



1. Company details

Name of entity:	Environmental Clean Technologies Limited
ABN:	28 009 120 405
Reporting period:	For the year ended 30 June 2025
Previous period:	For the year ended 30 June 2024

2. Results for announcement to the market

	2025 \$	2024 \$	Change \$	Change %
Revenues from ordinary activities	14,464	19,621	(5,157)	(26%)
Loss from ordinary activities after tax attributable to the owners of Environmental Clean Technologies Limited	(3,521,866)	(3,714,043)	192,177	(5%)
Loss for the year attributable to the owners of Environmental Clean Technologies Limited	(3,521,866)	(3,714,043)	192,177	(5%)
			2025 Cents	2024 Cents
Basic loss per share			(0.140)	(0.185)
Diluted loss per share			(0.140)	(0.185)

Comments

The loss for the group after providing for income tax amounted to \$3,521,866 (30 June 2024: \$3,714,043).

Refer to the 'Review of operations' within the directors' report for further commentary on the results.

3. Net tangible assets

	2025 Cents	2024 Cents
Net tangible assets per ordinary security	0.036	0.145

Net tangible assets excludes right-of-use lease assets and liabilities recognised pursuant to AASB 16 'Leases'.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.



7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding	
	Reporting period %	Previous period %
Zero Quest Pty Ltd	50.00%	-

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited. The auditor's report contains an unqualified audit opinion with a paragraph addressing material uncertainty related to going concern.

11. Attachments

Details of attachments (if any):

The Annual Report of Environmental Clean Technologies Limited for the year ended 30 June 2025 is attached.

12. Signed

As authorised by the Board of Directors

Signed:

Faldi Ismail
Chairman
Perth

Date: 29 August 2025

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Environmental Clean Technologies Limited

ABN 28 009 120 405

Annual Report - 30 June 2025

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Directors	Faldi Ismail - Chairman, Non-Executive Director Joseph van den Elsen – Non-Executive Director Justin Mouchacca – Non-Executive Director
Company secretary	Nova Taylor
Registered office	Level 21, 459 Collin Street Melbourne, VIC, 3000 Australia
Principal place of business	25 Rowsley Station Road Bacchus Marsh, VIC, 3340 Australia
Share register	Automic Registry Services Suite 5, Level 12, 530 Collins Street Melbourne VIC 3000 Phone 1300 288 664 (within Australia); +61 2 9698 5414 (outside Australia) www.automic.com.au
Auditor	William Buck 20/181 William Street Melbourne, Victoria 3000
Bankers	National Australia Bank Limited 3/330 Collins Street Melbourne, VIC, 3000
Stock exchange listing	Environmental Clean Technologies Limited shares are listed on the Australian Securities Exchange (ASX code: ECT)
Website	www.ectltd.com.au
Corporate Governance Statement	The directors and management are committed to conducting the business of Environmental Clean Technologies Limited in an ethical manner and in accordance with the highest standards of corporate governance. Environmental Clean Technologies Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Company's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, as well as the ASX Appendix 4G, are released to the ASX on the same date the Annual Report is released. The Corporate Governance Statement and Committee Charters can be found on the Company's website at http://www.ectltd.com.au/about-us/corporate-governance/

The directors present their report together with the financial statements of Environmental Clean Technologies Limited ('the Company' or 'parent entity') and its controlled entities (collectively 'group') for the year ended 30 June 2025.

Directors

The following persons were members of the board of directors ('the Board') of Environmental Clean Technologies Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Faldi Ismail - Chairman, Non-Executive Director (appointed 26 June 2025)
- Joseph van den Elsen - Non-Executive Director (appointed 17 February 2025)
- Justin Mouchacca - Non-Executive Director (appointed 27 May 2025)
- Sam Rizzo – Managing Director (resigned 26 June 2025)
- Jason Marinko – Chairman, Non-Executive Director (resigned 10 June 2025)
- James Blackburn - Non-Executive Director (resigned 17 February 2025)

Principal activities

During the financial period, the principal continuing activities of the group consisted of investment, research, development, and the commercialisation of technologies that bridge the gap between today's use of low-grade and waste resources and tomorrow's zero-emissions future with an emphasis on producing low-emission, net zero and carbon-negative products for the agriculture, industry and energy sectors. Such activities included:

- continuing to develop the COLDry Commercialisation Project at Bacchus Marsh (BM Project);
- developing commercial opportunities for the Company's commercial site at Yallourn; and
- managing the development of, and extracting value from, the group's intellectual property and potential new opportunities.

COLDry Commercialisation Project (Bacchus Marsh)

The Project is divided into two Phases:

Phase 1: COLDry Commercial Demonstration

Stage 1: COLDry process demonstration

Stage 2: Commercial Application R&D Phase – COLDry Lignite-Nitrogen Fertiliser Product

Stage 3: Commercial Application Baseline – steady state production of up to 30,000 tonnes per annum

Stage 4: Commercial Application Optimisation & Expansion – refinement of capital and operational parameters and expansion up to 50,000 tonnes per annum

Stage 1: In December 2022, the team successfully completed the wet commissioning of the primary processing train and conducted end-user trials of the COLDry pellets produced.

Stage 2: During the reporting period, efforts concentrated on evaluating the upscaled COLDry plant, specifically targeting the effectiveness of the drying systems. Trials were conducted using a novel waste heat source derived from a data centre installed onsite by an external partner. These trials confirmed the suitability of this waste heat as a reliable low-temperature energy source for the COLDry process. Moving forward, construction and commissioning will continue in Stage 2, paving the way for Stage 3. The goal is to reach a production rate of up to 30,000 tonnes per annum. Stage 4 will further increase this rate to 50,000 tonnes per annum.

Phase 2: COLDry Syngas Pilot Project

In this phase, the focus will be on assessing the quality, quantity, and consistency of syngas produced from the pyrolysis of biomass-blended lignite. The objective is to generate methanol, hydrogen, and other net-zero products that contribute to industry decarbonisation. Progression to Phase 2 is contingent upon the successful completion of Phase 1.

During the year the Company made the decision to write-off equipment that is no longer part of phase 1 or 2 above. The majority of the write-off related to a kiln that had no material recovery value.

