ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

# Strategic Deliverable Bond reaches conclusion

**Thursday 14 August 2014:** Environmental Clean Technologies Limited (ECT or Company) (ASX:ESI) advises that the Strategic Deliverable Bond (SDB), established to fund the delivery of Coldry engineering outcomes, has today been extinguished through the receipt of a final conversion notice for the balance of the Bond.

The attached **Appendix 3B** represents the conclusion of a funding program which has enabled the highest value outcomes delivered by the Company since its inception; detailed engineering and design for the Coldry commercial-scale demonstration plant.

The Bond in total provided $3.9 million in funding, at an average conversion price of 0.54 cents per share.

## Background

The detailed engineering program began in late 2011, initially funded by shareholders through a Rights Issue. The Arup Strategic Deliverable Bond was set in place in November 2012 to support the delivery of the 'Design for Tender' (DFT) program, necessary to scale up the Coldry process from pilot-scale to a commercial-scale demonstration plant.

The early stage works included process data mapping of the Pilot Plant and validation activities enabling the scale up design works to begin.

The second phase included equipment performance specification development, options analysis for equipment configurations, and a range of cost saving and performance improvement engineering works.

The DFT works were then focussed to provide for a specific outcome of a Commercial-scale Demonstration Plant (CDP) project, and expanded to include various pre-construction and construction planning activities, as well as construct-ability analyses.

The 'Construction Ready' design package was presented to shareholders in August 2013.

This level of preparedness enabled the Company to pursue its India strategy, initially entailing the engagement of Greenard Willing India and YES Bank to support delivery against the Manufacturing Strategy elements. This included the detailed review of capable Indian EPC companies, and culminated in the appointment of Thermax as ECT's Indian EPC partner.

## Next Steps

The progressive delivery against this strategy, enabled by the work funded by the SDB, sees the Company now positioned to significantly advance in India and globally.

Managing Director Ashley Moore stated, “The works embodied by the DFT and construction ready engineering packages were vitally important in engaging with Thermax. Through that, we have now reduced the projected cost of demonstrating Coldry at commercial scale by more than $30 million”.

While this is the last conversion associated with the Bond the future value potential enabled through the delivery of engineering outcomes produced by it is yet to be fully realised.

**For further information contact:** *Ashley Moore – Managing Director - info@ectltd.com.au*



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## About ECT

ECT is in the business of commercialising leading-edge coal and iron making 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 licencing and other commercial mechanisms.

## About Coldry

When applied to lignite and some sub-bituminous coals, the relatively simple Coldry beneficiation process produces a black coal equivalent (BCE) in the form of pellets. Coldry pellets have equal or superior energy value to many black coals and produce lower $CO_2$ emissions than raw lignite.

## About MATMOR

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

MATMOR is a simple, low cost, low emission, production technology, utilising the patented MATMOR retort, which enables the use of cheaper feedstocks to produce primary iron.

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*Rule 2.7, 3.10.3, 3.10.4, 3.10.5*

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

**Name of entity**

Environmental Clean Technologies Limited

**ABN**

28 009 120 405

We (the entity) give ASX the following information.

**Part 1 - All issues**

*You must complete the relevant sections (attach sheets if there is not enough space).*

| | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares (ASX code: ESI) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 222,826,088 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully Paid Ordinary Shares ranking equally with existing Ordinary Shares |

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| | | |
|---|---|---|
| 4 | Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?<br><br>If the additional +securities do not rank equally, please state:<br>▪ the date from which they do<br>▪ the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment<br>▪ the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | Yes, the new shares will rank equally with existing ESI securities |
| 5 | Issue price or consideration | $525,000 - Conversion Notice received in relation to the Strategic Deliverable Bond as outlined in item 6.<br>$49,000 – Remaining fees (3.5% of the extension amount) under the terms of the Strategic Deliverable Bond per the ASX announcement on 5 July 2013. |
| 6 | Purpose of the issue<br>(If issued as consideration for the acquisition of assets, clearly identify those assets) | ▪ On 21 November 2012 the Company advised it would be issuing Strategic Deliverable Bonds with a face value of up to $2,500,000.<br>▪ On 5 July 2013 the Company advised it would extend the SDB by up to $1,400,000.<br>▪ On 19 February 2013 the Company received a conversion notice for part of the Bond, being $750,000.<br>▪ On 21 May 2013 the Company received a 2nd conversion notice for part of the Bond, being $150,000.<br>▪ On 7 June 2013 the Company has received a 3rd Conversion Notice for part of the Bond, being $200,000.<br>▪ On 26 June 2013 the Company has received a 4rd Conversion Notice for part of the Bond, being $150,000.<br>▪ As at 11 July 2013 the Company has received a 5th Conversion Notice for part of the Bond, being $100,000.<br>▪ As at 17th July 2013 the Company has received a 6th Conversion Notice for part of the Bond, being $150,000<br>▪ As at 19th July 2013 the Company has received a 7th Conversion Notice for part of the Bond, being $150,000.<br>▪ As at 15th August 2013 the Company has received an 8th Conversion Notice for part of the Bond, being $150,000.<br>▪ As at 20th August 2013 the Company has received a 9th Conversion Notice for part of the Bond, being $300,000.<br>▪ As at 21st August 2013 the Company has received a 10th Conversion Notice for part of the Bond, being $254,000.<br>▪ As at 21st August 2013 the Company has received an 11th Conversion Notice for part of the Bond being $71,000.<br>▪ As at 12th September 2013 the Company has received a |

