### 1. Resolution 1 - Ratification of the prior issue of Placement Shares

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

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, approval is given for the prior issue of the Placement Shares by the Company on the terms described in the Explanatory Memorandum.”*

#### Voting exclusion statement

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

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

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



## 2. Resolution 2 – Approval to issue Placement Options

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue the Placement Options on the terms described in the Explanatory Memorandum.”*

### **Voting exclusion statement**

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

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

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

## 3. Resolution 3 – Approval to issue up to maximum number of Shortfall Shares

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to the maximum number of Shortfall Shares on the terms described in the Explanatory Memorandum.”*

### **Voting exclusion statement**

In accordance with Listing Rule 14.11, the Company will disregard votes in favour of this resolution by a person who is expected to participate in or who will obtain a material benefit as a result of the proposed issue or any associate of that person except a benefit solely in the capacity of a holder of ordinary securities. Additionally, if a person votes in favour of this resolution and that person's votes are not disregarded, that person will not be entitled to participate in the proposed issue of Shortfall Shares.



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

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

#### **4. Resolution 4 – Approval to issue Lead Manager Options (LM Options)**

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue the LM Options to KAAI and/or its nominee(s) on the terms described in the Explanatory Memorandum.”*

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

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

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

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



## 5. Resolution 5 – Approval to issue ELF Shares

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of the ELF Shares to KAAI and/or its nominee(s) on the terms described in the Explanatory Memorandum.”*

### **Voting exclusion statement**

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

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

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

## 6. Resolution 6 – Approval to provide financial assistance in connection with the issue of ELF Shares

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

*“That, for all purposes, including for the purposes of section 260B of the Corporations Act 2001 (Cth), approval be given for financial assistance to be provided in connection with the issue of the ELF Shares on the terms described in the Explanatory Memorandum.”*

### **Voting exclusion statement**

In accordance with section 260B(1)(a) of the Corporations Act the Company will disregard votes in favour of this resolution by KAAI Pty Ltd ACN 644 272 131 trading as KAAI Capital (**Kaai**) or a nominee of Kaai being a person acquiring the ELF Shares or any associate of any of them.



## 7. Resolution 7 – Approval to issue up to the maximum number of Placement Fee Shares

To consider and, if thought fit, to pass the following 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 up to the maximum number of Placement Fee Shares to KAAI and/or its nominee(s) on the terms described in the Explanatory Memorandum.”*

### Voting exclusion statement

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

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

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

## 8. Resolution 8 – Approval to issue up to the maximum number of Placement Fee Options

To consider and, if thought fit, to pass the following 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 up to the maximum number of Placement Fee Options to KAAI and/or its nominee(s) on the terms described in the Explanatory Memorandum.”*

### Voting exclusion statement

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



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

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

## 9. Resolution 9 – Approval to issue up to the maximum number of SPP Fee Shares

To consider and, if thought fit, to pass the following 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 up to the maximum number of SPP Fee Shares to KAAI and/or its nominee(s) on the terms described in the Explanatory Memorandum.”*

### **Voting exclusion statement**

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

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

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





## **10. Resolution 10 – Consolidation of the Company’s issued capital**

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

*“That, for the purpose of Section 254H(1) of the Corporations Act and for all other purposes, the Shares of the Company be consolidated by the conversion of every ten (10) Shares held by a Shareholder into one (1) Share and, where this Consolidation results in a fraction of a Share being held, the Company be authorised to round that fraction down to the nearest whole Share or zero with a corresponding consolidation of all other securities on issue, as applicable, with the consolidation to take effect in accordance with the timetable and otherwise on the terms described in the Explanatory Memorandum.”*

## **11. Resolution 11 – Amendment of Company Constitution**

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

*“That pursuant to section 136 of the Corporations Act, the Constitution be amended in the manner described in the Explanatory Memorandum.”*

## **12. OTHER BUSINESS**

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



## Explanatory Memorandum

The Explanatory Memorandum forms part of the Notice of General Meeting which it accompanies and should be read in conjunction with it. A glossary of terms used in the Notice of 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 23 June 2021. 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 all Resolutions. If you want the Chairman to vote as your proxy but to vote otherwise you need to indicate your voting directions by marking the relevant boxes on the Proxy Form.

#### **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, Automic Pty Ltd, on request by contacting them directly. Contact details for Automic 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 the Company's share registry by 10.00am on 23 June 2021.

A Proxy Form is included with this Notice. If you require a second proxy form, please contact the Company's 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:

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

#### **Automic Registry Services**

**Postal Address:** GPO Box 5193  
Sydney NSW 2001

**Street Address:** Level 5  
126 Phillip Street  
Sydney, NSW, Australia 2000

**Telephone:** 1300 288 664  
+61 2 9698 5414

**Email** meetings@automic.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 or the Company's share registry will need to verify your identity.



## Questions from Shareholders

Please note that written questions to the Company must be received no later than 7pm, (AEST) on 23 June 2021.

We will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the meeting. However, there may not be sufficient time available at the meeting to address all of the questions raised. Please note that individual responses will not be sent to Shareholders.

Questions to the Company should relate to matters that are relevant to the Meeting.

By order of the Board.

**Glenn Fozard**  
**Chairman**

24 May 2021



# Explanatory Memorandum

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

The General Meeting will be held on 25 June 2021 at 10:00 AM, Melbourne time.

## 1. BACKGROUND

### Capital Raise

As announced to the market on 7 April 2021, the Company is undertaking a capital raising to raise a total of up to \$3.5 million (before costs) (**Capital Raise**). The Capital Raise comprises:

- a placement to sophisticated and institutional investors to raise \$1.5 million through the issue of 1,500,000,000 Shares at an issue price of \$0.001 per Share (**Placement Shares**) (**Placement**). The Placement Shares were issued on 15 April 2021 pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1. Subject to Shareholder approval, investors in the Placement are to receive 1 free attaching listed Option (ASX:ECTO) for every 3 Shares issued under the Placement (**Placement Options**); and
- a share purchase plan to raise up to \$2 million through the issue of up to 1,250,000,000 Shares at an issue price of \$0.0016 per Share (**SPP**). The SPP is due to close on 4 June 2021. The SPP pricing was determined to satisfy the requirements of ASX Listing Rule 7.2 (exception 5) and ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547.

### Mandate

The Company has appointed KAAI Pty Ltd ACN 644 272 131 trading as KAAI Capital (**Kaai**) as lead manager to the Placement and to any shortfall arising out of the SPP (**SPP Shortfall**) (**Shortfall Shares**). The Company and Kaai entered into a lead manager mandate on 6 April 2021 (**Mandate Letter**).

Pursuant to the Mandate Letter, Kaai will lead manage the Placement and any SPP Shortfall.

Under the Mandate Letter, in consideration for lead manager services provided and to be provided by Kaai, the Company has agreed to pay Kaai the following fees:

- a fee of 6% of the amount raised under the Placement (which Kaai may elect to receive in Shares (**Placement Fee Shares**) and attaching listed Options (ASX:ECTO) (**Placement Fee Options**) on the same terms as the Placement. Kaai has elected to receive the entire fee in Shares and Options, and this will result in the issue of 90,000,000 Placement Fee Shares and 30,000,000 Placement Fee Options to Kaai or its nominees;
- the issue of Options to Kaai (on the same terms as the Company's existing listed Options) (ASX:ECTO) on the basis of 1 Option for every 2 Shares that are issued under the Placement and SPP Shortfall (**LM Options**). This results in the proposed issue of up to 1,375,000,000 LM Options to Kaai at an issue price of \$0.00001 per option; and
- if there is a SPP Shortfall, a fee of 6% of the amount that Kaai places in Shortfall Shares under the SPP Shortfall (which Kaai may elect to receive in Shares (**SPP Fee Shares**) on



the same terms as the SPP). Depending on whether Kaai places any Shortfall Shares and elects to receive fees in shares, this will result in the issue of up to 75,000,000 SPP Fee Shares to Kaai or its nominees.

