

Highlights

- **Zero Quest Pty Ltd Joint Venture Established:** The joint venture "Zero Quest Pty Ltd" was formed with ESG Agriculture to commercialise the COLDry lignite-nitrogen fertiliser technology and conduct large-scale field trials ahead of commercial sales.
- **Field Trials and Working Capital Secured:** Field trials commenced to validate product performance, supported by \$482k in R&D Loan funding and an additional \$647k in non-dilutive financing agreements.
- **Leadership Transition:** Sam Rizzo transitioned from Managing Director to Non-Executive Director, and former Engineering Manager John Tranfield was appointed CEO to drive the project's execution.

31 January 2025: Environmental Clean Technologies Limited (ASX: ECT) ("ECT" or "Company") is pleased to provide an update on recent developments and release its Appendix 4C for the quarter ending 31 December 2024.

Activity Update

Advancements in the COLDry Lignite-Nitrogen Fertiliser Project

The quarter saw significant progress in the commercialisation of the COLDry lignite-nitrogen fertiliser:

- **Field Trials Launched:** Production of lignite-nitrogen blended fertiliser granules began in December 2024. Trials across South Australia, Victoria, New South Wales, and Queensland are scheduled to begin in January 2025. Farmers have been engaged under Memorandums of Understanding (MOUs) to secure future offtake agreements.
- **Environmental and Economic Advantages:** The fertiliser reduces urea use by 50%, enhances soil health, and lowers carbon emissions. These benefits align with ECT's commitment to sustainability while ensuring optimal crop health and yield.
- **Operational Milestones Reached:** The team completed the fertiliser process design and layout packages and secured conditional council permit approvals. Progress continued with the EPA after providing additional information and hosting information sessions.

Formation and Funding of Zero Quest Pty Ltd

ECT and ESG Agriculture jointly established Zero Quest Pty Ltd, each contributing \$300,000. Plans are underway for additional funding contributions of \$100,000 from each party in early 2025 to support operations and field trials.

The foundation directors include Sam Rizzo (ECT) and Mark Scanlon (ESG), with Martin Hill (ECT CFO) serving as Company Secretary.

Leadership Developments

- **CEO Appointment:** John Tranfield's promotion to CEO underscores the focus on operational execution and the construction of the nitrogen fertiliser component of the Bacchus Marsh Project, which will be the primary focus for 2025 in the "race to revenue" strategy.
- **Strategic Leadership:** Sam Rizzo transitions to a Non-Executive Director role, providing strategic guidance. His appointment on the Zero Quest Board reinforces the alignment of the two companies in the new venture.

Upcoming Milestones

- **Field Trials:** Launch field trials in January 2025 to evaluate the performance and environmental benefits of COLDry Fertiliser during H1 CY25.
- **Offtake Agreements:** The Company aims to establish binding agreements with agricultural stakeholders following successful trials.
- **Project financing:** Discussions with financiers began in December 2024. Financing options will be evaluated in Q1 CY25, and financial close is targeted for Q2 CY25.

Commentary to Appendix 4C

Non-Dilutive Financing Initiatives:

- **R&D Loan:** Secured \$482k with a repayment term linked to future R&D rebates.
- **Convertible Note Deed:** Entered an agreement with a principal amount of \$1.13M, subject to shareholder approval at the EGM planned for Q1 CY25.

Operating activities recorded net cash outflows of \$655,584 during the quarter. The Company received the FY24 R&D tax incentive of \$1,473,170 in the prior quarter.

The Company repaid its loan facility of \$984,000, secured by the R&D tax incentive, to Invest Victoria on 31 October 2024. In December 2024, ECT secured a new facility of \$482,488, which is fully drawn.

Additionally, the Company contributed \$150,000 to the fertiliser joint venture with ESG Agriculture Pty Ltd.

There were no other significant variations in cash flows compared to the previous quarter.

Cash payments of \$54,039 (\$65,264 in the previous quarter) were incurred in relation to related parties of the entity for salaries and directors' fees.

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Forward-looking Statement

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

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

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

Appendix 4C

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

Name of entity

Environmental Clean Technologies Limited

ABN

28 009 120 405

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	2
1.2 Payments for		
(a) research and development	(198)	(351)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(254)	(603)
(f) administration and corporate costs	(185)	(408)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	(20)	(31)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	1,473
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	656	87
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	(150)	(150)
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	110	110
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(40)	(40)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	482	482
3.6	Repayment of borrowings	(991)	(1,028)
3.7	Transaction costs related to loans and borrowings	(20)	(20)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(529)	566

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,467	761
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(656)	87
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(40)	(40)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(529)	(566)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	242	242

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	242	242
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	242	242

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	54
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other – R & D incentive loan facility	482	482
7.4 Total financing facilities	482	482
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The Company secured a loan of \$482,488 from LK & K Thomson Pty at an interest rate of 11.5%. The loan is partially secured by the Company's R & D incentive to a maximum amount of \$170,000. Interest for the first 3 months has been prepaid and the loan has a term of 6 months. Refer ASX announcement 17 December 2024.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(656)
8.2 Cash and cash equivalents at quarter end (item 4.6)	242
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	242
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.4
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Yes. The Company announced on 17 December 2024 that it was preparing to call an Extraordinary General Meeting for shareholders to consider a resolution granting security over a major asset of the Company to a substantial shareholder. This security will be used as security for a convertible note. The Company believes that shareholders will approve the resolution.	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes. Refer 8.6.2 above. The capital raising activities currently being undertaken are being conducted as part of the Company's overall strategy which was outlined in the announcement on 17 December 2024.	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

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

Date: 31 January 2025

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

Notes

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