Yallourn & Other Opportunities

Over the reporting period, ECT investigated opportunities for the Yallourn commercial site and other opportunities in the broader Latrobe Valley area.

COLDry Process

The COLDry process is a low-temperature, low-pressure, and, therefore, low-cost method of dewatering lignite to produce an upgraded product. The process has progressed from pilot-scale to demonstration-scale, allowing techno-economic validation ahead of the intended broader commercial roll-out.

The COLDry process produces stable, easily stored, and transportable pellets with equal or higher energy value than many black coals, and a chemical composition rich in hydrocarbons. When used in energy generation, COLDry pellets have a significantly lower CO₂ footprint when used in energy generation than the lignite from which they are made, providing a compelling emissions abatement solution.

The COLDry process also acts as a 'gateway technology', making it an ideal front-end feedstock that enables numerous higher-value upgrading applications such as coal to hydrogen, syngas, char, fertiliser, and iron production. When integrated with the HydroMOR process, the COLDry process provides an essential and cost-effective front-end drying and pelletising solution that enables the world's first and only lignite-based primary iron production method.

The COLDry process combines two mechanisms to achieve efficient, cost-effective de-watering: (i) lignite densification; and (ii) waste heat utilisation. Lignite densification is achieved through the destruction of the internal porous structures, mobilising the structurally trapped water within the lignite. Waste heat utilisation provides 'free' evaporative energy to remove the moisture, thereby minimising paid energy input, resulting in net energy uplift and net CO₂ reductions.

HydroMOR Process

HydroMOR is a cleaner, lower-emission, one-step process for producing high-grade primary iron. It uses low-cost lignite instead of expensive coking coal as used in the conventional blast furnace process.

HydroMOR derives further advantage from its unique raw material base, especially the hydrocarbon-rich lignite used as a reductant. The process derives its name from the use of hydrogen from the lignite to drive the reduction process used to produce metals from ore.

The HydroMOR process leverages a fundamentally different chemical pathway compared to the conventional blast furnace process, enabling the use of alternative raw materials and providing a lower-cost primary iron-making alternative.

HydroMOR creates a high-grade iron product from lignite and ferrous media such as iron ore, mill scale or other iron-bearing wastes or tailings. The process involves blending lignite with iron ore or other metal oxide-bearing media to form a paste that is dewatered using the COLDry process. The 'composite' pellets are then fed into the Company's simple low cost, low emission, patented retort (vertical shaft furnace) where the remaining moisture is removed, the lignite volatiles are harnessed, and the iron oxides are reduced to metal.

The HydroMOR process operates below 900 degrees Celsius, compared to a blast furnace at around 1,500 degrees Celsius. Lower-temperature operation requires less energy input and results in less thermal stress on the plant, enabling lower-cost materials to be used in construction.

HydroMOR metal product is an ideal feedstock for producing specific grades and forms of iron and steel, via secondary processes such as electric arc, induction furnace or fully integrated steel making.

The benefits the Company sees in the application of the HydroMOR process include further reductions in capital cost due to its ability to achieve the required metal reduction at a lower temperature, operating savings in terms of raw material efficiency improvements, and decreased CO₂ intensity. With the capital cost savings being applied to carbon offsets, this brings closer the potential of carbon net-zero steel production.

The group is currently devoting resources to identifying markets where the development of this technology is likely to have the greatest impact as soon as possible.

Intellectual property

The group owns both the COLDry and HydroMOR intellectual property. Aspects of the COLDry process are covered by patents in markets with significant brown coal deposits.

In November 2017, the Company submitted a Patent Cooperation Treaty (PCT) application following an Australian provisional patent application in November 2016. This step advanced the intellectual property protection of the Company's new HydroMOR technology platform. The PCT filing established a timeline for the subsequent national-level IP protection, allowing for individual patent submissions in targeted geographies.

Due to its intrinsic reliance on COLDry for feedstock preparation, HydroMOR benefits from additional protection under the existing COLDry patents. In markets where neither COLDry nor HydroMOR patents are established, the Company will implement alternative IP protection strategies.

During the reporting period, the Company secured patents for HydroMOR in Europe, Australia, and Russia, with patents pending in Poland, the USA, Canada, India, China, and Indonesia.

Equity Lending Facilities (ELF)

An ELF is an investment loan offered by ECT Finance Limited, a wholly-owned subsidiary of the Company, to approved holders of ECT's options to pay for the exercise of options. This loan allows these holders to convert their options into fully paid ordinary shares. ELFs can also be secured by the issue of new shares. Loans are for a term of 2-3 years and accrue interest. While the ELF borrower owns the shares and voting rights, they cannot trade the stock until the loan and interest are fully paid.

The borrower can repay the loan, in whole or in part, at any time during the term, without penalty. If the borrower does not pay the loan by the end of the term, the loan defaults. In such cases, ECT Finance Limited settles the loan by taking control of the shares used as security and returning them to ECT's balance sheet through a selective buyback or similar method. The loan is a limited recourse loan, meaning that the borrower's liability is limited to the security provided (ECT shares), and they are not responsible for any remaining unpaid loan amount at the end of the term.

During the year, ECTF continued to manage its portfolio of ELF loan receivables. Refer to 'Review of operations' (subparagraph (iv) below) for details of ELF movements.

Dividends

No dividends were paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the group after providing for income tax amounted to \$3,519,802 (30 June 2024: \$3,714,043).

During the financial period, the consolidated entity's principal continuing activities focused on the investment, research, development, and commercialisation of technologies designed to bridge the gap between current low-grade and waste resource utilisation and a zero-emissions future. The Company's mission is to develop and deliver low-emission, net-zero, and carbon-negative products for agriculture, industrial, and energy sectors. Key activities included:

- **COLDry Commercialisation Project (Bacchus Marsh):** Advancing the COLDry lignite-nitrogen fertiliser from pilot-scale testing to large-scale commercial deployment, including plant construction, trial production, and regulatory approvals.
- **Zero Quest Pty Ltd Joint Venture Management:** Partnering with ESG Agriculture to accelerate fertiliser trials, optimise production, and secure long-term commercial agreements.
- **Commercial Opportunity Evaluation:** Actively managing the Bacchus Marsh site and broader Latrobe Valley assets to identify and progress new revenue-generating and strategic opportunities.
- **Intellectual Property Management:** Protecting and leveraging proprietary technologies, including the COLDry and HydroMOR platforms, to maintain a competitive edge and enable commercial licensing opportunities.