Additionally, subject to Shareholder approval being obtained (as contemplated at this meeting), the Company will establish an Equity Lending Facility (**ELF**) with Kaai (or its nominee), on the following terms and conditions:

- Under the ELF Kaai (or its nominee) will be invited to acquire 350,000,000 Shares in the Company at an issue price of \$0.002 each (**ELF Shares**) which will have a holding lock applied.
- The subscription price of \$700,000 will be funded by way of a loan from ECT Finance Limited (a wholly owned subsidiary of the Company) (**ECT Finance**) to the holder, with the loan to be secured against the ELF Shares.
- At any time in the 3 years after the issue of the ELF Shares, the holder may elect to repay ECT Finance the loan (including any accrued and unpaid interest and fees), in which case the security and the holding lock will be lifted. If the holder does not pay this amount by the due date, the ELF Shares will be sold or cancelled. Under the ELF, the Company has the right to sell the ELF Shares. Alternatively, the Company could with shareholder approval cancel the ELF Shares as a reduction of capital.
- Under the ELF, the holder will pay an interest rate of 11.95% (in cash), or a concessional interest rate of 5.95% (in cash) if there is no event of default subsisting.
- The holder is also required to pay an establishment fee of \$200, a SMSF custodian fee of \$200 (if applicable) and a management fee of 2% of the principal outstanding on each 6 month anniversary of the drawdown date (unless the loan strike ratio is less than 85% - this ratio is the amount of the loan outstanding after repayments as a percentage of the original loan, so in broad terms will apply after 15% of the loan is repaid). The management fee will be capitalised and paid at maturity of the ELF.
- The \$700,000 can be partially repaid by the holder at any time, in which case, ECT Finance and the Company will have discretion to release the security and holding lock over a portion of the ELF Shares (but is not obliged to do so).

The Directors have valued the Placement Fee Options, LM Options and ELF Shares in accordance with the valuation set out in Annexure C, which can be summarised as follows:

Type	Number (maximum)	Value
Placement Fee Options	30,000,000	\$15,000
Placement Fee Shares	90,000,000	\$90,000
LM Options	1,405,000,000*	\$702,500*
SPP Fee Shares	85,000,000	\$120,000
ELF Shares	350,000,000	\$262,500

*\*this assumes that the entire SPP is placed as shortfall. In practice, this would be extremely unlikely, and therefore the actual number of LM Options issued, and their value can be expected to be much lower.*

Under the Mandate Letter, Kaai acted as the exclusive lead manager of the Capital Raise, and also has a right of first refusal to act as lead manager in relation to any future capital raises by the Company in the next 12 months.



## Dilution

The table below outlines the maximum dilution that existing Shareholders may experience in the circumstance that each of the Resolutions contemplated in this Notice of Meeting are passed and all securities are issued (i.e., after the issue of each of the Placement Options, Placement Fee Shares, Placement Fee Options, LM Options, SPP Fee Shares and ELF Shares):

SHARES (ASX:ECT)			
Resolution	Shares on issue prior to passage of the Resolution	Shares on issue post passage of the Resolution	Change
1	11,584,624,952	11,584,624,952	NIL
3	11,584,624,952	12,834,624,952	10.79%
5	11,584,624,952	11,934,624,952	3.02%
7	11,584,624,952	11,674,624,952	0.78%
9	11,584,624,952	11,659,624,952	0.65%
<b>Total</b>	<b>11,584,624,952</b>	<b>14,849,624,952</b>	<b>28.18%</b>

Note: Shares relating to Resolution 1 have already been issued under the Company's existing 15% capacity under Listing Rule 7.1.

OPTIONS (ASX:ECTO)			
Resolution	Options on issue prior to passage of the Resolution	Options on issue post passage of the Resolution	Change
2	2,495,206,487	2,995,206,487	20.04%
4	2,495,206,487	3,870,206,487	55.11%
8	2,495,206,487	2,525,206,487	1.20%
<b>Total</b>	<b>2,495,206,487</b>	<b>4,400,206,487</b>	<b>76.35%</b>

Note: the table above assumes all securities contemplated by the Resolutions will be issued, and therefore sets out the maximum dilution that may be experienced by existing Shareholders. However, Shareholders should note that if the SPP is fully subscribed by existing Shareholders and there is no SPP Shortfall, the SPP Fee Shares will not be issued. Further, as detailed above, there are certain circumstances under which the ELF Shares may be cancelled, in which case the dilution impact on existing Shareholders will be less.

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

### (a) General

The Company issued 1,500,000,000 fully paid ordinary shares to professional and sophisticated investors under the Placement (**Placement Shares**) on 15 April 2021 at \$0.001 per Share raising \$1.5 million (before costs). The Placement Shares were issued under the Company's 15% placement capacity under ASX Listing Rule 7.1.

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



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

**(b)** Technical information required by ASX Listing Rule 14.1A

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

**(c)** 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 1:

- (d)** the persons to whom the Company issued the Placement Shares are institutional and sophisticated investors introduced to the Company by Kaai as lead manager of the Placement, which included each of the following:
- LJ & K Thomson Pty Ltd (a substantial holder in the Company) – 250,000,000 Placement Shares;
  - Romfal Sifat Pty Ltd (an entity associated with Kaai, the lead manager) – 56,000,000 Placement Shares;
  - Benefico Pty Ltd (an entity associated with Kaai, the lead manager) – 50,000,000 Placement Shares;
  - Blue Olive Capital Pty Ltd (an entity associated with Kaai, the lead manager) – 220,000,000 Placement Shares;
  - Hyva Pty Ltd (an entity associated with Kaai, the lead manager) – 20,000,000 Placement Shares;
  - Flavocado Pty Ltd (an entity associated with Kaai, the lead manager) – 10,000,000 Placement Shares;
  - Velvet Heart Pty Ltd (an entity associated with Kaai, the lead manager) – 9,000,000 Placement Shares;
  - Clear Stream Super Pty Ltd (an entity associated with Kaai, the lead manager) – 10,000,000 Placement Shares;
  - Arkalya Pty Ltd (an entity associated with Kaai, the lead manager) – 40,000,000 Placement Shares;





- Godin Corp Pty Ltd (an entity associated with Kaai, the lead manager) – 65,000,000 Placement Shares;
  - Kojun Pty Ltd (an entity associated with Kaai, the lead manager) – 105,000,000 Placement Shares;
  - Onyx Corporate Pty Ltd (an entity associated with Kaai, the lead manager) – 10,000,000 Placement Shares; and
  - Ciganek Super Pty Ltd (an entity associated with Euclase, the corporate advisor) – 25,000,000 Placement Shares;
- (e) 1,500,000,000 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 ordinary Shares;
- (f) the Placement Shares were issued on 15 April 2021;
- (g) the Placement Shares were issued at an issue price of \$0.001 per Share; and
- (h) the funds raised from the issue of the Placement Shares will be used to fund the Company's ongoing operations, continued development of its technologies and other synergistic acquisition opportunities in the clean technology sector.

