



**ENVIRONMENTAL CLEAN
TECHNOLOGIES LIMITED**

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

TO BE HELD AT:

RSM Bird Cameron

Level 21, 55 Collins Street, Melbourne, Victoria

At 10:00 am on Friday, 28 November 2014

TO BE VALID, THE PROXY FORM ENCLOSED FOR USE AT THE MEETING MUST BE COMPLETED AND RETURNED NO LATER THAN 10:00 AM ON WEDNESDAY, 26 NOVEMBER 2014

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 enclosed separately



Chairman's Letter

28 October 2014

Dear Shareholder,

This year's Annual General Meeting will be held at the offices of RSM Bird Cameron, Level 21, 55 Collins Street, Melbourne, Victoria commencing at 10:00 am on Friday, 28 November 2014.

The Directors look forward to the opportunity to provide Shareholders with an update on the Company's progress at the Annual General Meeting, including an overview of the milestones achieved in the past year and the strategy moving forward.

The Meeting will consider:

- the Financial Accounts for the Company;
- the Remuneration Report for the Company;
- the re-election of Mr Glenn Fozard and Mr Stephen Carter as directors of the Company;
- the ratification of prior share issues; and
- approval of additional placement capacity.

Your company is in the best position in its short history, however our ambitions are nothing short of audacious.

The work ahead is challenging, yet achievable. With your continued support, and the dedication of the ECT team toward delivering our objectives, I believe we can realise the considerable potential of both the Coldry and Matmor technologies.

I encourage you to read the Explanatory Memorandum in full and look forward to seeing you at the Annual General Meeting on 28 November 2014.

Yours sincerely,

Glenn Fozard
Chairman



Notice of Annual General Meeting

The Annual General Meeting of Environmental Clean Technologies Limited (ACN 009 120 405) will be held at RSM Bird Cameron, Level 21, 55 Collins Street, Melbourne, Victoria on Friday 28 November 2014 at 10:00 am, Melbourne time.

AGENDA

ORDINARY BUSINESS

1. Annual Financial Report

To receive and consider the Annual Financial Report of the Company for the year ended 30 June 2014 and the related Directors' Report, Directors' Declaration and Auditor's Report.

2. Resolution 1 - Remuneration Report

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

"That, for the purposes of section 250R of the Corporations Act 2001 (Cth), the Remuneration Report for the Company for the financial year ended 30 June 2014 be adopted."

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Resolutions 2 & 3 – Re-election of Mr Glenn Fozard and Mr Stephen Carter

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

"That Mr Glenn Fozard, who retires in accordance with clause 13.2 of the Constitution, being eligible for re-election, be re-elected as a Director of the Company."

"That Mr Stephen Carter, who retires in accordance with clause 13.2 of the Constitution, being eligible for re-election, be re-elected as a Director of the Company."

4. Resolution 4 - Ratification of prior issue of Shares and Options

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve the prior issue of 241,344,607 Shares as described in the Explanatory Memorandum accompanying this Notice of Meeting."

5. Resolution 5 – Approval for additional placement capacity of Securities

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

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of Meeting."



6. OTHER BUSINESS

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

Voting exclusion statement

As required by the Corporations Act and ASX Listing Rules, the Company will disregard any votes cast on:

1. Resolution 1 by a Director or other Key Management Personnel of the Company whose remuneration is included in the 2014 Remuneration Report for the Company and any of their Closely Related Parties.
2. Resolution 4 by a person who participated in the issue of the Shares and listed Options and any associate of such a person.
3. Resolution 5 by any person who may participate in an issue of shares permitted by Resolution 5, if it is passed. The Company has taken the view that the persons who may participate in such an issue cannot be determined and so will not disregard any votes cast on Resolution 5.

However, a Director, a Key Management Personnel or their Closely Related Parties may cast a vote on Resolution 1 if:

1. the person is acting as proxy for a person who is entitled to vote and the proxy form specifies how the proxy is to vote; or
2. the person is the Chairman voting an undirected proxy which expressly authorises the Chairman to vote the proxy on a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Company need not disregard votes of the above parties for Resolution 4 if:

1. it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
2. it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.