COLDry Commercialisation Project (Bacchus Marsh)

Phase 1 – COLDry Fertiliser Project

FY2025 saw significant advancements in the development and commercialisation of the COLDry lignite-nitrogen fertiliser through the Zero Quest joint venture:

- **Q1 (30 Sept 2024):** The Joint Venture Agreement (JVA) with ESG Agriculture was signed, establishing a 50/50 partnership to commercialise the fertiliser. Each party contributed \$250,000 to fund initial project setup, with a target production of 30,000 tonnes per annum, scalable to 50,000 tonnes with optimisation. EPA and local council permit applications progressed, laying the foundation for future field trials and commercial operations.
- **Q2 (31 Dec 2024):** Formation of Zero Quest Pty Ltd formalised the joint venture, creating a commercial vehicle to conduct large-scale field trials. Trial production commenced to validate the product's agronomic and environmental performance, supported by \$482,000 in R&D loan funding and an additional \$647,000 in non-dilutive financing agreements. Leadership transitioned, with Sam Rizzo moving to Non-Executive Director and John Tranfield appointed CEO to drive operational execution. Conditional council approvals were secured, and engagement with the EPA progressed.
- **Q3 (31 Mar 2025):** Installation and commissioning of batch-scale fertiliser granulation equipment at Bacchus Marsh enabled the production of the first 12 tonnes of COLDry fertiliser for lab and field trials. Capital management milestones included the completion of Tranche 1 (\$475,000) of the share placement, Tranche 2 (\$275,000) approval, and shareholder approval of a \$1.13M convertible note at the EGM. The Company released an updated project presentation to prospective financiers and shipped the first trial fertiliser deliveries to South Australian farmers.
- **Q4 (30 Jun 2025):** Regulatory approvals were secured, including formal council planning and EPA clearance, enabling the project to proceed to construction once technical milestones are met. Field trials were rescheduled to align with cropping cycles, ensuring optimal trial outcomes. The second tranche of the placement was completed, raising \$275,000. Governance improvements included board and officer changes to enhance strategic oversight and operational efficiency. Independent lab testing confirmed the stability of COLDry fertiliser granules, providing confidence in product quality and handling.

Operational Progress and Strategic Initiatives

- Product development validated through lab trials and preparation for strategic field trials with farmers across key agricultural regions.
- Operational efficiencies achieved via head office consolidation, outsourcing of finance and governance functions, and refreshed board structure.
- Strategic recalibration commenced to explore complementary technology acquisitions and maximise long-term value from existing assets.

Intellectual Property

ECT continued to protect and leverage its proprietary COLDry platform for agricultural fertiliser applications. Zero Quest Pty Ltd serves as the commercialisation vehicle for the COLDry lignite-nitrogen fertiliser, while ECT retains ownership of critical patents, process rights, and associated know-how, ensuring control over future licensing and revenue opportunities.

Corporate and Financial Management

Funding and Capital Management

- **Share Placements:** Tranche 1 (\$475,000) and Tranche 2 (\$275,000) placements successfully completed. Additional equity was issued under employee incentive schemes to retain key personnel.
- **Convertible Notes:** A \$1.13M facility approved at the April 2025 EGM to support ongoing project financing and working capital.
- **Non-Dilutive Financing:** R&D loans and other working capital arrangements supported trial production, technical validation, and operational activities without diluting shareholder equity.

Cash Flow Management

- Operating cash outflows were consistent with prior periods, ranging between \$600,000 and \$650,000 per quarter, reflecting R&D, trial production, and corporate costs.
- Cash payments to related parties decreased during the year due to the suspension of directors' fees and governance restructuring, improving capital efficiency.

Outlook

- Following regulatory approvals and technical validation of the COLDry fertiliser, ECT is positioned to commence commercial-scale production upon successful field trials.
- The Company will focus on advancing COLDry fertiliser trials, securing offtake agreements with agricultural stakeholders, deploying capital prudently, and evaluating complementary technology acquisitions to expand the Company's product portfolio.
- Strategic initiatives aim to balance growth with risk management, ensuring sustainable long-term value creation for shareholders.

Major Highlights – FY2025

- **Commercialisation Milestones:** Formation of Zero Quest Pty Ltd, execution of JVA, installation of fertiliser granulation equipment, and initial trial production completed.
- **Regulatory Approvals:** EPA and council approvals secured, clearing the way for construction and scale-up.
- **Leadership & Governance:** CEO appointment, board refresh, and CFO/Secretary outsourcing enhanced strategic execution and operational efficiency.
- **Financial Strategy:** Successful equity placements, convertible note approval, R&D loan secured, and non-dilutive financing aligned with the Company's "race to revenue" objectives.

Financial Overview

- Operating expenditure focused on R&D, trial production, and corporate activities aligned with the Company's strategic milestones.
- Strategic capital management ensured sufficient liquidity, supporting project milestones and operational execution. Closing cash position at 30 June 2025: \$478,639.
- No commercial revenue from COLDry fertiliser was recorded during FY25

Business risks

Provided below are the principal risks and uncertainties associated with the consolidated entity that could adversely affect its financial performance and growth potential in future years. The Company maintains a risk matrix with each risk subject to regular review by the Audit and Risk Committee. All risks on the matrix are given a risk rating to assess their probability and impact. New risks are added to the matrix as they are identified.

Environmental risks

The Company's operations are subject to a number of broader environmental risks, including (i) climate change which includes changes in weather patterns, rising sea levels, and extreme weather events. These risks could have a significant impact on the Company's operations, supply chain, and financial performance; (ii) water scarcity which could lead to increased costs for water and disruptions to operations; and (iii) waste management whereby the Company's operations could generate a significant amount of waste which could lead to environmental damage, regulatory fines, and reputational risks. With respect to specific activities, the Company is not the subject of environmental regulations. However, as the Company considers commencement of operations through the COLDry plant, this status will change. Appropriate planning is in place to manage this transition.