(i) Recommendation

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 1. Each Director has indicated that he intends to vote in favour of Resolution 1 in respect of Shares he owns or controls.

(j) Voting exclusion statement

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

### 3. RESOLUTION 2 – APPROVAL TO ISSUE PLACEMENT OPTIONS

(a) General

Subject to Shareholder approval, for every 3 Shares issued to investors under the Placement, the Company proposes to issue 1 free attaching listed Option on the same terms as the Company's existing listed Options (ASX:ECTOE) (**Placement Options**).

(b) Consolidation

If the Effective Date (the effective date of the Consolidation which will be the date of the Meeting, 25 June 2021 assuming resolution 9 is passed) occurs on or before the date of issue of the Placement Options the number of Placement Options issued to investors under the Placement will be reduced accordingly (to 1 Placement Option for every 30 shares issued to those investors). Fractions of Placement Options resulting from the consolidation will be rounded up to the nearest whole number.

(c) ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 2(a) of this Explanatory Memorandum. The proposed issue of the Placement Options does not fall within any of the exceptions in ASX Listing Rule 7.2 and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.



**(d) Technical information required by ASX Listing Rule 14.1A**

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Placement Options under the terms of the Placement. In addition, the issue of the 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 2 is not passed, the Company will not be able to proceed with the issue of the Placement Options unless the issue of the Placement Options is able to be made following the Meeting from the Company's 15% placement capacity under ASX Listing Rule 7.1.

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

**(e) 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 2:

- (i) The Placement Options will be issued to the professional and sophisticated investors who participated in the Placement, which included each of the following:
- LJ & K Thomson Pty Ltd (a substantial holder in the Company) – 83,333,333 Placement Options;
  - Romfal Sifat Pty Ltd (an entity associated with Kaai, the lead manager) – 18,666,667 Placement Options;
  - Benefico Pty Ltd (an entity associated with Kaai, the lead manager) – 16,666,667 Placement Options;
  - Blue Olive Capital Pty Ltd (an entity associated with Kaai, the lead manager) – 73,333,333 Placement Options;
  - Hyva Pty Ltd (an entity associated with Kaai, the lead manager) – 6,666,667 Placement Options;
  - Flavocado Pty Ltd (an entity associated with Kaai, the lead manager) – 3,333,333 Placement Options;
  - Velvet Heart Pty Ltd (an entity associated with Kaai, the lead manager) – 3,000,000 Placement Options;
  - Clear Stream Super Pty Ltd (an entity associated with Kaai, the lead manager) – 3,333,333 Placement Options;
  - Arkalya Pty Ltd (an entity associated with Kaai, the lead manager) – 13,333,333 Placement Options;
  - Godin Corp Pty Ltd (an entity associated with Kaai, the lead manager) – 21,666,667 Placement Options;
  - Kojun Pty Ltd (an entity associated with Kaai, the lead manager) – 35,000,000 Placement Options;
  - Onyx Corporate Pty Ltd (an entity associated with Kaai, the lead manager) – 3,333,333 Placement Options; and
  - Ciganek Super Pty Ltd (an entity associated with Euclase, the corporate advisor) – 8,333,333 Placement Options;
- (ii) the maximum number of Placement Options to be issued is 500,000,000 (50,000,000 post Consolidation);



- (iii) the 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);
- (iv) pursuant to the terms of the Placement, ECT will apply to ASX for the quotation of the Placement Options in the same class as the Company's existing listed Options on issue (ASX:ECTO which are exercisable at \$0.003 per Placement Option and will expire on 17 February 2023). The Company will not receive any other consideration for the issue of the Placement Options (other than in respect of funds received on exercise of the Placement Options). The full terms of the Placement Options (being the terms of the existing listed ECTOE Options on issue) are set out in Annexure B;
- (v) the Placement Options are free attaching options under the Placement which raised \$1.5 million (before costs);
- (vi) The Company intends to apply the funds raised from the Placement to fund the Company's ongoing operations, continued development of its technologies and other synergistic acquisition opportunities in the clean technology sector;
- (vii) the Placement Options are not being issued under an agreement; and
- (viii) the Placement Options are not being issued under, or to fund, a reverse takeover.

**(f) Recommendation**

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

**(g) Voting exclusion statement**

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

**4. RESOLUTION 3 – APPROVAL TO ISSUE UP TO MAXIMUM NUMBER OF SHORTFALL SHARES**

**(a) General**

As noted above, the Company is undertaking the SPP to raise up to \$2 million (before costs). In the event eligible shareholders do not take up the SPP in full, Kaai will seek to place the SPP Shortfall to sophisticated and professional investors (**Shortfall Shares**) (**SPP Shortfall**). If eligible shareholders take up the SPP in full, no Shortfall Shares will be issued pursuant to Resolution 3.

**(b) Consolidation**

If the Effective Date (the effective date of the Consolidation which will be the date of the Meeting 25 June 2021 assuming resolution 9 is passed) occurs on or before the date of issue of the Shortfall Shares the number of Shortfall Shares issued will be reduced accordingly (to 1 Shortfall Share for every 10 Shortfall Shares that would have been issued but for the Consolidation). Fractions of Shortfall Shares resulting from the Consolidation will be rounded up to the nearest whole number.



**(c) ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is set out in section 2(a) of this Explanatory Memorandum. The proposed issue of the Shortfall Shares does not fall within any of the exceptions in ASX Listing Rule 7.2 and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.

**(d) Technical information required by ASX Listing Rule 14.1A**

If Resolution 3 is passed, the Company will be able to proceed with the issue of any Shortfall Shares. In addition, the issue of the Shortfall Shares 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 3 is not passed, the Company will not be able to proceed with the issue of the Shortfall Shares unless the issue of the Shortfall Shares is able to be made following the Meeting from the Company's 15% placement capacity under ASX Listing Rule 7.1.

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

**(e) 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 3:

- (i) the Shortfall Shares will be issued to professional and sophisticated investors introduced by Kaai;
- (ii) the maximum number of Shortfall Shares to be issued is 1,250,000,000 (this is assuming that there is no take up by existing Shareholder whatsoever under the SPP, which is unlikely) (125,000,000 post Consolidation);
- (iii) the Shortfall Shares 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);
- (iv) the Shortfall Shares will be fully paid ordinary shares in the capital of the Company ranking equally with existing Shares;
- (v) any Shortfall Shares will be issued at an issue price of \$0.0016 per Share (being the issue price under the SPP) are being issued under the terms of the SPP to raise up to a maximum of \$2 million (before costs);
- (vi) The Company intends to apply any funds raised from the issue to fund Company's ongoing operations, continued development of its technologies and other synergistic acquisition opportunities in the clean technology sector;
- (vii) the Shortfall Shares are not being issued under an agreement; and
- (viii) the Shortfall Shares are not being issued under, or to fund, a reverse takeover.

**(f) Recommendation**

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



**(g) Voting exclusion statement**

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

**5. RESOLUTION 4 – APPROVAL TO ISSUE LM OPTIONS**

**(a) General**

As noted in section 1, pursuant to the Mandate Letter, the Company has agreed to issue Kaai (or its nominee) up to 1,375,000,000 options (on the same terms as the existing listed Options (ASX:ECTOE)) (**LM Options**) on the basis of one LM Option for every 2 Shares issued under the Placement and SPP Shortfall.