Explanatory Memorandum

The accompanying Explanatory Memorandum forms part of this Notice of Annual General Meeting and should be read in conjunction with it. A Glossary of terms used in this Notice of Annual 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 Thursday, 13 November 2014. 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 boxes above. However, the Chairman of the meeting is not permitted to vote an undirected proxy on Resolution 1, unless the proxy expressly authorises the Chairman to vote the proxy on such Resolution even if it is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

In respect of Resolution 1, if the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on those Resolutions, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

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, Security Transfer Registrars Pty Ltd, on request by contacting them directly. Contact details for Security Transfer Registrars 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 Environmental Clean Technologies' share registry by 10:00 am on Wednesday, 26 November 2014.

A Proxy Form is included with this Notice. If you require a second proxy form, please contact Environmental Clean Technologies' 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:

Security Transfer Registrars Pty Ltd

Postal Address: PO BOX 535, Applecross, Western Australia 6953

Street Address: Alexandria House, Suite 1, 770 Canning Highway,
Applecross, Western Australia 6153

Telephone: +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.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

There are 2 ways to ask the Directors or the Auditor a question:

1. Post or email your question to the Company at:

Environmental Clean Technologies Limited
Level 7, 530 Little Collins Street,
Melbourne Vic, 3000 Australia

Email: info@ectltd.com.au
Telephone: +61 (0) 3 9909 7684
Attention: Company Secretary

2. Attend the Meeting

Questions to the Company should relate to matters that are relevant to the Meeting, including matters arising from the 2014 Annual Report and general questions regarding the Company's management or performance. Written questions to the Auditor should relate to the conduct of the audit or the content of the Auditor's Report.

Please note that written questions to the Company must be received no later than 10:00 am (Melbourne time) on Wednesday, 26 November 2014. Questions to the Auditor must be received no later than 5 business days before the Meeting, being Friday, 21 November 2014.

The Company is required by law to forward all questions to the Auditor, from which the Auditor is required to



prepare a list of those questions that are considered to be relevant to the conduct of the audit or the content of the Auditor's Report. The Auditor may omit questions that are the same in substance to other questions. The list of questions prepared by the Auditor will be available on the Company's website, www.ectltd.com.au prior to the Meeting. In addition, copies of the list of questions will be available at the Meeting.

The Chairman of the Meeting will answer as many of the frequently asked questions submitted to the Company as possible at the Meeting.

By order of the Board

Ashley Moore
Managing Director
28 October 2014



Explanatory Memorandum

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

The Annual General Meeting will be held at the offices of RSM Bird Cameron, Level 21, 55 Collins Street, Melbourne, Victoria on Friday, 28 November 2014 at 10:00 am, Melbourne time.

1. Annual Financial Report

The full year results for the Company are available in the 2014 Annual Report sent to those Shareholders who elected to receive the annual report or online at www.ectltd.com.au. Any relevant announcements made by the Company after the date of the 2014 Annual Report will be available on the Company's website at www.ectltd.com.au.

The Corporations Act and the Company's Constitution require the following reports in respect of the financial year of the Company ended on 30 June 2014 to be presented to the Meeting:

- the Financial Report (which includes the Financial Statements and Directors' declaration);
- the Directors' Report (which includes the Remuneration Report); and
- the Auditor's Report.

Except for the non-binding advisory resolution in respect of the Remuneration Report (refer to Resolution 1 below), there is no requirement in the Corporations Act or the Constitution for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about or make comments on the management or performance of the Company.

The Auditor of the Company is required to attend the Meeting and will be available to take Shareholder's questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the 2014 financial statements of the Company and the independence of the Auditor in relation to the conduct of the audit. The Auditor will also be allowed a reasonable opportunity to answer written questions submitted in accordance with the process described previously.

2. Resolution 1 - Adoption of Remuneration Report

The Remuneration Report of the Company for the financial year ended 30 June 2014 is set out in the Directors' Report (included in the 2014 Annual Report) (**Remuneration Report**).

In compliance with section 300A of the Corporations Act, the Remuneration Report sets out the Company's policy for determining the nature and amount of remuneration for the Directors and specified executive officers of the Company. The Board has a policy of ensuring that remuneration paid to Directors and management is market competitive while at the same time aligned to the achievement of strategic objectives and the creation of value for Shareholders.