Social risks

The Company's operations are subject to a number of social risks, including (i) labour relations, the insufficient management of which could lead to operational disruptions; (ii) human rights, whereby the related risks could expose the Company to human rights violations, lawsuits, regulatory fines, and damage to the Company's reputation; and (iii) product safety given that the Company's pilot technologies are still in development phases and the outputs contain various volatiles associated with varying degrees of handling risk. Such risks could lead to financial losses, damage to the Company's reputation, and lawsuits. The Company engages experts in employment law on any matter deemed to present a specific risk to the Company.

Governance risks

The Company's operations are subject to a number of governance risks, including (i) corruption - this could lead to financial losses, damage to the Company's reputation, and regulatory fines; (ii) board oversight - the Company's Board oversees the Company's management. However, there is a risk that the Board may not be effective in carrying out this responsibility. This could lead to financial losses, damage to the Company's reputation, and regulatory fines; (iii) shareholder activism - the Company is exposed to the risks of shareholder activism. This could lead to changes in the Company's strategy, management, or governance structure. The Company has a number of policies and procedures in place to mitigate these risks. The Company also monitors these risks on an ongoing basis.

Macroeconomic and funding risks

The business is subject to macroeconomic risks such as a slowdown in economic growth, inflation, and rising interest rates. These can impact the Company by increasing the prices of the supplies of plant and equipment, labour and other inputs used in the construction of the Company's plant and general operations of the Company. Debt funding to the Company becomes more expensive as interest rates rise which can place cash flow pressures on operations. The business mitigates funding risks by being significantly financed using R&D incentive rebates as well as using borrowings against such receivables at favourable interest rates. It maintains close relationships with equity brokers and shareholders who have to date shown confidence in the Company's objectives to allow for significant funding via share placements, and debt funding arrangements that contain features allowing for the conversion of such debt to equity in the Company thereby preserving cash balances. The Company expects to finalise offtake and supply agreements ahead of completing construction at Bacchus Marsh and these agreements are expected to form the basis of new debt funding arrangements. In addition, should the Company's share price increase, the Company is expected to have access to funds from the repayment of ELFs.

Strategic risks

Strategic risk is the risk associated with the implementation of the consolidated entity's strategic research and development programs including the risk associated with failing to execute its strategy effectively or in a timely manner. The consolidated entity invests resources in the execution of initiatives that are aligned with its strategy, including programs focused on delivering to-market carbon emission mitigating technologies. There is a risk that these programs may not realise some or all of their anticipated benefits. The consolidated entity's response is to ensure appropriate project governance measures are in place for all major initiatives and to track associated benefits that are derived. All significant technologies are protected by copyright and patents globally. The Company updates its strategy to align future plans with available resources. This was done most recently following the recruitment of the Company's new Managing Director.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. The consolidated entity takes a risk-based approach to the management of operational risk and obligations. This enables it to appropriately identify, assess, manage and escalate operational risk-related exposures.

Cyber risk, privacy and data breach

Safeguarding the confidentiality and protection of all data encompassing that of our partners, staff, and company, remains of paramount importance. There has been a persistent rise in cyber-attacks targeting both individuals and organisations. The character of these cyber-attacks is perpetually changing and may encompass sophisticated phishing schemes as well as attempts to penetrate essential infrastructure. Additionally, the privacy and security of our data could be compromised by violations of our information technology (IT) security, as well as unintentional or unauthorised data disclosures resulting from human error, malware, or espionage.

The consolidated entity handles personal and sensitive information through its technology systems and networks. The consolidated entity maintains continuous vigilance over cybersecurity threats and have engaged an external IT provider to implement robust security controls for our IT systems, infrastructure and data. These endeavours are based around industry best practices on how to mitigate cybersecurity risks. In addition, we also provide educational updates and training so that our people can recognise and properly respond to potential attacks.

Competitive market and changes to market trends

The consolidated entity operates in a competitive market with competition from other research and development entities around the world developing technologies that may achieve the same or better outcomes as those sought after by the consolidated entity. The consolidated entity's response is to continue to refine its developing technologies so that they achieve maximum design efficiencies and minimise capital construction outlays. The Company is in the process of completing construction of its Bacchus Marsh facility which will help mitigate the risk of a competitor commercialising a product that may be of greater appeal to our potential customers.

Workplace, health and safety ('WHS')

The consolidated entity has a zero-risk tolerance for serious safety incidents. During the financial year, the consolidated entity continued to improve its WHS practices by using the existing safety culture across the business to continue to develop and train its workforce on WHS matters. Staff responsible for WHS undertake specific training.

Reliance on key personnel

The consolidated entity engaged in activities during the financial year to develop the skills and experience of potential successors as part of its succession planning initiatives. The Company recently hired a new Managing Director but retained the services of the previous Managing Director. The Company also retained the services of our previous Chief Operating Officer who is now a non-executive director. These decisions were made to retain the considerable skills of these individuals within the Company.

Regulatory compliance

Represents the risk of failure to act in accordance with laws, regulations, industry standards and internal policies. The consolidated entity maintains sufficient internal controls to ensure continued compliance. From time to time, the Company is exposed to a regulatory compliance breach of which appropriate remedial steps are undertaken on a timely basis with employees and (if relevant) third parties. The Company regularly obtains external advice on any matter that presents specific risks to the entity on matters such as capital raising and employment law.

Significant changes in the state of affairs

The signing of the joint venture agreement with ESG Agriculture Pty Ltd on 20 October 2024 represents a significant change to the Company's state of affairs. Refer 'Principal activities' and 'Review of operations' sections above.

On 17 December 2024, the Company announced that it had entered into a \$1.13 million Convertible Note Deed with LJ & K Thomson Pty Ltd. The maturity date of the loan is 6 December 2025 and the coupon interest is 11.5% per annum. Shareholders approved the loan on 23 April 2025 via an EGM.

On 17 February 2025, James Blackburn resigned from the Board of Directors and Joseph van den Elsen was appointed as a Non-executive Chairman.

On 26 February 2025, the Group issued 475,000,000 new fully paid shares at \$0.001 per share via a placement (tranche 1) to raise \$0.475 million to sophisticated investors.

On 8 May 2025, Kian Tan resigned and Nova Taylor was appointed as Company Secretary.

On 27 May 2025, Justin Mouchacca was appointed as Non-Executive Director.

On 23 May 2025, the Company issued 275,000,000 new fully paid shares at \$0.001 per share via a placement (tranche 2) to raise \$0.275 million to sophisticated investors.