**(b) Consolidation**

If the Effective Date (the effective date of the Consolidation which will be the date of the Meeting 25 June 2021 assuming resolution 9 is passed) occurs on or before the date of issue of the LM Options the number of LM Options will be reduced accordingly (to 1 LM Option for every 10 LM Options that would have been issued but for the Consolidation). Fractions of LM Options resulting from the Consolidation will be rounded up to the nearest whole number.

**(c) ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is set out in section 2(a) of this Explanatory Memorandum.

The proposed issue of the LM Options does not fall within any of the exceptions in ASX Listing Rule 7.2 and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.

**(d) Technical information required by ASX Listing Rule 14.1A**

If Resolution 4 is passed, the Company will be able to proceed with the issue of the LM Options. In addition, the issue of the LM 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 4 is not passed, the Company will not be able to proceed with the issue of the LM Options for services rendered by Kaai, unless the issue of the LM Options to Kaai is able to be made following the Meeting from the Company's 15% placement capacity under ASX Listing Rule 7.1. Under the Mandate Letter, the Company has agreed that it will issue the LM Options as soon as it has sufficient capacity to under its placement capacities.

Resolution 4 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of the LM options.



### (e) Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (i) the LM Options will be issued to Kaai or its nominees. None of the allottees will be a related party of the Company;
- (ii) the maximum number of LM Options to be issued is 1,375,000,000 (137,500,000 post Consolidation): This assumes that there is no take up at all under the SPP and that the maximum number of Shortfall Shares is placed, which is unlikely;
- (iii) the LM 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);
- (iv) the LM Options will be issued at a price of \$0.00001, and as part of the consideration for services provided and to be provided by Kaai under the Mandate Letter. The full terms of the LM Options (being the terms of the existing listed ECTOE Options on issue) are set out in Annexure B;
- (v) the purpose of the issue of the LM Options is to appropriately remunerate Kaai for its services rendered and to be rendered to the Company pursuant to the Mandate Letter. A valuation of the LM Options is set out in Annexure C;
- (vi) The LM Options are being issued pursuant to the Mandate Letter. The key terms of the Mandate Letter are detailed earlier in this Notice of Meeting; and:
- (vii) the LM Options are not being issued under, or to fund, a reverse takeover.

### (f) Recommendation

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

### (g) 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 ELF SHARES

### (a) Background

As noted in section 1, pursuant to the Mandate Letter, the Company has invited Kaai (or its nominees) to acquire 350,000,000 Shares in the Company at \$0.002 per Share, under an equity lending facility (**ELF**), which will expire 3 years from the date of issue (**ELF Shares**).

### (a) Consolidation

If the Effective Date (the effective date of the Consolidation which will be the date of the Meeting 25 June 2021 assuming resolution 9 is passed) occurs on or before the date of issue of the ELF Shares the number of ELF Shares will be reduced accordingly (to 1 ELF Share for every 10 ELF Shares that would have been issued but for the Consolidation) and the price of issue will be increased accordingly (from \$0.002 to \$0.2). Fractions of ELF Shares resulting from the Consolidation will be rounded up to the nearest whole number.



## **(b) ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is set out in section 2(a) of this Explanatory Memorandum. The proposed issue of the ELF Shares does not fall within any of the exceptions in ASX Listing Rule 7.2 and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.

## **(c) Technical information required by ASX Listing Rule 14.1A**

If Resolution 5 is passed, the Company will be able to proceed with the issue of the ELF Shares under the terms of the ELF. In addition, the issue of the ELF Shares 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 5 is not passed, the Company will not be able to proceed with the issue of the ELF Shares unless the issue of the ELF Shares is able to be made following the Meeting from the Company's 15% placement capacity under ASX Listing Rule 7.1. Under the Mandate Letter, the Company has agreed that it will issue the ELF Shares as soon as it has sufficient capacity to under its placement capacities.

Resolution 5 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of the ELF Shares.

## **(d) 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 5:

- (i) the ELF Shares will be issued to nominees of Kaai. Kaai has nominated 5 entities to receive the ELF Shares in equal proportions (being 70,000,000 ELF Shares each), being Romfal Sifat Pty Ltd (an entity associated with a Director of Kaai), Arkyn Pty Ltd (an entity associated with a Director of Kaai), Tellaro Pty Ltd (an entity associated with a Director of Kaai), Godin Pty Ltd (an entity associated with a Director of Kaai); and Euclase Pty Ltd, the Company's Corporate Advisor. As noted in the 7 April 2021 ASX announcement, the Company was introduced to Euclase through Kaai.;
- (ii) the number of ELF Shares to be issued is 350,000,000 (35,000,000 post Consolidation);
- (iii) the ELF Shares 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);
- (iv) the ELF Shares will be fully paid ordinary shares in the capital of the Company ranking equally with existing Shares, however they will be subject to a holding lock until such time as they are released in accordance with the terms of the ELF;
- (v) pursuant to the terms of the ELF, each ELF Share will be issued in the Company at \$0.002 (\$0.02 post Consolidation) per ELF Share;
- (vi) the ELF Shares are being issued as contemplated under the Mandate Letter and pursuant to the terms of the ELF. The key terms of the ELF are summarised in Resolution 6. No funds will initially be raised through the issue of the ELF Shares, however, as detailed below, up to \$700,000 (plus interest and fees) may be raised under the ELF;
- (vii) The Company intends to apply any funds raised from the issue to fund Company's ongoing operations, continued development of its technologies and other synergistic acquisition opportunities in the clean technology sector;



- (viii) the ELF Shares are being issued under the ELF Agreement, the key terms of which are summarised below in Resolution 6;
- (ix) the ELF Shares are not being issued under, or to fund, a reverse takeover.

**(e) Recommendation**

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

**(f) Voting exclusion statement**

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

**7. RESOLUTION 6 – APPROVAL TO PROVIDE FINANCIAL ASSISTANCE IN CONNECTION WITH THE ISSUE OF ELF SHARES**

**(a) Background**

The ELF Share acquisition by Kaai or its nominees (as contemplated by Resolution 5 above) will be funded by way of a loan under an Equity Lending Facility (**ELF**) provided by the Company's wholly-owned subsidiary, ECT Finance Limited.

ECT Finance Limited's ordinary business includes providing finance and taking security for that finance. The ELF loan will have a 3-year term, be secured over the ELF Shares, be limited recourse and bear interest at 5.95% per annum. ECT Finance Limited is funded by a loan facility provided to it by the Company.

This transaction constitutes the provision of financial assistance for the purposes of section 260A of the Corporations Act. ECT Finance Limited may, and proposes to, provide the financial assistance with Shareholder approval. It is also necessary for Shareholders to approve the provision of financial assistance.

**(b) Restrictions on companies giving financial assistance**

Resolution 6 seeks Shareholder approval for the purpose of complying with section 260A of the Corporations Act.

Under this section, a company may financially assist a person to acquire shares in the company or in a holding company of the Company, if giving the assistance:

- (i) does not materially prejudice the interests of the company or its shareholders, or the Company's ability to pay its creditors; or
- (ii) the assistance is approved by shareholders of the company and if relevant the holding company under section 260B (that section also requires advance notice to the Australian Securities & Investments Commission); or
- (iii) if the assistance is exempted under section 260C.

The Company is seeking approval for the financial assistance under section 260B. ECT Finance Limited has separately sought and obtained approval from its shareholder.