Section 250R of the Corporations Act requires a resolution in relation to the Remuneration Report to be included in the business of the Meeting, so that Shareholders have opportunity to comment and ask questions on the content of the Remuneration Report and exercise a vote for its adoption. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The vote on Resolution 1 will, in the first instance, be determined by a show of hands as required by clause 12.12 of the Constitution. However, if there is any doubt regarding the outcome of the voting, the Chairman of the Meeting will demand a poll for Resolution 1 so that the votes for and against the Resolution can be accurately determined. If a poll is required, it will be held towards the end of the Meeting.



The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation to vote the proxy in accordance with the Chairman's intention.

3. Resolutions 2 and 3 – Re-election of Mr Glenn Fozard and Mr Stephen Carter (Non-executive Directors)

Clause 13.2 of the Company's Constitution and ASX Listing Rule 14.4 provide that a Director must not hold office without re-election after the third Annual General Meeting following the Director's appointment or 3 years, whichever is longer. In addition, clause 13.2 of the Constitution provides that one-third of the Directors for the time being, or if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office at each Annual General Meeting of the Company. The Directors to retire at an Annual General Meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots. It was agreed by the Board that Messrs Carter and Fozard would stand for re-election at the 2014 AGM. In addition, Clause 13.4 of the Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed holds office only until the next general meeting and is then eligible for re-election.

Mr Glenn Fozard was appointed as a Director by the Board on 23rd August 2013 and being eligible, offers himself for re-election at the Meeting.

Mr. Fozard brings to ECT a strong commercial background and extensive experience in the finance and capital markets at both board and executive management level. He has over 13 years experience in the finance sector holding various senior management and sales roles, including 5 years at Macquarie Bank's Securitised Lending division.

With in-depth experience in tailored financing solutions for SME's in the cleantech and agricultural industries, Mr. Fozard is the founding partner of Greenard Willing, a specialist financial advisory firm.

Mr. Fozard has held an advisory position with ECT for over 5 years and has contributed significantly towards the capital raising for the Company during that time.

Mr. Fozard holds a Bachelor of Business and a Bachelor of Arts from Monash University majoring in international trade and psychology.

Mr Stephen Carter (MBA, Dip. Applied Science, Advanced Dip. Company Directors, Diploma Stockbroking, FAICD, MSAA) was appointed as a non-executive director in May 2009, re-elected at the 2011, 2012 and 2013 AGM's and is retiring from the Board under these rotation rules and, being eligible, offers himself for re-election at the Meeting.

Mr Carter has extensive experience in delivering strategic projects including the commissioning of Crown Casino, the commercial preparation for the integration of Ansett/Air New Zealand, delivery of a multi-million dollar funding package for the redevelopment of the Melbourne Showgrounds, the review and transformation of Air New Zealand's engineering division and the commercial repositioning of Spotlight Pty Ltd. Mr Carter is not and has not been a director of any other publicly listed company in the past 3 years.

Recommendation

The Board (other than Mr Fozard with respect to Resolution 2 and Mr Carter with respect to Resolution 3) recommends that Shareholders vote in favour of Resolutions 2 and 3.



4. Resolution 4 - Ratification of prior issue of Shares and Options

Subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of equity securities that a company may issue or agree to issue without shareholder approval in any 12 month period to 15% of its issued securities.

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 the previous issue 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 made with shareholder approval for the purpose of ASX Listing Rule 7.1.

(a) Issue of securities in 12 months to 28 October 2014

In the 12-month period to 28 October 2014 there were a number of issues of new Shares and Options in the Company. In total 296,975,164 Shares, 1,396,172,364 ESIOA listed Options and 724,768,416 ESIOB listed Options were issued.

(b) Issues of Shares not requiring ratification for the purposes ASX Listing Rule 7.4

Of the new Shares and Options issued, the issue of 55,630,557 Shares, 1,396,172,364 listed ESIOA Options and 724,768,416 listed ESIOB Options were ratified or approved by Shareholders, or fell within the 15% limit in ASX Listing Rule 7.1. The issues were as follows:

Details	ESI	ESIOA Listed Options	ESIOB Listed Options
Bond Conversion No 15: Ratified at General Meeting 30 May 2014	18,518,519		
Bond Conversion No 15: Ratified at General Meeting 30 May 2014	37,037,038		
Bond Conversion No 16	18,518,519		
Issue of New Options (ESIOA) and Bonus Options (ESIOB) 6 August 2014, approved at General Meeting 30 May 2014		1,396,172,364	724,768,416
Bond Conversion No 17 (final)	222,826,088		
Exercise of Listed ESIO Options	75,000		
Total subject to ASX LR 7.4 exceptions	55,630,557	1,396,172,364	724,768,416
To be ratified at 2014 AGM	241,344,607	0	0
Grand Total Issued	296,975,164	1,396,172,364	724,768,416

(c) Resolution 4

Resolution 4 requests Shareholders to ratify, for the purposes of ASX Listing Rule 7.4, the issue of 241,344,607 Shares to the following parties:

On 16 June 2014 the Company issued 18,518,519 new Shares at a nominal issue price of 0.27¢ per Share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.



On 14 August 2014 the Company issued 241,344,607 new Shares at a nominal issue price of 0.2576¢ per Share to clients of Menzies Securities in satisfaction of the final conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

By ratifying the above issues pursuant to ASX Listing Rule 7.4, the Company will retain the flexibility to issue new Shares and other securities in the future up to the 15% annual limit set out in ASX Listing Rule 7.1 (without the need to obtain prior Shareholder approval).

(d) Information required for shareholder ratification

Under ASX Listing Rule 7.5, the Company is required to provide the following information in relation to Resolution 7:

- a. The total number of securities allotted was 296,975,164 Shares as set out in item 4(c) above.
- b. The prices at which the new Shares and new Options were issued are detailed in item 4(c) above.
- c. Each of the Shares issued was issued as fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares.
- d. The parties to whom the Shares and Options were issued are detailed in item 4(c) above.
- e. The purpose for the issue of the Shares and Options is detailed in item 4(c) above.
- f. A voting exclusion statement is included in the Notice of Annual General Meeting.

Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 4.

5. Resolution 5 - Approval for additional placement capacity of Securities

ASX Listing Rule 7.1A was introduced to provide eligible mid to small cap listed entities with the ability to seek shareholder approval to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue by way of placements over a 12 month period over and above the 15% permitted under ASX Listing Rule 7.1. The authority to undertake such placements requires shareholder approval by way of a **special resolution** at an AGM and such approval is valid for 12 months from the date of the AGM. To be eligible the company, at the time of the AGM, must not have a market capitalisation of more than \$300 million and cannot be included in the S&P/ASX 300 Index. Furthermore, the securities must not be issued at a price that is less than 75% of the volume weighted average price (VWAP) of the securities calculated over the 15 trading days on which trades in those securities were recorded immediately before the date on which the issue price of the securities is agreed, or the issue date (if the securities are not issued within 5 trading days of the date on which the issue price is agreed).

As at the date of this Notice the Company has 2,409,526,361 fully paid ordinary Shares on issue and Resolution 5 seeks approval for the Company to have the capacity to issue new equity securities equal to 10% of the sum of the number of Shares on issue 12 months before the date of issue or agreement plus the number of Shares issued in the 12 months with approval of holders of ordinary securities under ASX Listing Rule 7.1 (security issues approved by shareholders) or ASX Listing Rule 7.4 (ratification of securities issued under the 15% limit of ASX Listing Rule 7.1) or under an exception in ASX Listing Rule 7.2 (exemptions to ASX Listing Rule 7.1 including Shares issued pursuant to a pro-rata rights issue and approved employee incentive schemes). The Company, as at the date of this Notice, has on issue 2 classes of equity securities, Shares and Options listed on ASX. If Resolution 5 is approved the Directors may, at their discretion, issue equity securities up to 25% of the number of ordinary securities on issue by way of placements over a 12 month period pursuant to ASX Listing Rules 7.1 and 7.1A.

Determination of the additional capacity to issue Securities if Resolution 5 approved

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated in accordance with the following formula:



$(A \times D) - E$

- A** is the number of shares on issue 12 months before the date of issue or agreement:
- plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
 - plus the number of partly paid shares that became fully paid in the 12 months;
 - plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
 - less the number of fully paid shares cancelled in the 12 months.
- (Note that A is has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity).*
- D** is 10%
- E** is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rule 7.1 or 7.4.

