



## Quarterly Activity Report, Quarterly ESG Report and Appendix 4C

### Highlights

- Coldry commercial demonstration facility construction in Bacchus Marsh (“the Project”) continued to advance, despite delays due to COVID restrictions, and is estimated for completion in Q1 CY22
- Accepted an invitation to join the Gippsland Regional Hydrogen Cluster (“GRHC”) as a member of the advisory committee
- Board restructured with experienced directors, Mr Jason Marinko and Mr Tim Wise joining the Board
- Strategic review undertaken by new Board to position the company to capitalise on growing interest in net zero emission technologies
- Launched feasibility work on Net Zero Emission Hydrogen Refinery Project being incorporated into Hydrogen Hub Grant program due for submission
- Launched “Wood247” a retail business selling complementary high-end eco-friendly products
- \$3m Promissory Note funding round completed to fund construction of Coldry demonstration facility

**27 October 2021:** Environmental Clean Technologies Limited (ASX: ECT) (ECT or Company) is pleased to provide the following update and Appendix 4C for the quarter ending 30 September 2021.

### Activities Report

Despite the impact of COVID-19 restrictions in Victoria during the quarter, ECT was able to advance construction activities at its Bacchus Marsh and is now scheduled to complete its 25,000 tonne Coldry demonstration facility in early 2022. The Company’s Coldry technology has the potential to play an important role in the transition to net zero emission policies and the pending completion of this facility will enable the Company to demonstrate its unique, low cost, zero emission Coldry lignite drying technology at a commercial scale to major downstream partners.

In July, ECT was also pleased to be invited to become an advisory committee member for the Gippsland Regional Hydrogen Cluster (“GRHC”). The GRHC was formed by the Committee for Gippsland and National Energy Resources Australia (NERA) with the stated purpose to ‘build a competitive clean hydrogen industry in Gippsland that will create jobs, secure investment, generate export income and help lower emissions.

The broad, bipartisan support from state and federal governments to develop Australia’s domestic and export hydrogen capability continues to gain momentum with a range of initiatives intended to position Australia as a future leader in hydrogen exports. ECT’s participation in the GRHC as well as its membership of the Heavy Industry Low-carbon Transition Cooperative Research Centre (HILT-CRC) and the Future Energy Exports Cooperative Research Centre (FEnEx-CRC) increases industry and government awareness of the Company’s net zero emission technologies and has the potential to open numerous downstream opportunities for ECT.

The Company continues to investigate opportunities to access government support and industry partnerships and during the quarter launched feasibility work on a Net Zero Emission Hydrogen Refinery

Project being incorporated into the Federal Government Hydrogen Hub Grant program for submission next quarter.

This quarter also saw the successful launch of ECT's complementary Wood247 business which commenced selling its high-end eco-friendly wood briquettes in Greater Melbourne. The Board will continue to monitor its progress and review its options to create value for the Company.

## Corporate Update

During the quarter, the Company undertook a Board restructure and was fortunate to appointment experienced directors, Mr Jason Marinko and Mr Tim Wise to the Board to increase the Board's public company experience and assist the Company on its path to commercialisation of its net zero emission technology.

The new Board then undertook a strategic review with the aim of capitalising on the increasing government and industry interest in net zero emission technologies and subsequent to the end of the quarter announced a renewed focus on formalising project partner relationships. As part of the review, the Board also decided to pause works on Phase Two of the Project to enable ECT to better direct capital towards the accelerated and large-scale commercialisation of its proprietary Coldry technology and maximise shareholder value in this fast-evolving sector.

The Company was also pleased to have completed a Promissory Note Raising from a syndicate of sophisticated and professional investors during the quarter. Proceeds from the Promissory Note Raising are being utilised to complete the construction of the Company's small-scale Coldry demonstration plant in Bacchus Marsh, Victoria, to enable the Company to assess complementary acquisition and business development opportunities and for working capital purposes.

## Capital Management

Approximately \$943K (prior quarter \$1.2M) was spent on the Project during the quarter on property plant and equipment purchases as the company nears the completion of Phase 1 of Coldry demonstration facility.

Research and development costs were up quarter on quarter as the Company secured coal supply and upgrades from EnergyAustralia at the Yallourn coal mine following the announcement of a 5-year supply agreement in June 2021.

The Company has lodged its 2020/21 income tax return but is yet to receive the R & D tax incentive. Once received and after paying out the R & D loan facility, the Company will receive approximately \$650K.

As at the date of this announcement, the Company has no undrawn loan facilities. The Company will seek to enter into a new loan agreement in due course for a facility secured by the R & D tax incentive which is expected to be comparable to the 2020/21 facility.

## ESG Report

ECT adopted a formal ESG reporting framework created by the World Economic Forum ("WEF")<sup>1</sup>. While the Company's suite of low emission technologies is inherently environmentally positive, the adoption of the WEF framework will assist the Company in tracking and reporting these initiatives into the future to ensure that our business remains an impact investment for shareholders and local communities.

The ESG report below provides an update of the progress from the Company's 'baseline' position to the end of the quarter ended 30 September 2021.

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<sup>1</sup> See ASX announcement dated 22 July 2021

Environmental Clean Technologies (ASX:ECT)

		Baseline, 24/06/21					Period 1, Jul-Sep 2021						
		DISCLOSURE	MATURITY					DISCLOSURE	MATURITY				
			A1	A2	A3	A4	A5		A1	A2	A3	A4	A5
<b>ESG Go Dashboard</b>													
<b>Governance</b>													
GO-01-A	Setting purpose	R	R	R	R	R	R	V	V	V	V	V	V
GO-02-A	Governance body composition	D	D	D	R	R	R	D	D	D	R	R	R
GO-03-A	Material issues impacting stakeholders	D	D	D	D	D	D	D	D	D	D	D	D
GO-04-A	Anti-corruption practices	R	R	R	R			R	R	R	R		
GO-04-B	Mechanisms to protect ethical behaviour	R	R	R				R	R	R			
GO-05-A	Integrating risk and opportunity into business process	D	D	D	D	D	D	D	D	D	D	D	D
<b>Planet</b>													
PL-01-A	GHG emissions	D	D	D	D			D	D	D	D		
PL-01-B	TCFD implementation	D	D					D	D				
PL-02-A	Land use and ecological sensitivity	D	D					D	D				
PL-03-A	Water consumption	E	E					E	E				
<b>People</b>													
PE-01-A	Diversity and inclusion	D	D	D	D	D	D	D	D	D	D	D	D
PE-01-B	Pay equality	D	D	D	D	D		D	D	D	D	D	
PE-01-C	Wage level	D	D	D				D	D	D			
PE-01-D	Child, forced or compulsory labour	D	D					D	D				
PE-02-A	Health and safety	D	D	D				D	D	D			
PE-03-A	Training provided	D	D					D	D				
<b>Prosperity</b>													
PR-01-A	Rate of employment	D	D	D				D	D	D			
PR-01-B	Economic contribution	R	R					V	V	V			
PR-01-C	Financial investment contribution	R	R	R				V	V	V			
PR-02-A	Total R&D expenses	R	R					V	V				
PR-03-A	Total tax paid	R	R					V	V				

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