### **(c) Overview of arrangements**

The loan from ECT Finance Limited will be provided under an agreement containing the following principal terms:

- Borrower: Kaai Pty Ltd (or its nominees)
- Loan amount: \$700,000
- Interest: 11.95% pa or 5.95% pa if there is no event of default subsisting. The ELF documentation includes usual events of default including non-payment of amounts due, non-compliance with other provisions of the ELF documentation and the occurrence of insolvency events.
- Term: 3 years
- Purpose: the acquisition of 350,000,000 ELF Shares (35,000,000 post Consolidation)
- Security: secured against the ELF Shares, with the ELF Shares subject to a holding lock
- Recourse: limited to the ELF Shares

#### **(ELF Agreement).**

Under the ELF Agreement, the Borrower may, at any time during the 3 year term, elect to repay the Loan (including accrued interest), in which case the security will be released and the Company will remove the holding lock on the ELF Shares and the Borrower will legally and beneficially hold the ELF Shares and be free to trade them on ASX. If the Borrower makes a partial repayment of the Loan, the Company retains the discretion to release the security over a portion of the ELF Shares (but is not obliged to do so). If the Borrower does not elect to repay the Loan by the end of the 3 year term, the Company will cancel the ELF Shares and the loan (including accrued interest) will be forgiven.

### **(d) Approval of the financial assistance**

#### *Financial assistance approval*

It is proposed that the financial assistance described above be approved by Shareholders under Resolution 6, pursuant to section 260B of the Corporations Act.

#### *Reasons for giving financial assistance*

The reason for giving the financial assistance is to enable the Company to comply with certain of its obligations to Kaai under the Mandate Letter.

#### *Advantages of the proposed financial assistance – Resolution 6*

The advantages to the Company of the proposed financial assistance and Resolution 6 include that:

- the Company will be able to comply with its obligations to Kaai under the Mandate Letter;
- ECT Finance Limited will take security over the ELF Shares acquired by the Borrower under the ELF Agreement; and
- if a loan under the ELF Agreement is repaid, the Company will receive capital and cashflow.



### *Disadvantages of the proposed financial assistance*

The disadvantages to the Company of the proposed Resolution 6 includes that:

- Shareholders' proportionate holdings will be diluted by the issue of the ELF Shares;
- a borrower may default under the ELF Agreement; and
- if a default under the ELF Agreement occurs, ECT Finance Limited may take enforcement actions that may include that the shares subject to the ELF Agreement be disposed of.

### *Effect of Financial Assistance*

On balance, the Board considers that the financial assistance as described above does not materially prejudice the interests of the Company, its Shareholders or its ability to pay its creditors for the following reasons:

- the factors indicating that the financial assistance is favourable to the Company's Shareholders outweigh the factors which indicate the financial assistance is unfavourable to the Company's Shareholders;
- the ELF loan provided by ECT Finance Limited to the Borrower will be within the ordinary course of ECT Finance Limited's business and on arms' length commercial terms;
- the giving of the financial assistance will not impact on the ability of the Company to pay its debts as and when they fall due;
- the completion of the transactions and arrangements contemplated this section of this Explanatory Memorandum will not materially adversely affect the day to day operations of the Company or ECT Finance Limited;
- the Company may receive capital for the new issue of 350,000,000 ELF Shares;
- the terms of the ELF Agreement, and the loan facility from the Company to ECT Finance Limited, are such that the giving of the financial assistance will not result in the diminution of the Company's, or ECT Finance Limited's, assets to the extent that is materially prejudicial to the interest of the Company, its Shareholders or the Company's ability to pay its creditors.

Accordingly, the Board considers that:

- the financial assistance as contemplated in this Resolution 6 of this Explanatory Memorandum does not materially prejudice the interests of the Company or its Shareholders;
- the giving of the financial assistance will not materially prejudice the Company's ability to pay its creditors; and
- the Company is and will remain solvent after the financial assistance is given and the transactions and arrangements contemplated in this Resolution of this Explanatory Memorandum are entered into.

### **(e) Prior notice to Australian Securities & Investments Commission**

As required by section 260B(5) of the Corporations Act, copies of the Notice and this Explanatory Memorandum as sent to the Shareholders were lodged with the Australian Securities & Investments Commission prior to their dispatch to Shareholders.



**(f) Recommendation**

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 6. Each Director has indicated that he intends to vote in favour of Resolution 6 in respect of Shares he owns or controls.

**8. RESOLUTION 7 – APPROVAL OF THE ISSUE OF THE PLACEMENT FEE SHARES**

**(a) General**

As noted in section 1, pursuant to the Mandate Letter Kaai may elect to receive its some or all of its 6% capital raising fee in Shares and Options on the same terms as the Placement. Kaai has elected to receive entire fee in Shares and Options, and as a result 90,000,000 Shares (**Placement Fee Shares**) and 30,000,000 Options (on the same terms as the exiting listed ASX:ECTOEO options) (**Placement Fee Options**) will be issued to Kaai or its nominees. Resolution 7 seeks shareholder approval for the issue of the Placement Fee Shares and Resolution 8 seeks shareholder approval for the issue of the Placement Fee Options.

**(b) Consolidation**

If the Effective Date (the effective date of the Consolidation which will be the date of the Meeting 25 June May 2021 assuming Resolution 10 is passed) occurs on or before the date of issue of the Placement Fee Shares the number of Placement Fee Shares issued will be reduced accordingly (to 1 Placement Fee Share for every 10 Placement Fee Shares that would have been issued but for the Consolidation). Fractions of Placement Fee Shares resulting from the Consolidation will be rounded up to the nearest whole number.

**(c) ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is set out in section 2(a) of this Explanatory Memorandum.

The proposed issue of the Placement Fee Shares does not fall within any of the exceptions in ASX Listing Rule 7.2 and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.

**(d) Technical information required by ASX Listing Rule 14.1A**

If Resolution 7 is passed, the Company will be able to proceed with the issue of the Placement Fee Shares to Kaai or its nominees. In addition, the issue of the Placement Fee Shares 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 7 is not passed, the Company will not be able to proceed with the issue of the Placement Fee Shares, unless the issue of the Placement Fee Shares to Kaai or its nominees are able to be made following the Meeting from the Company's 15% placement capacity under ASX Listing Rule 7.1. Under the Mandate Letter, the Company has agreed that it will issue the Placement Fee Shares as soon as it has sufficient capacity to under its placement capacities.



Resolution 7 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of Placement Fee Shares.

**(e) Technical information required by ASX Listing Rule 7.1 – Placement Fee Shares**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 7 with respect to the Placement Fee Shares:

- (i) the Placement Fee Shares will be issued to Kaai or its nominees. None of the allottees is a related party of the Company;
- (ii) the maximum number of Placement Fee Shares to be issued is 90,000,000 (9,000,000 post Consolidation). The notional value of the Placement Fee Shares is \$90,000;
- (iii) the Placement Fee Shares 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);
- (iv) the Placement Fee Shares are being issued as the Lead Manager has elected to receive its 6% capital raising fee in Placement Fee Shares and Placement Fee Options instead of cash;
- (v) the Placement Fee Shares issued will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (vi) the purpose of the issue of the Placement Fee Shares is to satisfy the Company's obligations under the Mandate Letter;
- (vii) The Placement Fee Shares are being issued pursuant to the Mandate Letter. The key terms of the Mandate Letter are detailed earlier in this Notice of Meetings; and
- (viii) the Placement Fee Shares are not being issued under, or to fund, a reverse takeover.