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| | | |
|---|---|---|
| | | 12th Conversion Notice for part of the Bond being $450,000.<br>▪ As at 25th October 2013 the Company has received a 13th Conversion Notice for part of the Bond being $300,000.<br>▪ As at 25th March 2014 the Company has received a 14th Conversion Notice for part of the Bond being $50,000. Note: *This conversion notice relates to a Convertible Note issued under the Bond for cash payments made to Arup for the DFT during 2013*.<br>▪ As at 8th April 2014 the Company has received a 15th Conversion Notice for part of the Bond being $100,000. Note: *This conversion notice relates to a Convertible Note issued under the Bond for cash payments made to Arup for the DFT during 2013*.<br>▪ As at 2nd June 2014 the Company has received a 16th Conversion Notice for part of the Bond being $50,000. Note: *This conversion notice relates to a Convertible Note issued under the Bond for cash payments made to Arup for the DFT during 2013*.<br>▪ As at 14 August 2014 the Company has received a 17th and FINAL Conversion Notice for part of the Bond being $525,000.<br>▪ The conversion is upon the terms of the Bonds as shown in the announcement of 21 November 2012. The Bond issued to date has been in consideration for the work being undertaken by Arup to deliver design and engineering works associated with the development and delivery of the Coldry technology in addition to operating capital. |
| 6a | Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?<br><br>If Yes, complete sections 6b – 6h *in relation to the +securities the subject of this Appendix 3B*, and comply with section 6i | Yes. |
| 6b | The date the security holder resolution under rule 7.1A was passed | 29 November 2013 |
| 6c | Number of +securities issued without security holder approval under rule 7.1 | 24,526,432 |
| 6d | Number of +securities issued with security holder approval under rule 7.1A | Nil |

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| | | |
|---|---|---|
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | Nil |
| 6f | Number of +securities issued under an exception in rule 7.2 | Nil |
| 6g | If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation. | Yes, the issue price is greater than 75% of the 15 day VWAP.<br>▪ Issue price: 0.2576¢<br>▪ Issue date: 14 August 2014<br>▪ 15 day VWAP: 0.3429¢.<br>▪ 75% of 15 day VWAP: 0.2572¢ |
| 6h | If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | N/A |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | 7.1 remaining capacity is 300,700,831<br>and 7.1A capacity is 0. |
| 7 | +Issue dates<br><br>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.<br><br>Cross reference: item 33 of Appendix 3B. | 14 August 2014 |

8 Number and +class of all +securities quoted on ASX (*including* the +securities in section 2 if applicable

| Number | +Class |
|---|---|
| 2,409,526,361 | Ordinary Shares (ESI) |
| 1,396,172,364 | Options (ESIOA) |
| 724,768,416 | Options (ESIOB) |

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| | | Number | +Class |
|---|---|---|---|
| 9 | Number and +class of all +securities not quoted on ASX (*including* the +securities in section 2 if applicable) | 20,000,000 | Unlisted options exercisable at 5.0 cents each and expiring on 14 December 2014 |

| | | |
|---|---|---|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | None |

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## Part 2 - Pro rata issue

Not applicable

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of +securities
(*tick one*)

(a) ☐ +Securities described in Part 1

(b) ☐ All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

**Entities that have ticked box 34(a)**

Not applicable

**Entities that have ticked box 34(b)**

Not applicable

**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
- Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

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4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ..... Date: 14 August 2014
Company secretary