On 23 May 2025, the Company issued 45,000,000 new fully paid shares at \$0.001 per share as lead manager fees for tranche 1 and 2 placement, which were taken as shares as approved by shareholders on 23 April 2025 at the General Meeting.

On 23 May 2025, the Company issued 39,958,357 new fully paid shares at \$0.0011 per share to employees under the employee incentive scheme.

On 10 June 2025, Jason Marinko resigned from the Company.

On 26 June 2025, Sam Rizzo resigned and Faldi Ismail was appointed as Non-Executive Director.

There were no other significant changes in the state of affairs of the group during the financial year.

Matters subsequent to the end of the financial year

On 29 July 2025, John Tranfield tendered his resignation from Chief Executive officer. The resignation will be effective as at 29 October 2025.

On 18 August 2025, as approved in the Extraordinary General Meeting ('EGM'), Justin Mouchacca will be issued 15,000,000 director incentive options exercisable at \$0.004 on a pre-consolidation basis and will expire three years from the date of issue. They will vest if the Company achieves a 20-day VWAP of \$0.12 (post-consolidation basis) at any time before expiry.

On 26 August 2025, as approved in the Extraordinary General Meeting ('EGM') on 18 August 2025, the Group consolidated its shares on issue. The consolidation involved a reduction for every fifteen (15) fully paid ordinary shares (Shares) on issue into one (1) fully paid ordinary share, with any resulting fractions of Shares rounded up to the next whole number of Shares. All options on issue were also consolidated on a 15 to 1 basis as described with the fully paid shares, with any resulting fractions of options rounded up to the next whole number of options.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Likely developments and expected results of operations

Other than developments described in this report, further information on likely developments in the operations of the group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the group.

Environmental regulation

With respect to current activities, the Company is not the subject of environmental regulations. However, as the Company considers commencement of operations through the COLDry plant, this status will change. Appropriate planning is in place to manage this transition.

Information on directors

Information on directors is reported as at the date of this directors' report.

Name:	Faldi Ismail
Title:	Non-Executive Chairman (appointed 26 June 2025)
Experience and expertise:	Mr Faldi Ismail is a seasoned corporate advisor and entrepreneur with over 20 years of experience in capital markets, specialising in identifying, structuring, and financing emerging growth companies. He has been instrumental in the establishment and public listing of numerous ASX-listed entities, particularly across the resources, energy, and technology sectors. Mr Ismail has a proven track record in corporate strategy, capital raising, and M&A, and has held board and advisory roles in a range of successful ventures. Mr Ismail is a Founding Director of Kaai Capital. He holds a Bachelor of Business, majoring in Accounting and Finance. He is an experienced corporate advisor with many years of investment banking experience and has advised on numerous cross border transactions including capital raisings, structuring of acquisitions and joint ventures overseas and has previously served on numerous ASX boards over the years.
Other current directorships:	Simple Solutions Limited (ASX: SIS)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	164,772,728 ordinary shares
Interests in options:	28,750,000 options

Name:	Joseph van den Elsen
Title:	Non-Executive Director (appointed 17 February 2025)
Qualifications:	BA, LLB, Grad Dip Environment, Energy & Resources Law and Grad Dip Mineral Exploration Geoscience
Experience and expertise:	Joseph currently serves as the President & CEO of Andina Copper (CSE:ANDC) and the Chairman of Ronin Resources (ASX:RON). Joseph graduated from LaTrobe University with a Bachelor of Arts and a Bachelor of Laws and later graduated from the University of Melbourne with a Graduate Diploma in Environment, Energy and Resources Law and from Curtin University with a Graduate Diploma in Mineral Exploration Geoscience. Joseph is currently studying towards a Master of Science (Mineral Economics) through Curtin University.
Other current directorships:	Andina Copper (CSE:ANDC); Ronin Resources (ASX:RON)
Former directorships (last 3 years):	Ookami Limited (ASX:OOK) - resigned 5 September 2023
Interests in shares:	Nil
Interests in options:	25,000,000 director incentive options

Name: Justin Mouchacca
Title: Non-Executive Director (appointed 27 May 2025)
Qualifications: B. Comm (Acc), CA, FGIA
Experience and expertise: Justin holds a Bachelor of Business majoring in accounting and was previously the principal of chartered accounting firm, which provided outsourced company secretarial and accounting services to public and private companies specialising in the resources, technology, bioscience and biotechnology sectors. Justin has 15 years' experience in the accounting profession and has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, implementation of corporate governance, statutory financial reporting, reorganisation of companies and shareholder relations

Other current directorships: Ittani Resources (ASX:ILT)
Former directorships (last 3 years): None
Interests in shares: Nil
Interests in options: Nil

Name: Jason Marinko
Title: Non-Executive Director (resigned 10 June 2025)
Qualifications: BCom, FFin, GAICD, MBA
Experience and expertise: Mr Marinko is an experienced public company CEO, director and chairman, with expertise in the technology and investment banking industries and a proven track record in leading technologies to commercialisation. Mr Marinko has extensive corporate finance and corporate strategy experience and holds an MBA from INSEAD Business School in France and is a graduate of the Australian Institute of Company Directors.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 13,333,509 ordinary shares of which 5,000,000 are escrowed as security for an ELF
Interests in options: 10,000,000 director incentive options

Name: James Blackburn
Title: Non-Executive Director (resigned 17 February 2025)
Qualifications: BAppSci, GradDip. (Governance)
Experience and expertise: Mr Blackburn has a strong executive background as a corporate development practitioner with over 20 years' experience in governance, operational, and technical roles across research, investment and corporate services disciplines.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Chair of Audit and Risk Committee
Interests in shares: 8,280,907 ordinary shares
Interests in options: 40,000,000 director incentive options

Name: Sam Rizzo
Title: Managing Director (resigned 26 June 2025)
Qualifications: BA (Urban and Regional). Grad Dip (Honours) in Urban and Regional Town Planning
Experience and expertise: Mr Rizzo is a highly regarded project leader with more than 11 years' experience delivering complex projects, renewable energy and supporting infrastructure to deliver optimal value and return on investment. He was most recently Regional Program Leader Europe for global energy transition leader, Fortescue Future Industries. This role led strategic corporate agreements for complex multi-billion-dollar projects, which involved entering contractual arrangements with a national utility provider as well as active green renewable entities.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of the Audit and Risk Committee
Interests in shares: 8,507,505 ordinary shares
Interests in options: 100,000,000 director incentive options

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Ms Taylor is a professional Company Secretary with approximately 8 years' experience working with listed companies in Company Secretary and Assistant Company Secretary roles. She previously worked for Computershare Investor Services Pty Limited in various roles for over 10 years. Nova has completed a Bachelor of Laws at Deakin University.