**(f) Recommendation**

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 7. Each Director has indicated that he intends to vote in favour of Resolution 7 in respect of Shares he owns or controls.

**(g) Voting exclusion statement**

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

**9. RESOLUTION 8 – APPROVAL OF THE ISSUE OF THE PLACEMENT FEE OPTIONS**

**(a) General**

As noted in section 1, pursuant to the Mandate Letter Kaai may elect to receive its some or all of its 6% capital raising fee in Shares and Options on the same terms as the Placement. Kaai has elected to receive entire fee in Shares and Options, and as a result 90,000,000 Placement Shares and 30,000,000 Options Placement Fee Options will be issued to Kaai or its nominees. Resolution 7 seeks shareholder approval for the issue of the Placement Fee Shares and Resolution 8 seeks shareholder approval for the issue of the Placement Fee Options.



## **(b) Consolidation**

If the Effective Date (the effective date of the Consolidation which will be the date of the Meeting 25 June 2021 assuming resolution 10 is passed) occurs on or before the date of issue of the Placement Fee Options, the number of Placement Fee Options issued will be reduced accordingly (to 1 Placement Fee Option for every 10 Placement Fee Options that would have been issued but for the Consolidation). Fractions of Placement Fee Options resulting from the Consolidation will be rounded up to the nearest whole number.

## **(c) ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is set out in section 2(a) of this Explanatory Memorandum.

The proposed issue of the Placement Fee Options does not fall within any of the exceptions in ASX Listing Rule 7.2 and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.

## **(d) Technical information required by ASX Listing Rule 14.1A**

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Placement Fee Options to Kaai or its nominees. In addition, the issue of the Placement Fee 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 8 is not passed, the Company will not be able to proceed with the issue of the Placement Fee Options, unless the issue of the Placement Fee Options to Kaai or its nominees are able to be made following the Meeting from the Company's 15% placement capacity under ASX Listing Rule 7.1. Under the Mandate Letter, the Company has agreed that it will issue the Placement Fee Options as soon as it has sufficient capacity to under its placement capacities.

Resolution 8 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of Placement Fee Options.

## **(e) Technical information required by ASX Listing Rule 7.1 – Placement Fee Options**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 7 with respect to the Placement Fee Options:

- (i) the Placement Fee Options will be issued to Kaai or its nominees. None of the allottees will be a related party of the Company;
- (ii) the maximum number of Placement Option Shares to be issued is 30,000,000 (3,000,000 post Consolidation). The notional value of the Placement Fee Options is between \$0 and \$15,000 (see the valuation in Annexure C);
- (iii) The full terms of the Placement Fee Options (being the terms of the existing listed ECTOE Options on issue) are set out in Annexure B;
- (iv) the Placement Fee 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);



- (v) the Placement Fee Options are being issued as the Lead Manager has elected to receive its 6% capital raising fee in Placement Fee Shares and Placement Fee Options instead of cash;
- (vi) the purpose of the issue of the Placement Fee Options is to satisfy the Company's obligations under the Mandate Letter; The Placement Fee Options are being issued pursuant to the Mandate Letter. The key terms of the Mandate Letter are detailed earlier in this Notice of Meeting;
- (vii) the Placement Fee Options are not being issued under, or to fund, a reverse takeover.

**(f) Recommendation**

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 8. Each Director has indicated that he intends to vote in favour of Resolution 8 in respect of Shares he owns or controls.

**(g) Voting exclusion statement**

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

**10. RESOLUTION 9 – APPROVAL OF THE ISSUE OF UP TO THE MAXIMUM NUMBER OF SPP FEE SHARES**

**(a) General**

As noted in section 1 of this Explanatory Memorandum, if there is a Shortfall under the SPP, Kaai will lead manage the placing of the Shortfall Shares. Pursuant to the Mandate Letter, the Company will pay Kaai a fee of 6% of the amount raised from the issue of Shortfall Shares, with Kaai to have the election to have this fee settled in Share on the same terms as the SPP (that is, at a deemed issue price of \$0.0016 per Share). In the (unlikely) event that there is no take up under the SPP by eligible Shareholders and Kaai places the entire SPP Shortfall (and elects to receive its fee in Shares), the Company will issue Kaai (or its nominee) 75,000,000 Shares (**SPP Fee Shares**).

**(b) Consolidation**

If the Effective Date (the effective date of the Consolidation which will be the date of the Meeting 25 June 2021 assuming resolution 9 is passed) occurs on or before the date of issue of the SPP Fee Shares the number of SPP Fee Shares issued will be reduced accordingly (to 1 SPP Fee Share for every 10 SPP Fee Shares that would have been issued but for the Consolidation). Fractions of SPP Fee Shares resulting from the Consolidation will be rounded up to the nearest whole number.

**(c) ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is set out in section 2(a) of this Explanatory Memorandum.



The proposed issue of the SPP Fee Shares does not fall within any of the exceptions in ASX Listing Rule 7.2 and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.

**(d) Technical information required by ASX Listing Rule 14.1A**

If Resolution 9 is passed, the Company will be able to proceed with the issue of the SPP Fee Shares. In addition, the issue of the SPP Fee Shares 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 9 is not passed, the Company will not be able to proceed with the issue of the SPP Fee Shares for services rendered by Kaai, unless the issue of the SPP Fee Shares and is able to be made following the Meeting from the Company's 15% placement capacity under ASX Listing Rule 7.1. Under the Mandate Letter, the Company has agreed that it will issue the SPP Fee Shares as soon as it has sufficient capacity to under its placement capacities.

Resolution 9 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of SPP Fee Shares.

**(e) Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (i) the SPP Fee Shares will be issued to Kaai or its nominees. None of the allottees will be a related party of the Company;
- (ii) the maximum number of SPP Fee Shares to be issued is 75,000,000 (7,500,000 post Consolidation). The maximum notional value of the SPP Shares is \$120,000;
- (iii) the SPP Fee Shares 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);
- (iv) the SPP Fee Shares will be issued in the in the event the Lead Manager places the entire shortfall under the SPP and elects to receive its 6% fee in SPP Fee Shares instead of cash;
- (v) the SPP Fee Shares issued will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (vi) the purpose of the issue of the SPP Fee Shares is to satisfy the Company's obligations under the Mandate Letter; and
- (vii) the SPP Fee Shares are not being issued under, or to fund, a reverse takeover.

**(f) Recommendation**

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 9. Each Director has indicated that he intends to vote in favour of Resolution 9 in respect of Shares he owns or controls.



### (g) Voting exclusion statement

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

## 11. RESOLUTION 10 – CONSOLIDATION OF THE COMPANY'S ISSUED CAPITAL

### (a) Background

The Directors wish to consolidate the number of Shares and Options on issue (including those to be issued pursuant to the Resolutions set out in this Notice) on a 10 for 1 basis (**Consolidation**). The Company currently has a large number of Shares (11,584,624,952 Shares as at the date of this Notice) and a large number of Options (2,495,206,487 Options as at the date of this Notice) on issue.

The Consolidation will result in a more appropriate and effective capital structure for the Company. Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its Shares (and Options) into a larger or smaller number. This section of the Explanatory Memorandum provides the information required by ASX Listing Rule 7.20 to be provided to Shareholders in relation to the Consolidation.

