



Former Fortescue Future Industries Senior Executive appointed as new Managing Director and capital raising to support commercialisation of Bacchus Marsh production facility

Highlights:

- Former Fortescue Future Industries Senior Executive and highly regarded energy transition executive, Sam Rizzo, appointed as Managing Director.
- Binding commitments received from sophisticated and professional investors to raise \$2.0 million, with strong support from existing shareholders.
- Revised strategy to take advantage of nearer term revenue opportunities at Bacchus Marsh.
- Funds raised will primarily be used to progress engineering at the Bacchus Marsh production facility and for working capital.

17 August 2023: Environmental Clean Technologies Limited (ASX: ECT) (“ECT” or “Company”) is pleased to announce that it has received firm commitments to raise \$2.0 million through the issue of 363,636,363 fully paid ordinary shares (**Shares**) at an issue price of \$0.0055 per Share (**Placement**). The Placement was offered to sophisticated and professional investors and was strongly supported by existing shareholders. Subject to shareholder approval, related parties of the Company will take up 14,510,000 Shares (\$79,805) under the Placement. Proceeds will support engineering works at the Company’s Bacchus Marsh production facility under a revised strategy designed to capture near term commercial opportunities. Concurrent with the Placement, the Company is pleased to announce the appointment of highly regarded energy transition executive Sam Rizzo as Managing Director.

Appointment of Sam Rizzo as Managing Director and Board Changes

Mr Rizzo is a highly regarded project leader with more than 11 years’ experience delivering complex renewable energy and infrastructure projects, focused on achieving optimal value and return on investment. He was most recently Regional Programme Leader (Europe) for global energy transition company, Fortescue Future Industries. This role led the implementation of strategic corporate agreements for complex multi-billion-dollar projects, which involved entering contractual arrangements with a national utility provider and green renewable energy entities.

Mr Rizzo, commented, “I am thrilled to embark on an exciting new chapter in my career as Managing Director of Environmental Clean Technologies. Before agreeing to join, I conducted extensive due diligence on ECT and its technology (including a site visit to the impressive Bacchus Marsh production plant in July 2023), and I believe there is significant potential for the Company to play an important part in the global shift towards net zero or near net zero alternatives for fuel, energy, and related products. I look forward to working closely with the team at ECT and bringing my experience and network to the Company as we look to advance and commercialise ECT’s alternate net zero technologies.”

Non-Executive Chairman, Jason Marinko, said, “We are very proud to have attracted someone of Sam’s calibre and experience in the energy transition sector to lead ECT through the next chapter of its growth. Sam’s experience in delivering complex projects, from conception through to commercial contracts with both Government and industry, makes him the ideal person to maximise the commercial opportunities for ECT’s suite of technologies.”

Current Managing Director, Glenn Fozard, will transition to Chief Operating Officer, effective immediately. Mr Fozard held the role of Managing Director for more than 3½ years and has held various roles on the Board of ECT for over 10 years. In his role as Managing Director, Mr Fozard has been integral in leading the Company's construction and commissioning of the Bacchus Marsh demonstration plant.

In relation to the executive restructure, Mr Marinko, said, "Glenn has led ECT with distinction through many challenges in its early stages of development and delivered the Company's impressive Bacchus Marsh production plant which will form the basis for our commercial growth plans. The retention of Glenn's experience and knowledge of ECT's core partnerships will ensure that the Company remains well placed to capitalise on the opportunities available for our technologies."

Further, as part of the Board and management changes, Tim Wise has resigned from the Board, effective immediately. Mr Wise has made a significant contribution to the Company over the past 2 years as it moved towards commercialisation of its technologies and production facility and was particularly instrumental in attracting Mr Rizzo to the Company. The Company thanks him for his strong contribution and guidance and wishes him all the best in his future endeavours."

Regarding the developments announced today, Mr Marinko said, "The appointment of Sam as Managing Director, Glenn's transition to Chief Operating Officer, and the capital raising mean the Company is well positioned for the commercialisation of the Bacchus Marsh production facility. We believe the Bacchus Marsh production facility has outstanding potential to create shareholder value through commercial offtakes and we now have the team to unlock this value. On behalf of the Board, I welcome Sam to the Company, and I would also like to thank Tim for the valuable contribution he has made to ECT and wish him all the best for the future."

Revised Development Strategy

ECT's core technology is a patented process to refine lignite to produce COLDry, a high calorific fuel and feed stock with numerous downstream product opportunities including char for agricultural purposes, methanol and hydrogen as a fuel produced in a near net zero process.

The Company has built a commercial demonstration plant at its Bacchus Marsh facility in Victoria which currently has the capacity to convert 60,000 tonnes of as-mined lignite into 25,000 tonnes of COLDry pellets per annum, and upon installation of the Company's pyrolysis kiln (which is already owned by the Company) will be able to convert 25,000 tonnes of COLDry pellets into 12,500 tonnes of high value char product per annum.