Meetings of directors

The number of meetings of the Company's Board and of the Audit and Risk Committee held during the year ended 30 June 2025, and the number of meetings attended by each director were:

Board member	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Faldi Ismail *	1	1	-	-
Joseph van den Elsen **	5	1	-	-
Justin Mouchacca ***	1	1	-	-
Sam Rizzo ****	10	10	2	2
Jason Marinko *****	9	10	2	2
James Blackburn *****	6	6	2	2

Held: represents the number of meetings held during the time the director held office.

- * Appointed 26 June 2025
- ** Appointed 17 February 2025
- *** Appointed 27 May 2025
- **** Resigned 26 June 2025
- ***** Resigned 10 June 2025
- ***** Resigned 17 February 2025

Retirement, election and continuation in office of directors

In accordance with the Constitution of the Company, at each AGM, one-third (or a number nearest to one-third and rounded up) of the directors (excluding a director appointed to either fill a casual vacancy or as an addition to the existing directors) must retire by rotation as well as any other director who has held office for three years or more since last being elected and any other director appointed to fill a casual vacancy or as an addition to the existing directors. Such directors can offer themselves for re-election.

At the 2024 AGM of the Company (held on 21 October 2024), Jason Marinko was re-elected as director.

Remuneration report (audited)

The remuneration report details the key management personnel (KMP) remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The Board's remuneration policy is to ensure the remuneration package properly reflects the KMP's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. KMP remuneration is arrived at after consideration of the level of expertise each director and executive brings to the Company, the time and commitment required to efficiently and effectively perform the required tasks and after reference to payments made to KMPs in similar positions in other companies.

The non-executive directors are responsible for the executive reward framework and making recommendations on remuneration packages and policies applicable to the Board members and senior executives of the Company. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and is consistent with market best practice. It is the aim of the Board that the executive reward structure satisfies appropriate corporate governance guidelines such that it is competitive and reasonable, acceptable to shareholders, aligns remuneration with KMP performance indicators, and is transparent to all stakeholders.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure that non-executive directors' remuneration is appropriate and in line with the market.

The aggregate non-executive director remuneration is determined at a general meeting. The maximum cash fee payable to non-executive directors for discharging their duties as directors is capped at \$250,000 per annum.

Non-executive directors receive \$50,454 per annum in director fees. During the previous year, directors agreed to take a portion of their remuneration for the current and previous year in shares (approved and agreed by the shareholders at the last AGM).

The Company maintains the following Non-Executive Directors' and Executive Directors' Remuneration Policy with respect to the provision of extra services on behalf of the Company or its business.

- Any remuneration paid to a non-executive director must be reasonable given the circumstances of the Company and the responsibilities of the non-executive director;
- Wherever practicable, the Company will obtain an independent quotation or estimate from an appropriate independent party in respect of those additional services;
- If the non-executive director is an appropriate person to perform those additional services, the remuneration must be benchmarked against any such quotation or estimate obtained by the Company;
- The Managing Director (or if absent, their delegate) must report to the Board on the budgetary impact to the Company of the proposed engagement of the non-executive director. Any engagement of a non-executive director to provide those additional services must be unanimously approved by all directors (other than the non-executive director providing services);
- The non-executive director must report in writing to the Board at the completion of the additional services in such form as the Board may reasonably require;
- All amounts paid to non-executive directors in respect of providing those additional services will be disclosed in the annual financial statements of the Company; and
- The above policy also applies to entities associated with a director, where the additional services of the non-executive director are provided through that entity.

Executive remuneration

The Board is responsible for determining remuneration and nomination policies in respect of KMP. In establishing such policies, the Board is guided by external remuneration surveys and industry practices, commensurate with the scale and size of the Company's operations. The remuneration levels are reviewed regularly to ensure the Company remains competitive as an employer.

Executive remuneration and reward framework

The executive remuneration and reward framework has four components which may comprise an executive's total remuneration:

- base pay and non-monetary benefits;
- consulting fees;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remuneration levels.

The short-term incentives ('STI') payments in the form of incentive options may be granted to executives based on specific annual targets and key performance indicators (KPIs) being achieved. KPIs include share price, leadership contribution and project management.

The long-term incentives ('LTI') may include long service leave and shares or options.

Consolidated entity performance and link to remuneration

Remuneration is not directly linked to the performance of the consolidated entity.

Use of remuneration consultants

A remuneration consultant was not used during the year ended 30 June 2025.

Voting and comments made at the Company's 2024 AGM

At the 2024 AGM, 96.51% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2024. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

The function of reviewing and approving director and executive remuneration is undertaken by the Board.

It is relevant to the discussion of remuneration that the consolidated entity is experiencing a substantial growth in the scope and complexity of its operations commensurate with implementation of its major strategic projects.

The Board reviews the Company's remuneration structures to ensure they remain appropriate in the context of both the Company's operations and the level of responsibility and accountability that resides within director and executive roles. This activity has included:

- The Company, under guidance of the Board, periodically reviews its current and future staffing structure and executive leadership which supports the Company's strategic plan.
- Any planned or additional executive recruitment programs will continue to be implemented in consultation with professional recruitment firms who, as part of this service, benchmark employee salaries to specific industries and broader market measures.

Throughout the financial year 2025, the Board has continued to assess its need for additional skilled resources and to measure this need against the additional costs of further appointments.

The Board will continue to review and assess its practices in this regard and ensure that it maintains the quality and depth of resources needed to execute its strategic plan.

The Board is confident that the Company's remuneration levels appropriately balance the need to pay competitive remuneration to attract quality personnel to a company of this nature, and retain them, against the Company's philosophy of "frugal innovation". This is a difficult balance to strike and the Board will continue to review it.