### (b) Effect on capital structure

Subject to rounding, the effect of the Consolidation on the Company's capital structure is set out in the tables below:

	PRE-CONSOLIDATION		POST-CONSOLIDATION	
	Shares (ASX:ECT)	Options (ASX:ECTO E)	Shares (ASX:ECT)	Options (ASX:ECTO E)
Existing Shares and Options (excluding existing ELF Shares and Options)	8,684,624,952	1,920,206,487	868,462,495	192,020,649
Existing ELF Shares and Options	1,400,000,000	520,000,000	140,000,000	52,000,000
Unlisted Options	Nil	55,000,000	Nil	5,500,000
Placement Shares	1,500,000,000	Nil	150,000,000	Nil
Shares and Options to be issued pursuant to the Resolutions in this Notice (excluding ELF Shares and Options)	165,000,000	1,905,000,000	16,500,000	190,500,000
ELF Shares and Options to be issued pursuant to the Resolutions in this Notice	350,000,000	Nil	35,000,000	Nil
Shares issued under the SPP (whether issued as Shortfall Shares or not)	1,250,000,000	Nil	125,000,000	Nil
<b>TOTAL</b>	<b>13,349,624,952</b>	<b>4,400,206,487</b>	<b>1,334,962,495</b>	<b>440,020,649</b>





## *Shares*

As set out above, if this Resolution is approved, every 10 Shares on issue will be consolidated into 1 Share (subject to rounding). Overall, this will result in the number of Shares currently on issue (including those to be issued pursuant to the Resolutions in this Notice) reducing from 13,349,624,952 Shares to approximately 1,335,962,495 Shares (subject to rounding). All Shares are fully paid. As the Consolidation applies equally to all Shareholders, individual shareholdings will be reduced in the same ratio as the total number of Shares (subject to rounding). Accordingly, assuming no other market movements or impacts occur, the Consolidation will have no effect on the percentage interest in the Company of each Shareholder.

The Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders.

## *Options*

The Company will have 4,400,206,487 listed Options on issue (including those to be issued pursuant to the Resolutions in this Notice). If the Consolidation is approved, the Options will also be reorganised in accordance with the terms and conditions of the Options and ASX Listing Rule 7.22.1 (as applicable) on the basis that the number of Options will be consolidated in the same ratio as the Consolidation and the exercise price will be amended in inverse proportion to that ratio. For example, a holding of 1 million Options with an exercise price of \$0.10 each prior to the Consolidation, would be consolidated into a holding of 100,000 Options with an exercise price of \$1.00 each after the Consolidation. The Consolidation will not result in any change in the substantive rights and obligations of existing holders of Options.

### **(c) Fractional entitlements**

Not all Shareholders will hold that number of Shares which can be evenly divided by the Consolidation ratio. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Share.

### **(d) Taxation**

It is not considered that any taxation implications will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers accept any responsibility for the individual taxation implications arising from the Consolidation.

### **(e) Holding statements**

Taking effect from the date of the Consolidation, all existing holdings statements will cease to have any effect, except as evidence of entitlement to a certain number of securities on a post-Consolidation basis. New holding statements will be issued to security holders, who are encouraged to check their holdings after the Consolidation.



## (f) Indicative timetable for Consolidation

The following is an indicative timetable (subject to change) of the key events for the proposed Consolidation:

Key Event	Indicative Date
General Meeting	Monday, 25 June 2021
Last day for trading in pre-consolidation securities	Monday, 28 June 2021
Trading on consolidated securities on a deferred settlement basis commences	Tuesday, 29 June 2021
Record Date – last day to register transfers of a pre-consolidation basis	Wednesday, 30 June 2021
First day for Company to update register and send new holding statements	Thursday, 1 July 2021
Completion of despatch of new holding statements. Deferred settlement trading ends.	Wednesday, 7 July 2021
Normal trading starts	Wednesday, 7 July 2021

## (g) Recommendation

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 10.

## 12. RESOLUTION 11 – AMENDMENT OF THE COMPANY CONSTITUTION

### (a) General

Resolution 11 is a special resolution to amend the Constitution to update the provisions entitling the Company to sell holdings of Shares that are less than a marketable parcel. The new provisions are consistent with current ASX Listing Rule 15.13. They allow the Company to give a notice to a holder of shares that does not constitute a marketable parcel and give the shareholder 6 weeks to object to the Company selling them. If the Shareholder does not object, the Company is free to sell the shares. The Company must bear all costs and expenses incurred in connection with the sale.

The amendments are set out in Annexure A, and a fully copy of the Constitution (with the proposed amendments marked-up is available at: [www.ectltd.com.au/about-us/corporate-governance/](http://www.ectltd.com.au/about-us/corporate-governance/)).

Shareholders are invited to contact the Company if they have any queries or concerns.

Under section 136 of the Corporations Act, Shareholders must pass a special resolution to amend the Constitution. Accordingly, Resolution 10 is a special resolution, requiring approval of 75% of the votes cast by Shareholders entitled to vote on the resolution in order to be passed.

### (b) Recommendation

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 11.



## Glossary

In this Notice and Explanatory Memorandum:

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

**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;

**ASX Settlement Operating Rules** means the official settlement and operating rules of ASX Settlement Pty Ltd;

**Board** means the Board of Directors of the Company;

**Capital Raise** means the capital raise undertaken by the Company to raise a total of up to \$3.5 million. See section 1 of the Explanatory Memorandum;

**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;

**Company** or **Environmental Clean Technologies** or **ECT** means Environmental Clean Technologies Limited (ACN 009 120 405) (ASX: ECTOE);

**Consolidation** means the consolidation of capital of the Company contemplated by Resolution 9.

**Constitution** means the existing constitution of the Company;

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

**Directors** mean the Directors of the Company from time to time;

**Effective Date** means the effective date of the Consolidation, being the date of the Meeting 25 June 2021 assuming Resolution 9 is passed.

**ELF** means Equity Lending Facility, a loan facility provided by ECT's wholly owned subsidiary, ECT Finance Ltd, for the purchase of Shares and/or Options in ECT;

**ELF Loan** means a loan from ECT Finance Limited to KAAI pursuant to the ELF;

**ELF Shares** means the 350,000,000 Shares to be issued to KAAI (or its nominees) in connection with the Mandate Letter. See section 1 of the Explanatory Memorandum;

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

**General Meeting** or **Meeting** or **EGM** means the extraordinary general meeting of the Company to be held at 10:00am on 25 June 2021;

**KAAI** means Kaai Pty Ltd ACN 644 272 131 trading as KAAI Capital, the lead manager of the Placement and SPP Shortfall;

**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;

**LM Options** means the up to 1,375,000,00 Options to be issued to KAAI in connection with the Mandate Letter. See section 1 of the Explanatory Memorandum;

**Mandate Letter** means the mandate Letter between the Company and KAAI dated 6 April 2021;

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



**Options** means listed options in the existing class of the Company's options (ASX:ECTOE);

**Placement** means the issue of fully paid ordinary Shares to professional and sophisticated investors as participants of a placement in April 2021;

**Placement Fee Options** means the up to 90,000,000 Options to be issued to KAAI in connection with the Mandate Letter. See section 1 of the Explanatory Memorandum;

**Placement Fee Shares** means the up to 30,000,000 Shares to be issued to KAAI in connection with the Mandate Letter. See section 1 of the Explanatory Memorandum;

**Placement Options** means the 500,000,000 Options to be issued to investors under the Placement. See section 1 of the Explanatory Memorandum;

**Placement Shares** means the 1,500,000,000 fully paid ordinary Shares issued to investors under the Placement. See section 1 of the Explanatory Memorandum;

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

**Resolutions** means the resolutions to be put to Shareholders at the Meeting, as set out in the Notice;

**Securities** means shares, options, securities convertible into share or rights to shares or options that may be granted by the Company;

**Shareholder** means the registered holder of shares; and

**Shares** means fully paid ordinary shares in the capital of the Company (ASX:ECT); and

**Shortfall Shares** means the up to 1,250,000,00 Shares to be issued under the SPP Shortfall. See section 4 of the Explanatory Memorandum.