As part of the organisational restructure and ongoing strategic review led by Mr Rizzo, the Company intends to implement a revised strategy aimed at taking advantage of near-term revenue generating opportunities, whilst continuing to conduct feasibility studies on longer term projects. Broadly, the revised strategy to bring Bacchus Marsh into production can be split into three distinct phases (which the Company intends to pursue concurrently):

- A. Finalise design and engineering of the installation of the pyrolysis kiln, and subject to further funding, install the kiln which will enable the Company to produce and sell char; and
Conduct further feasibility to better understand the return between char and COLDry pellets and progress discussions with potential off takers.
- B. Conduct feasibility to increase production at Bacchus Marsh of both COLDry pellets and char.
- C. Conduct feasibility on using syngas and other fuels which provide low-cost, low emissions energy to critical industrial sectors.

Indicative Project Timeline

The indicative timetable for the development of the Bacchus Marsh project is set out below:

BACCHUS MARSH PRODUCTION FACILITY (25,000 tpa)													
2023/2024	Month	SEPT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEPT
Finalise Design and Engineering of installation of Kiln at Bacchus Marsh													
Validate pricing for offtake / Tender													
Progress discussions with potential offtakers and feedstock suppliers													
Installation of kiln ¹													
Commissioning ¹													

¹ Installation of the kiln and commissioning will require further funding and is subject to successful completion design and engineering studies.

Growth Strategy

The Company intends to grow through both the continued development of its existing technologies and through a targeted M&A strategy:

- Organic Growth Strategy:** in the first instance, the organic growth strategy will focus on increasing volume at the Bacchus Marsh site. The Company intends to achieve this through optimising operations, collaborating with OEMs to maximise operational efficiencies, optimising blend ratios and moisture content, as well as increasing throughput capacity. The second growth and expansion opportunity will come from complementary activities at the Yallourn location owned by ECT. Further, ECT will look to diversifying our product strategy to take advantage of the hydrogen, carbon and syngas products which is part of the pyrolysis process.
- Acquisitions Growth Strategy:** Concurrent with the development of its existing technologies, the Company intends to consider acquisition and/or partnership opportunities which align with its core strategy. This process will be led by Mr Rizzo who has significant experience and networks in the resource and renewable energy sector and has developed strong commercial relationships with off takers and suppliers.

Capital Raising

ECT has received firm commitments for \$2.0 million at a price of \$0.0055 per share under the Placement which was strongly supported by existing shareholders. Proceeds will primarily support engineering works at the Company's Bacchus Marsh production facility to capture near term commercial opportunities as outlined above.

The Placement price of \$0.0055 represents a 21.4% discount to closing price of Shares on 14 August 2023 and a 22.2% discount to the 15-day volume weighted average price (VWAP) of Shares prior to this date. Subject to shareholder approval, related parties of the Company intend to participate for \$79,805 (14,510,000 Shares) under the Placement.

The Placement will result in the issuing of 363,636,363 new shares with settlement anticipated on 28th August 2023. The new shares will rank equally with existing shares on issue and will be issued using the Company's existing capacities under ASX Listing Rules 7.1 and 7.1A, accordingly shareholder approval will not be required.

Kaai Capital acted as Lead Manager to the Placement and will be paid a fee of 6% of the amount raised (which Kaai Capital may elect to receive in Shares at the Placement price) and will be issued 50 million options, each with an exercise price of \$0.011 expiring 3 years from issue, at an issue price of \$0.0001 per option. These securities will be issued under the Company's ASX Listing Rule 7.1 capacity and accordingly shareholder approval will not be required.

Please refer to the Company's Appendix 3B for further details.

Use of Funds

The Company intends to use funds raised from the Placement:

- to finalise design and engineering for the installation of the pyrolysis kiln (already owned by ECT and delivered on site in August 2021) at the Company's Bacchus Marsh Plant;
- progress ongoing discussions regarding potential supply agreements, for lignite and other input streams, and offtake agreements, for COLDry and char;
- identification and assessment of complementary or synergistic acquisition opportunities; and
- for working capital, including continuing a strategic review of the Company's existing technologies.

This announcement is authorised for release to the ASX by the Board.

For further information, please contact:

INVESTOR & MEDIA ENQUIRIES

Sam Rizzo
Managing Director
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Managing Director Remuneration

The Company advises the following key terms of Mr Rizzo's Executive Services Agreement:

Term of Agreement

The appointment will take place on 15 August 2023 and has no fixed term.

Salary

Total fixed remuneration is \$300,000 per annum exclusive of superannuation.

As part of his remuneration package and subject to shareholder approval, the Company intends to offer Mr Rizzo 100 million options, with an exercise price of \$0.03. These options will be subject to the following Vesting Conditions, which are designed to align the interests of the new Managing Director with shareholders:

- 20,000,000 Options which vest 12 months from date of grant and expire 3 years from date of grant;
- 20,000,000 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 \$0.03 or higher at any time prior to expiry, 3 years from date of grant;
- 20,000,000 Options which vest no earlier than 12 months from date of grant if the 20-day VWAP is \$0.05 or higher at any time prior to expiry, 3 years from date of grant;
- 20,000,000 Options which vest no earlier than 12 months from date of grant if the 20-day VWAP is \$0.07 or higher at any time prior to expiry, 3 years from date of grant;
- 20,000,000 Options which vest no earlier than 12 months from date of grant and if the 20-day VWAP is \$0.10 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 will seek shareholder approval for the issue of options to Mr Rizzo at the AGM which is scheduled to be held in November.

Termination

Mr Rizzo's employment may be terminated by either himself or the Company by providing 3 months' notice in writing. The Company, at its absolute discretion, may elect to make payment in lieu of any period of notice.