Details of remuneration

The KMP of the consolidated entity during the current financial year consisted of the following persons:

- Joseph van den Elsen - Chairman, Non-Executive Director (appointed 17 February 2025)
- Justin Mouchacca - Non-Executive Director (appointed 27 May 2025)
- Faldi Ismail - Non-Executive Director (appointed 26 June 2025)
- Sam Rizzo – Managing Director (resigned 26 June 2025)
- Jason Marinko – Chairman, Non-Executive Director (resigned 10 June 2025)
- James Blackburn – Non-Executive Director (resigned 17 February 2025)
- John Tranfield - Operations and Engineer Manager (resigned 29 October 2025)
- Martin Hill – Chief Financial Officer (resigned 31 May 2025)

Amounts of remuneration

Details of the remuneration of the KMP of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Share-based payments	
	Cash salary and fees	Consulting fees	Non-monetary	Super-annuation	Leave Benefits	Equity-settled Shares	Equity-settled Options	Total
2025	\$	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:								
Joseph van den Elsen	-	16,667	-	-	-	-	1,526	18,193
Justin Mouchacca	-	24,704	-	-	-	-	-	24,704
Faldi Ismail	-	555	-	-	-	-	-	555
James Blackburn	30,753	-	-	3,537	-	-	8,561	42,851
Jason Marinko	30,303	-	-	3,485	-	-	-	33,788
Executive Directors:								
Sam Rizzo	144,318	16,667	-	14,375	(24,490)	-	36,518	187,388
Other KMP:								
John Tranfield	229,185	-	-	31,995	14,317	26,500	10,350	312,347
Martin Hill	184,564	-	-	21,561	(12,588)	4,375	-	197,912
	619,123	58,593	-	74,953	(22,761)	30,875	56,955	817,738

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Share-based payments	
	Cash salary and fees	Consulting fees	Non-monetary	Super-annuation	Leave Benefits	Equity-settled Shares	Equity-settled Options	Total
2024	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
James Blackburn ⁽ⁱ⁾	31,945	-	-	5,264	-	15,910	11,605	64,724
Jason Marinko ⁽ⁱ⁾	29,545	-	-	5,000	-	15,910	-	50,455
Tim Wise ⁽ⁱ⁾	1,201	-	-	625	-	4,481	-	6,307
<i>Executive Directors:</i>								
Sam Rizzo	265,000	-	18,567	29,150	5,923	-	99,928	418,568
<i>Other KMP:</i>								
Glen Fozard ⁽ⁱⁱ⁾	227,084	94,280	6,308	24,292	4,935	15,000	-	371,899
John Tranfield	111,413	-	8,177	12,255	2,467	-	30,421	164,733
Martin Hill	134,456	73,863	9,479	14,790	3,109	-	-	235,697
Ashley Moore ⁽ⁱⁱⁱ⁾	-	130,627	-	-	-	-	-	130,627
Adam Giles ⁽ⁱⁱⁱ⁾	-	85,269	-	-	-	-	-	85,269
	800,644	384,039	42,531	91,376	16,434	51,301	141,954	1,528,279

(i) Non-Executive directors' remuneration consists of a fixed fee. Each non-executive director agreed to be paid a portion of their fixed fees for the current and previous year in shares which was approved at the AGM held on 27 November 2023. The issue price of the shares is the VWAP of the Company's shares for the month in which they earned the remuneration. Such remuneration is disclosed as an equity-settled share-based payment.

(ii) Glenn Fozard's remuneration consisted of a fixed fee for being a director and consulting fees for the provision of executive services excluding GST. Mr. Fozard agreed to be paid \$15,000 of his consulting fees in shares which was approved by the shareholders at the last AGM. The issue price of the shares was the VWAP of the Company's shares for July 2023. Such remuneration is disclosed as an equity-settled share-based payment. In August 2023, Mr. Fozard became an employee.

(iii) Tim Wise ceased being a KMP on 15 August 2023 and Ashley Moore and Adam Giles ceased being KMP's in January 2024. Amounts shown are up to these dates.

For the financial year, the proportions of fixed remuneration and remuneration that is linked to performance are as follows:

Name	Fixed remuneration		Short term incentives		Long term incentives	
	2025	2024	2025	2024	2025	2024
<i>Non-Executive Directors:</i>						
Joseph van den Elsen	92%	-	-	-	8%	-
Justin Mouchacca	100%	-	-	-	-	-
Faldi Ismail	100%	-	-	-	-	-
James Blackburn	80%	82%	-	-	20%	18%
Jason Marinko	100%	100%	-	-	-	-
Tim Wise	-	100%	-	-	-	-
<i>Executive Directors:</i>						
Sam Rizzo	94%	75%	-	-	6%	25%
<i>Other KMP:</i>						
Glenn Fozard	-	100%	-	-	-	-
John Tranfield	91%	80%	-	-	9%	20%
Martin Hill	84%	100%	-	-	16%	-
Ashley Moore	-	100%	-	-	-	-
Adam Giles	-	100%	-	-	-	-

Service agreements

The Company had service agreements with Sam Rizzo, Glenn Fozard, John Tranfield and Martin Hill. These agreements were capable of being terminated by giving three months' notice. KMP with services agreements were entitled to 20 days of annual leave for every year of service, accrue long service leave in accordance with relevant state laws and were paid superannuation at 11.5% during the financial year. KMP had no entitlement to termination payments in the event of removal for misconduct.

Mr Tranfield had the ability to earn a bonus of up to 40% of his salary however the conditions have not yet been met. The bonus relates to the following targets:

- the completion of a COLDry plant at Bacchus Marsh
 - at a cost no greater than the agreed budget by 31 December 2024 (27.5% of bonus)
 - with a throughput of 120,000 tonnes per annum, output of 57,000 tonnes by 31 January 2025 (27.5% of bonus),
- the completion of a hydrogen pilot plant being commissioned and operational by December 2024 (30% of bonus) and,
- zero lost time incidents between January 2024 and June 2025 (15% of bonus).

