



\$3.5 Million Capital Raising and appointment of Corporate Advisor

Highlights

- ECT receives binding commitments from sophisticated and professional investors to raise \$1.5 million
- Share Purchase Plan (SPP) to raise up to an additional \$2 million
- Appointment of Euclase Capital as Corporate Advisor
- 10 to 1 Consolidation and unmarketable parcel sale facility to improve the Company's capital structure

7 April 2021: Environmental Clean Technologies Limited (ASX: ECT) (ECT or **Company**) is pleased to announce that it has received binding commitments to raise \$1.5 million under a placement of 1,500,000,000 fully paid ordinary shares (**Shares**) to sophisticated and professional investors at an issue price of \$0.001 per Share (**Placement**).

In addition to the Placement, and subject to shareholder approval, for every 3 Shares issued under the Placement, the Company will issue 1 free attaching listed option with the same terms as the Company's existing listed options on issue (each exercisable at \$0.003 expiring 23 February 2023 with ASX code ECTOE (**Placement Options**)).

The Company intends to convene a general meeting of shareholders to be held in May 2021 to seek approval for the issue of the Placement Options and other matters outlined below.

Further, to provide existing shareholders with the opportunity to participate in the Company's capital raising activities, the Company is pleased to advise that it will also undertake a SPP to raise up to an additional \$2 million through the issue of up to 1,250,000,000 Shares at an issue price of \$0.0016.

Delivering the Strategic Plan & Positioning for Growth

Funds raised from the Placement and SPP will enable the Company to continue development of its technologies as well as explore synergistic acquisition opportunities in the clean technology sector that align with its Environmental, Social & Governance (ESG) strategy. The Company intends to use these funds with the aim of delivering the following outcomes and initiatives:

- Completion of Coldry project - Phase 1 (Coldry) at Bacchus Marsh
- Completion of Coldry project - Phase 2 (char and syngas utilisation) at Bacchus Marsh
- Commencement of next stage of development of ECT's hydrogen technology – COHgen
- Development of the Yallourn opportunity – full feasibility planning for a commercial Coldry plant using Yallourn lignite
- Explore complementary collaboration and acquisition opportunities in the clean technology sector

Completion of the above program will position the Company to deliver on its near term cashflow objectives and prepare it for the next stage of growth opportunities.

Chairman Glenn Fozard commented:

"With funds from the Placement and SPP, and the existing capital management plans in place, we're well positioned to progress the next stage of development of our projects, with our primary focus on delivering Phase 2 of the integrated Coldry-Char project at Bacchus Marsh.

“We are also very excited about two additional initiatives which extend from the work undertaken on the Coldry-Char project.

“We will be looking to fast track the development of our hydrogen technology, COHgen, allowing us to start actively participating in this emerging industry with what we believe will be a best of breed, low-emission solution, enabling lower cost lignite-based Carbon Capture and Storage (CCS) hydrogen production.

“We will also be planning the next logical step on the Coldry commercialisation pathway; a large commercial-scale plant. We previously commenced the review of the feasibility of a project at Yallourn, the site of the existing lignite-fired power station and mine (see announcement 28 November 2018), with promising outcomes. We paused this activity in mid-2019 to focus our efforts on the Coldry-Char project, but with funds raised from the capital raising, we are now in a position to resume the feasibility study at Yallourn. The study will focus on enabling the sector to pivot away from high-emission power generation, to the future low and zero emission use of lignite for higher value applications.

“We believe the next 15 months will be exciting for the Company and on behalf of the Board, I wish to thank new and existing shareholders for their support.”

Appointment of Corporate Advisor

The Company is also pleased to advise that it has engaged Euclase Capital as Corporate Advisor (**Euclase**). Euclase will provide a range of corporate advisory services to the Company, including advice on strategic and cornerstone investors, advice on potential offtakers, assisting with the development of feasibility studies with a view to securing project finance for ECT’s Projects, and advising on business and corporate development opportunities.

Placement and SPP – Key Terms

As noted above, the Company has received binding commitments to raise \$1.5 million through the issue of 1,500,000,000 Shares at an issue price of \$0.001 per Share. In addition to the placement, and subject to shareholder approval, investors will receive 1 free attaching listed Placement Option (ASX: ECTOE) for every 3 Shares issued. The Placement will be undertaken under the Company’s existing 15% placement capacity under ASX Listing Rule 7.1.