On 28 October 2013, the Company had on issue 2,112,551,197 Shares and in the 12 months to 28 November 2014 the Company issued a further 75,000 Shares with approval under ASX Listing Rule 7.2 and 55,555,557 Shares with approval under ASX Listing Rules 7.1 and 7.4, making A in the above formula 2,168,181,754.

Based on this calculation the Company would theoretically have as at 28 October 2014 a capacity to issue:

- 325,227,263 equity securities under ASX Listing Rule 7.1 (15% of A); and
- subject to Shareholder approval being obtained under Resolution 5, 216,818,175 equity securities under ASX Listing Rule 7.1A (10% of A).

(These theoretical numbers of shares are relevant to the discussion of dilution below.)

The actual number of equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2

Notice requirements for approval under rule 7.1A

Minimum price. The Company will only issue equity securities for which the aggregate issue price of the equity securities is 75% or more of the volume weighted average price (VWAP) of equity securities in the same class calculated over the 15 trading days immediately before the date on which the issue price of the equity securities is agreed, or the issue date (if the equity securities are not issued within 5 trading days of the date on which the issue price is agreed).

Risk of economic and voting dilution. Shareholder approval of Resolution 5 and any subsequent issue of Shares pursuant to ASX Listing Rule 7.1A.2 may result in the economic and voting dilution of existing Shareholders. There is a risk that:

- the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the approval at the Meeting under rule 7.1A; and
- the equity securities may be issued at a price that is at a discount to the market price for Company's equity securities on the issue date.



The impact upon the funds raised and existing shareholder dilution under alternative scenarios of share price and increases in Variable A from the level as at 22 October 2014 (being 2,409,526,361) is shown in the table below. The table provides a matrix showing the number of Shares issued for a 10% dilution and the funds raised assuming Variable A is as at the 28 October 2013 level, 50% higher and 100% higher and assuming the placement Share price is at the Current Price of 0.9¢ (Share price as at 22 October 2014), half the Current Price at 0.45¢ and double the Current Price at 1.8¢.

Variable A in LR 7.1A.2	Dilution			
	Share price	\$0.0045	\$0.009	\$0.018
		Half Current Price	Current Price	Double Current Price
Current Variable A	10% Voting Dilution	216,818,175	216,818,175	216,818,175
	Funds Raised	\$975,682	\$1,951,364	\$3,902,727
50% Increase in Variable A	10% Voting Dilution	325,227,263	325,227,263	325,227,263
	Funds Raised	\$1,463,523	\$2,927,045	\$5,854,091
100% Increase in Variable A	10% Voting Dilution	433,636,351	433,636,351	433,636,351
	Funds Raised	\$1,951,364	\$3,902,727	\$7,805,454

The table has been prepared on the following assumptions:

- The Company issues the maximum number of equity securities available if the additional 10% placement capacity is permitted by shareholders approving Resolution 5.
- No Options are exercised into Shares before the date of the issue of the equity securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table shows only the effect of issues of Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- The issue of equity securities under the 10% Placement Facility consists only of Shares. If the issue of equity securities includes Options or other convertible securities, it is assumed that those Options or other convertible securities are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The Current Price is \$0.009 (22 October 2014).

Expiry of approval. If approved by Shareholders the Company may issue equity securities on terms as detailed in this Explanatory Memorandum from 28 November 2014 until the earlier to occur of:

- 28 November 2015; or
- the date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX.

The approval under Resolution 5 for the issue of the equity securities will cease to be valid if Shareholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking).

Purpose of new issues. Funds raised from any issues under ASX Listing Rule 7.1A.2 may be used for working capital purposes, the acquisition of assets or as consideration for the payment of expenses incurred or services rendered.

Allocation policy. The Company's allocation policy will be dependent on the prevailing market conditions at the time of any proposed issue pursuant to ASX Listing Rule 7.1A. The identity of the allottees of equity



securities will be determined on a case-by-case basis having regard to the methods of raising funds that are available to the Company and advice from the Company's corporate and financial advisers, if applicable. The allottees, if Resolution 5 is approved, have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Details of new issues under rule 7.1A from prior year.

