



# Strategic Review & Corporate Update

## Highlights:

- Review of go-to-market strategy undertaken with the aim to capitalise on increasing government and industry interest in clean energy technology solutions that support the transition to renewable and net zero emission energy
- Phase One 25,000tpa Coldry demonstration plant in Bacchus Marsh, Victoria scheduled for completion in early 2022
- Phase Two works at Bacchus Marsh will be paused as a result of the strategic review to allow a re-focus on formalising relationships with potential project partners which will enable the Company to accelerate commercialisation and diversify project risk and funding.
- Engagement terms for newly appointed Non-Executive Directors finalised for shareholder approval at the upcoming AGM.

**18 October 2021:** Environmental Clean Technologies Limited (**ASX: ECT**) (the “Company” or “ECT”) advises that it is undertaking a broad review of its go-to-market strategy in light of the increasing interest in net zero emission technologies that decarbonise conventional resource use. The strategic review has identified opportunities, at both a government and industry level, to formalise project partner relationships with the aim of improving shareholder value and deploying capital in a more strategic manner.

The Company expects to complete its Coldry demonstration plant at Bacchus Marsh in Victoria in early 2022 (Phase One), at which point the Company will be able to demonstrate to industry participants its unique, low cost, zero emission Coldry lignite drying technology at a commercial scale. This patented technology transforms lignite (currently an abundant, low cost, but high emissions, source of energy) into a dry, high calorific pellet feedstock and is a potential gateway solution to facilitating the generation of reliable net zero emission energy and other high value applications.

The Company’s original strategy under Phase Two of the Coldry project was to install a rotary kiln which could convert Coldry pellets into fuel gases and high-value char products. However, in light of the increasing interest and focus on clean energy solutions, the Board of ECT has decided to pause Phase Two and to instead focus on re-engaging with large energy companies who have previously indicated an interest to see the Coldry process at scale and re-evaluating the various downstream opportunities for its products. These discussions will consider various opportunities for commercialising ECT’s core technology suite (Coldry, HydroMOR and COHgen), including partnership, licencing and off-take opportunities.

Pausing Phase Two will 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. In addition, as previously announced, the Company will continue to assess complementary acquisition and business development opportunities which align with the Company’s overall strategy of commercialising clean technologies. The Company’s existing corporate adviser, Euclase Capital, will assist the Company with its strategic review.

Chairman, Jason Marinko, noted:

*“ECT’s suite of technologies have the potential to support the global transition towards net zero emissions by 2050. Our Coldry technology has the ability to facilitate the generation of reliable, net zero emission energy, ensuring critical grid stability as electricity demand continues to grow, whilst our other technologies like COHGen and HydroMOR position us to take advantage of the emerging hydrogen economy. Our strategic review aims to leverage off the development work undertaken to date and target commercialisation opportunities for our unique technology in a market with increasing government and industry focus on net zero emissions. The Company will focus on engagement with key industry participants as part of this process and explore partnership opportunities which could diversify project risk and accelerate project outcomes in the interests of shareholders.”*

### **Incentive Option Plan and Director Engagement Terms**

The Company is also pleased to advise that it has finalised engagement terms for recently appointed Non-Executive Directors Mr Tim Wise and Mr Jason Marinko (who has since been elected as Chairman of the Company). Messrs Wise and Marinko were appointed on 2 September 2021 and have led the strategic review outlined in this announcement.

As part of their remuneration package and subject to shareholder approval, the Company intends to offer Messrs Marinko and Wise 40 million options each, with an exercise price of \$0.025. These options will be subject to the following Vesting Conditions, which are designed to align the interests of the new Directors with shareholders:

- 10,000,000 Options which vest 12 months from date of grant and expire 3 years from date of grant
- 10,000,000 Options which vest no earlier than 12 months from date of grant if the 20-day Volume Weighted Share Price of the Company (**VWAP**) is \$0.025 or higher at any time prior to expiry, 3 years from date of grant
- 10,000,000 Options which vest no earlier than 12 months from date of grant if the 20-day VWAP is \$0.035 or higher at any time prior to expiry, 3 years from date of grant
- 10,000,000 Options which vest no earlier than 12 months from date of grant and if the 20-day VWAP is \$0.050 or higher at any time up to expiry, 4 years from date of grant.

The options will be granted under an employee option plan which has been adopted by the Board. The Company is currently preparing its 2021 notice of Annual General Meeting which is scheduled to be held in November. The Company will seek shareholder approval for the issue of options to Messrs Marinko and Wise at the AGM.

This announcement has been authorised for release to ASX by the Company’s Board of Directors.

### **For further information, please contact:**

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## **About ECT**

ECT is in the business of commercialising leading-edge energy and resource technologies, 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. However, they 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 CO<sub>2</sub> 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 that enables '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.

## **Forward-Looking Statements**

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of ECT, are or may be, forward-looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Therefore, actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.