**SPP Fee Shares** means the up to 75,000,000 Shares to be issued to KAAI in connection with the Mandate Letter. See section 1 of the Explanatory Memorandum.



## Annexure A

### Constitution Amendments

#### ANNEXURE A – SALE PROVISIONS

(To replace existing clause 3 “Minimum Shareholding” of the Constitution)

#### 3. SALE OF UNMARKETABLE PARCELS

##### 3.2 Definitions

In this clause 3:

- (a) **Marketable Parcel** has the meaning given to it in the Listing Rules;
- (b) **Minority Member** means the holder of less than a Marketable Parcel of the relevant securities;
- (c) **Disposal Notice** means the written notice given to a Minority Member in accordance with clause 3.3(a);
- (d) **Notice Date** means the date that a Disposal Notice is received by a Minority Member;
- (e) **Purchaser** means the person or persons (including a member or members) to whom the relevant securities are disposed or sold in accordance with clause 3.4; and
- (f) **Sale Consideration** means the proceeds of any sale or other disposal of the relevant securities of a Minority Member under this clause 3.

##### 3.3 Entitlement to sell securities

Subject to the Listing Rules, the Company is entitled to sell securities of a Minority Member on the following conditions:

- (a) the Company must give to the Minority Member a Disposal Notice that the Company intends to invoke the power of sale contained in this clause 3;
- (b) the Minority Member must be given at least 6 weeks from the Notice Date in which to advise the Company that the member wishes to retain the member’s security holding;
- (c) if the Minority Member advises the Company under clause 3.3(b) that the member wishes to retain the member’s security holding, the Company must not sell it; and
- (d) subject to clause 3.3(c), at the expiry of the 6 week period, the Company is entitled to sell any security holding of the Minority Member which is, at the date of sale, less than a Marketable Parcel.

##### 3.4 Sale

For the purposes of the sale of securities under this clause 3 each Minority Member:



- (a) appoints the Company as the Minority Member's agent to sell all of the Minority Member's relevant securities; and
- (b) appoints the Company and each of its directors and company secretaries jointly and severally as the Minority Member's attorneys in that member's name and on that member's behalf to effect all transfer documents, deeds or other documents or instruments necessary to transfer the relevant securities from the Minority Member to the Purchaser.

### **3.5 Sale consideration**

Subject to this clause 3, with respect to the receipt and payment of the Sale Consideration:

- (a) The Sale Consideration must be received by the Company and paid by the Company to the Minority Member or as the Minority Member may direct.
- (b) The Sale Consideration received by the Company must be paid into a bank account opened and maintained by the Company for that purpose only until paid to the Minority Member or as the Minority Member may direct.
- (c) The Company must hold the Sale Consideration in trust for the Minority Members whose securities are sold under this clause 3 until paid to the Minority Member or as the Minority Member may direct.
- (d) The Company must as soon as practicable after the sale of securities of Minority Members, and to the extent that it may reasonably do so, distribute the Sale Consideration.
- (e) Any Sale Consideration payable to a Minority Member under this clause 3 which is unclaimed for 1 year after receipt by the Company may be invested or otherwise made use of by the directors for the benefit of the Company until claimed or otherwise disposed of according to law. No money payable under this rule by the Company to Minority Members bears interest against the Company.
- (f) The Sale Consideration must not be sent to a Minority Member until the Company receives any holding statement, certificate or similar document of title relating to the securities which have been sold (or is satisfied that the document has been lost or destroyed).

### **3.6 Miscellaneous**

- (a) This clause 3 may be invoked only once in any 12 month period.
- (b) The power to sell in this clause 3 lapses following the announcement of a takeover offer or the making of a takeover announcement. However, the procedure may be started again after the close of the offers made under the takeover offer or takeover announcement.
- (c) The Company must bear all costs and expenses of and incidental to the sale of securities under this clause 3.



## Annexure B

### Terms of Placement Options, LM Options and Placement Fee 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 \$0.003;

**Expiry Date** means 17 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 OPTIONS

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

#### 3. EXERCISE NOTICE

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

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

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

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

#### 4. ISSUE OF SHARES

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

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

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



## **5. UNCERTIFICATED HOLDING STATEMENTS**

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

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

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

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

## **7. LAPSE**

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

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

## **8. QUOTATION OF SHARES**

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

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

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

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

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

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





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

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

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

## **11. TRANSFERS OF OPTIONS**

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

The provisions of 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.

## **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.



## **Annexure C**

### **Valuation of Placement Fee Options, LM Options and ELF Shares**

In order to provide additional information to Shareholders, the Directors have prepared the following valuation of the Placement Fee Options, LM Options and ELF Shares.

#### **1. Placement Fee Options and LM Options**

The Placement Fee Options and LM Options are options in the same class as the currently listed options ASX:ECTO. They have an exercise price of \$0.003 (0.3 cents) and a February 2023 expiry date. The valuation methodology adopted by the Directors is a Black-Scholes .

Black Scholes – (see assumptions below) = 0.05 cents per ECTOE

Assumptions for Black-Scholes valuation:

Spot price	180
Strike price	300
Time to expiry	22 months
Volatility	80%
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.

#### **2. Placement Fees and LM Options**

Based on the above the Directors consider that an appropriate valuation range for the fees to be paid to the Lead Manager KAAI by way of issue of the of the Placement Fee Options and the LM Options is as follows

If there is no SPP Shortfall - \$390,000

If there is a 50% SPP Shortfall \$546,250

This is based on the issue of 30,000,000 Placement Fee Options and:

- (1) If there is no SPP shortfall – the issue of 750,000,000 LM Options; and
- (2) If there is a 50 % SPP shortfall – the issue of 1,062,500,000 LM Options.  
The Directors did not consider it meaningful to value the Lead Manager fees if the SPP shortfall was more than 50%.

#### **3. ELF Shares**

Principal terms: 0.2 cents loan, 350m ECT:ASX, May 2023 expiry.

Consistent with the treatment of similar issues by the Company's auditors, the Directors have valued the ELF offer based on Black Scholes at 0.075 cents per share.



Assumptions for Black Scholes valuation:

Spot price	180
Strike price	200
Time to expiry	2 Years
Volatility	80%
Risk free interest rate	2%
Dividend yield	0%

ELF Shares  $350,000,000 \times \$0.0075 = \$262,500$

**Additional notes:**

Under the ELF loan:

- Interest of 11.5% pa (or 5.95% pa if no event of default is subsisting) shall capitalise and be paid on the repayment date; and
- A management fee of 2% of the amount outstanding calculated every 6 months from draw down (unless LSR is less than 85% on that date) shall capitalise and be paid on the repayment date.

These fees would reduce the valuation but have not been included in the above calculation.