

Project Update

COLDry Lignite-Nitrogen Fertiliser Demonstration

Highlights:

- Joint Venture Agreement (JVA) with ESG Agriculture signed, building on the Heads of Agreement from July 2024
- Bacchus Marsh lignite-nitrogen fertiliser project targeting initial production of 30,000 tonnes per annum, increasing to 50,000 tpa
- Non-dilutive working capital loan application in progress
- Non-dilutive project financing under negotiation
- Field trials poised to commence, focused on securing off-take agreements.

Environmental Clean Technologies Limited (**ASX: ECT**) ("**ECT**" or "**the Company**") is pleased to announce the signing of the Joint Venture Agreement (**JVA**) with ESG Agriculture, advancing from the Heads of Agreement signed in July 2024. This marks a significant milestone in the progression of the COLDry Lignite-Nitrogen Fertiliser Project ("**Project**").

Following the successful commissioning of the COLDry demonstration plant in December 2023, ECT explored various project pathways in late 2023 and early 2024. Lignite-nitrogen fertiliser was identified as the fastest and most cost-effective avenue for revenue generation, positioning the agriculture application as the key focus for commercialisation.

Project Overview

The Project targets annual production of 30,000 tonnes per annum of lignite-blended nitrogen fertiliser, with the ability to increase to 50,000 tonnes per annum, based on the current plant capacity and design. This represents a major shift in ECT's efforts, evolving from a technical demonstration of the COLDry process into a commercial initiative.

The Project offers farmers a sustainable and cost-effective solution by incorporating lignite into the fertiliser, reducing urea usage by 50%, and drying the blended, granulated product using ECT's patented COLDry technology. The fertiliser is designed to lower nitrogen emissions, enhance crop yields, and mitigate environmental impacts.

Following the completion of field trials, ECT expects to formalise off-take agreements and generate revenue ahead of the planned Phase 1 expansion to 50,000 tonnes per annum.

Signing of Joint Venture with ESG Agriculture

The Joint Venture Agreement (JVA) with ESG Agriculture marks the next phase in the collaboration following the success of the Heads of Agreement. ECT and ESG Agriculture have committed \$500,000 in equity (50/50 split) to establish the joint venture entity, which will oversee production and lead field trials for the lignite-nitrogen fertiliser.

Sam Rizzo, ECT's Managing Director, commented:

“Our partnership with ESG Agriculture builds on the successful commissioning of our COLDry demonstration plant, moving our technology into the commercial arena. This joint venture will showcase the effectiveness of lignite-blended nitrogen fertilisers and unlock new growth opportunities in agriculture, offering farmers a sustainable and cost-efficient solution.”

Engineering and Field Trials

The Project continues to make strong progress, having previously achieved a key technical milestone with the successful independent testing that validated the blending and drying of lignite with nitrogen fertiliser. The Project will shortly enter field trials across major South Australia, Victoria, New South Wales, and Queensland agricultural regions.

The field trials, supported by Memoranda of Understanding (MOU's) with major agricultural stakeholders, aim to convert successful outcomes into binding offtake agreements, transforming the trials into commercially bankable results.

Financial and Operational Progress

To support the project's execution, ECT is finalising a loan secured against its Yallourn property. This non-dilutive working capital will provide funding through the field trials phase. Concurrently, ECT is negotiating a project loan to enable the commencement of construction.

ECT remains focused on a financing strategy prioritising non-dilutive options to protect shareholder value. This will enable the Company to meet key milestones, including construction, field trials, and the start of commercial production.

Joint Venture Agreement: Key Material Terms

- **Formation and Structure:**
 - The joint venture will be established no later than 1 November 2024, with ECT and ESG holding 50% of the shares each.
 - The initial purpose is to conduct field trials with potential customers.
- **Capital Contributions:**
 - Both parties will contribute \$250,000 each to the JV entity by 15th November 2024.
- **Board and Management:**
 - Each party will initially appoint one director to the JV entity.
 - The CEO, appointed by the board, will handle day-to-day management without voting rights.

- **Intellectual Property (IP):**
 - Both parties retain ownership of their pre-existing IP.
 - Any IP jointly developed will belong to the JV entity.
- **Budget and Costs:**
 - The approved budget for Phase 1 is \$500,000, covering production trials, granulation, tests, and other related R&D expenses.
 - Future phases require board approval.
- **Roles and Responsibilities:**
 - ESG will handle sales, marketing, and distribution, while ECT will oversee design, engineering, project management, and plant operation.
 - Funding and other corporate functions will be shared.

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

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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.