The Company will also undertake the SPP to raise up to \$2 million through the issue of up to 1,250,000,000 Shares at an issue price of \$0.0016. Under the SPP, shareholders who hold Shares as at 5:00pm (AEST) on 6 April 2021 with a registered address in Australia or New Zealand will be able to purchase \$15,000 new Shares at \$0.0016 per Share, subject to scaleback limits. Full details of the SPP will be set out in the SPP Offer Booklet which will be lodged with the ASX and sent to eligible shareholders later this month.

The Company has appointed Kaai Capital (**Kaai** or **Lead Manager**) as Lead Manager to the Placement and to manage any shortfall arising under the SPP. The Company will pay Kaai a fee of 6% of the amount raised under the Placement and SPP shortfall (which Kaai may elect to receive in Shares and options on the same terms as the Placement and the SPP, respectively) as well as 1 free attaching listed option (ASX: ECTOE) for every 2 Shares issued under the Placement and SPP shortfall at an issue price of \$0.00001 per option. The Company will seek shareholder approval for the issue of securities to the Lead Manager, however, if approval is not obtained, the Company remains liable to issue these securities under its placement capacity. Kaai has advised the Company that it will donate \$15,000 of the fees it will receive to Australian registered charitable deductible gift recipients.

In addition, subject to shareholder approval, the Company will establish an Equity Lending Facility (**ELF**) with Kaai under which the Company will issue 350,000,000 Shares to Kaai (or its nominees). At any time in the 3 years after the issue of these Shares, the Lead Manager may elect to pay the Company \$700,000

(being a deemed price of \$0.002 per Share) plus any interest and fees, subject to the terms of the ELF, to satisfy the loan and have the holding lock lifted. If the Lead Manager does not pay this amount by the due date, these Shares may be cancelled.

Capital Restructure

To implement an improved capital structure for the Company moving forward, the Company also intends (subject to necessary shareholder approvals) to consolidate its issued capital on a 10 to 1 basis, as well as conduct an unmarketable parcel sale facility which will provide the Company the ability to rationalise small holdings. The Company currently has in excess of 4,000 shareholders, and the Company expects that the unmarketable parcel sale facility will reduce the administrative burden and cost on the Company, and (together with the Consolidation) implement a more appropriate capital structure for the Company moving forward.

The Company requests the current trading halt be lifted, effective immediately.

This announcement has been approved and authorised to be given to the ASX by the Board of ECT.

For further information, contact:

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About ECT

ECT is in the business of commercialising leading-edge energy and resource technologies, which are capable of delivering financial and environmental benefits.

We are focused on advancing a portfolio of technologies, which have significant market potential globally.

ECT's business plan is to pragmatically commercialise these technologies and secure sustainable, profitable income streams through licensing and other commercial mechanisms.

About Coldry

Coldry is the gateway enabler of higher-value applications for low rank coals.

Low rank coals are a rich source of valuable hydrocarbons but suffer from high moisture content that must be reduced to enable higher-value upgrading and conversion to solid fuels, liquid or gaseous hydrocarbons.

Drying is easy. However, drying efficiently and cost effectively has been the challenge. Coldry meets this challenge through a combination of 'brown coal densification' and waste heat utilisation, delivering the world's first low temperature, low pressure, low cost, zero CO₂ emissions drying process.

About HydroMOR

The HydroMOR process has the potential to revolutionise primary iron making.

HydroMOR is a simple, low cost, low emission, hydrogen-driven technology which enables the use of 'low value' feedstocks to produce primary iron.

About COHgen

The COHgen process has the potential to deliver a lower cost, lower emission method for hydrogen production from brown coal.

COHgen is currently advancing through fundamental laboratory development intended to form the basis for a patent application ahead of scale up and commercialisation.

About CDP-WTE

The catalytic depolymerisation-based waste-to-energy process converts 'low-value' resources into higher-value diesel and other valuable by-products.

CDP-WTE can be deployed as a standalone solution or integrated with the Coldry process to deliver higher-value, lower-emission energy solutions to lignite resource owners.