Print name: Adam Giles

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# Appendix 3B – Annexure 1

**Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities**

Introduced 01/08/12 Amended 04/03/13

## Part 1

| **Rule 7.1 – Issues exceeding 15% of capital** | |
|---|---|
| ***Step 1: Calculate "A", the base figure from which the placement capacity is calculated*** | |
| ***Insert*** number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue | 1,884,569,392 |
| ***Add*** the following:<br>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2<br>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval<br>• Number of partly paid +ordinary securities that became fully paid in that 12 month period<br>*Note:*<br>• *Include only ordinary securities here – other classes of equity securities cannot be added*<br>• *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed*<br>• *It may be useful to set out issues of securities on different dates as separate line items* | Nil<br>283,612,362<br>Nil |
| ***Subtract*** the number of fully paid +ordinary securities cancelled during that 12 month period | Nil |
| **"A"** | 2,168,181,754 |

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| | |
|---|---|
| ***Step 2: Calculate 15% of "A"*** | |
| **"B"** | 0.15<br><br>*[Note: this value cannot be changed]* |
| ***Multiply*** "A" by 0.15 | 325,227,263 |
| ***Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used*** | |
| ***Insert*** number of +equity securities issued or agreed to be issued in that 12 month period *not counting* those issued:<br><br>• Under an exception in rule 7.2<br><br>• Under rule 7.1A<br><br>• With security holder approval under rule 7.1 or rule 7.4<br><br>*Note:*<br>• *This applies to equity securities, unless specifically excluded – not just ordinary securities*<br>• *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed*<br>• *It may be useful to set out issues of securities on different dates as separate line items* | 14/8/14 – 24,526,432 |
| **"C"** | 24,526,432 |
| ***Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1*** | |
| "A" x 0.15<br><br>*Note: number must be same as shown in Step 2* | 2,168,181,754 x 0.15 = 325,227,263 |
| ***Subtract*** "C"<br><br>*Note: number must be same as shown in Step 3* | 24,526,432 |
| ***Total*** ["A" x 0.15] – "C" | 300,700,831<br><br>*[Note: this is the remaining placement capacity under rule 7.1]* |

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## Part 2

| **Rule 7.1A – Additional placement capacity for eligible entities** | |
|---|---|
| **Step 1: Calculate "A", the base figure from which the placement capacity is calculated** | |
| **"A"**<br><br>*Note: number must be same as shown in Step 1 of Part 1* | 2,168,181,754 |
| ***Step 2: Calculate 10% of "A"*** | |
| **"D"** | 0.10<br>*Note: this value cannot be changed* |
| ***Multiply*** "A" by 0.10 | 216,818,175 |
| ***Step 3: Calculate "E", the amount of placement capacity under rule 7.1A that has already been used*** | |
| ***Insert*** number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A<br><br>*Notes:*<br>• *This applies to equity securities – not just ordinary securities*<br>• *Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed*<br>• *Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained*<br>• *It may be useful to set out issues of securities on different dates as separate line items* | 2/6/14 - 18,518,519<br><br>14/8/14 – 198,299,656 |
| **"E"** | 216,818,175 |

| ***Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A*** | |
|---|---|
| "A" x 0.10<br><br>*Note: number must be same as shown in Step 2* | 216,818,175 |
| ***Subtract*** "E"<br><br>*Note: number must be same as shown in Step 3* | 216,818,175 |
| ***Total*** ["A" x 0.10] – "E" | NIL<br><br>*Note: this is the remaining placement capacity under rule 7.1A* |

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ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

**Via ASX online**

**ASX Market Announcements Office**

**14 August 2014**

**Information disclosed under ASX Listing Rules 3.10.5A and 7.1A.4(b)**

Environmental Clean Technologies Limited (ASX:ESI) (Company or ECT) provides the following additional information under ASX Listing Rule 3.10.5A. in relation to the share issue under listing rule 7.1A on 14 August 2014 per the below details.

The following information is provided as a matter of record only.

**Share Issue on the 14 August 2014**

a) A total of 222,826,088 shares were issued at a price of 0.2576¢ per share pursuant to Listing Rule 7.1A (representing 9.25% of the then post placement capital).

   a. pre-placement security holders who did not participate in the Bond conversion held an aggregate 90.75% of the then post-placement capital

   b. pre-placement security holders who did participate in the Bond conversion held an aggregate 9.25% of the then post-placement capital

   c. there were no participants in the Bond conversion who were not previously security holders

b) The issue of fully paid shares through this capital raising related to the presentation of a conversion notice under the Strategic Deliverable Bond issued 21 November 2012, for work performed on the Coldry 'design for tender' during 2013. The Company considered the Bond to be the most efficient and reliable method available for raising the funds required to advance the stated objectives given the funding certainty.

c) No underwriting arrangements were entered into.

d) The capital raising fee in relation to the Strategic Deliverable Bond extension was 5%.

**For further information, please contact:** Adam Giles - Company Secretary
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Email: info@ectltd.com.au

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