In accordance with Listing Rule 7.3A.6 the following information is provided to Shareholders:

- (a) The total number of Securities on issue at 28 October 2013 was 2,112,551,197. The total number of shares issued in the 12 months since 28 October 2013 was 296,975,164, representing 14.1% of the total Securities on issue at 28 November 2013.
- (b) Details of all Securities issued in the 12 month period prior to the date of the meeting are set out below. In all cases the price was at a 5% discount to the lowest daily VWAP in the preceding 5 trading days:

On 26 March 2014, the Company issued 18,518,519 Shares at a nominal issue price at 0.27¢ per Share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

On 8 April 2014, the Company issued 37,037,038 Shares at a nominal issue price at 0.27¢ per Share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

On 2 June 2014, the Company issued 18,518,519 Shares at a nominal issue price at 0.27¢ per Share to clients of Menzies Securities in satisfaction of a conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

On 14 August 2014, the Company issued 198,299,656 Shares at a nominal issue price at 0.2576¢ per Share to clients of Menzies Securities in satisfaction of the final conversion notice received by the Company under the terms of the Strategic Deliverable Bond.

Please note that Resolution 5 is a **special resolution** and therefore requires approval of at least 75% of votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or representative).

Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 5.



Glossary

In this Notice and Explanatory Memorandum:

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

AGM means an annual general meeting;

Annual General Meeting or **Meeting** mean the annual general meeting of the Company to be held at 10:00am on Friday, 28 November 2014;

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;

Auditor means BDO East Coast Partnership;

Board means the board of Directors of the Company;

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.

Constitution means the constitution of the Company;

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

Directors mean the directors of the Company from to time;

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

Environmental Clean Technologies, ECT or Company means Environmental Clean Technologies Limited ACN 009 120 405;

ESIOA means listed options to acquire shares, with an exercise price of 0.9¢ per share, expiring on 31 July 2017.

ESIOB means listed options to acquire shares, with an exercise price of 1.5¢ per share, expiring on 31 July 2017.

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

Menzies Securities means Menzies Securities Pty Ltd ACN 130 703 463;

Monash Capital means Monash Capital Group Pty Ltd ACN 117 708 442;

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

Options means options to acquire Shares;

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

Resolution means the resolution to be put to shareholders at the Meeting, as set out in the Notice of Annual General Meeting;

Securities means Shares, Options, securities convertible into Share or rights to Shares or Options that maybe granted by the Company;

Shareholder means the registered holder of Shares; and

Shares means fully paid ordinary shares in the capital of the Company.

Strategic Deliverable Bond means the finance facility as described to the market by the Company via ASX announcements on 21 November 2012, 5 July 2013 and 22 November 2013.

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

ABN: 28 009 120 405

REGISTERED OFFICE:

Suite 712
530 Little Collins Street
MELBOURNE VIC 3000

SHARE REGISTRY:

Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
AUSTRALIA
770 Canning Highway, APPLECROSS WA 6153
AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

« REF No. »

«HOLDER_NAME»
«ADDRESS_LINE_1»
«ADDRESS_LINE_2»
«ADDRESS_LINE_3»
«ADDRESS_LINE_4»
«ADDRESS_LINE_5»

Code:

ESI

Holder Number:

«HOLDER_No.»

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE ONLINE

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

Online Proxy ID:

«ONLINE PRX ID»

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

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The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10:00am AEST on Friday 28 November 2014 at RSM Bird Cameron, Level 21, 55 Collins Street, Melbourne, Victoria and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the 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 boxes below. However, the Chairman of the meeting is not permitted to vote an undirected proxy on Resolution 1, unless the proxy expressly authorises the Chairman to vote the proxy on such Resolution even if it is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

In respect of Resolution 1, if the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on those Resolutions, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTIONS

FOR

AGAINST

ABSTAIN*

1. Remuneration Report

☐☐☐

2. Re-election of Mr Glenn Fozard

☐☐☐

3. Re-election of Mr Stephen Carter

☐☐☐

4. Ratification of prior issue of Shares and Options

☐☐☐

5. Approval for additional placement capacity of Securities

☐☐☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director Secretary

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10:00am AEST on Wednesday 26 November 2014.

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My/Our contact details in case of enquiries are:

Name:

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Number:

(

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)

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1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Registrars Pty Ltd

Online www.securitytransfer.com.au

Postal Address PO BOX 535
Applecross WA 6953 AUSTRALIA

Street Address Alexandra House
Suite 1, 770 Canning Highway
Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