Share-based compensation

Issue of shares

During the year, the following shares were issued to KMP as part of their remuneration or in settlement of invoices:

Name	Grant date	Number issued	Issue price \$	Value \$
Martin Hill	23 May 2025	4,375,000	0.001	4,375
John Tranfield	23 May 2025	24,166,667	0.0011	26,500
		<u>28,541,667</u>		<u>30,875</u>

Notes:

Per the arrangement, the number of shares to be issued to settle the amounts payable is based on the actual volume-weighted average price (VWAP) for the month in which the services were provided. The average issue price overall represents the issue price displayed.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Issue date	Number of options issued	Fair value	Total value \$
John Tranfield (Tranche A)	18 December 2024	10,000,000	\$0.0014221	14220.86
John Tranfield (Tranche B)	18 December 2024	10,000,000	0.00107041	10704.08
John Tranfield (Tranche C)	18 December 2024	12,000,000	0.00027096	3251.58
John Tranfield (Tranche D)	18 December 2024	12,000,000	0.000071104	853.25
Joseph van den Elsen	29 April 2025	25,000,000	\$0.0009837	\$24,591.34

Performance rights

There were no performance rights over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2025.

Additional information

The earnings of the group for the five years to 30 June 2025 are summarised below:

	2025 \$	2024 \$	2023 \$	2022 \$	2021 \$
Income	689,629	1,458,700	874,828	934,853	1,302,940
EBITDA	(2,129,242)	(2,513,683)	(3,300,741)	(4,203,329)	1,450,516
EBIT	(3,439,759)	(3,733,664)	(4,453,469)	(4,879,075)	1,771,325
Loss after income tax	(3,521,866)	(3,714,043)	(4,416,859)	(5,178,833)	1,869,725

The factors that are considered to affect total shareholder's return ('TSR') are summarised below:

	2025	2024	2023	2022	2021
Share price at financial year end (\$)	0.004	0.004	0.007	0.014	0.002
Basic loss per share (cents per share) *	(0.140)	(0.185)	(0.277)	(0.418)	(0.226)

* Calculations prior to 2021 have not been restated for the effects of the share consolidation that occurred on 1 July 2021.

The Company's remuneration policy seeks to reward staff members for their contribution to achieving significant milestones but there is no direct link between remuneration paid and growth in the Company's share price or financial performance given that the Company is essentially still engaged in a research and development phase of operations.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below.

	Balance at the start of the year	Received as part of remuneration	Additions	Other (i)	Balance at the end of the year
<i>Ordinary shares</i>					
Joseph van den Elsen	-	-	-	-	-
Justin Mouchacca	-	-	-	-	-
Faldi Ismail	164,772,728	-	-	-	164,772,728
James Blackburn (i)	8,280,907	-	-	(8,280,907)	-
Jason Marinko (i)	13,133,509	-	200,000	(13,333,509)	-
Sam Rizzo (i)	9,070,000	-	-	(9,070,000)	-
John Tranfield	-	-	-	-	-
Martin Hill (i)	5,437,546	-	-	(5,437,546)	-
	<u>200,694,690</u>	<u>-</u>	<u>200,000</u>	<u>(36,121,962)</u>	<u>164,772,728</u>

(i) No longer KMP as at 30 June 2025

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below.

Options over ordinary shares	Balance at the start of the year	Other (i)	Granted during the year	Expired during the year	Balance at the end of the year	Number held that have vested
Joseph van den Elsen	-	-	25,000,000	-	25,000,000	-
Justin Mouchacca	-	-	-	-	-	-
Faldi Ismail	28,750,000	-	-	-	28,750,000	-
James Blackburn (i)	40,000,000	(40,000,000)	-	-	-	-
Jason Marinko (i)	40,000,000	(10,000,000)	-	(30,000,000)	-	-
Sam Rizzo (i)	100,000,000	(100,000,000)	-	-	-	-
John Tranfield	22,500,000	-	44,000,000	-	66,500,000	-
Martin Hill (i)	-	-	-	-	-	-
	<u>231,250,000</u>	<u>(150,000,000)</u>	<u>69,000,000</u>	<u>(30,000,000)</u>	<u>120,250,000</u>	<u>-</u>

(i) No longer KMP as at 30 June 2025

ELF loans granted to allow exercise of ECTOE options held by KMP (including interest accrued to 30 June 2025):- \$

Jason Marinko ⁽ⁱ⁾	174,314
Tim Wise ⁽ⁱⁱ⁾	89,157
Glenn Fozard ⁽ⁱⁱⁱ⁾	218,352
Martin Hill	49,011
Ashley Moore ^(iv)	198,285
Adam Giles ^(v)	32,446
	<u>761,565</u>

- (i) Loan is in the name of Tessobel Pty Ltd
(ii) Loan is in the name of Finind Pty Ltd
(iii) Loans are in the name of Glenn Fozard or Anne Fozard
(iv) Loans are in the name of A & K Moore Nominees Pty Ltd and Perl M&C Pty Ltd
(v) Loan is in the name of Caracob Pty Ltd

Other transactions with key management personnel and their related parties

The following fees payables (inclusive of GST) were owing to directors and KMP at reporting date: \$46,118. Refer to Note 21 for further information.

There were no other transactions with key management personnel during the year that was not already disclosed in the remuneration report.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares under option as at the date of this report are as follows:

Option class	Expiry date	Exercise price	Number under option
Unlisted ordinary director incentive options	30 December 2025	\$0.3750	1,333,334
Unlisted options ⁽¹⁾	28 August 2026	\$0.1650	3,333,335
Unlisted ordinary director incentive options ⁽²⁾	27 November 2026	\$0.4500	1,333,333
Unlisted ordinary director incentive options ⁽³⁾	27 November 2026	\$0.4500	1,333,333
Unlisted ordinary director incentive options ⁽⁴⁾	27 November 2026	\$0.4500	1,333,333
Unlisted ordinary director incentive options ⁽⁵⁾	27 November 2026	\$0.4500	1,333,334
Unlisted ordinary director incentive options ⁽⁶⁾	27 November 2027	\$0.4500	1,333,334
Unlisted ordinary director incentive options ⁽⁷⁾	19 December 2026	\$0.4500	333,333
Unlisted ordinary director incentive options ⁽⁸⁾	19 December 2026	\$0.4500	500,001
Unlisted ordinary director incentive options ⁽⁹⁾	19 December 2026	\$0.4500	333,333
Unlisted ordinary director incentive options ⁽¹⁰⁾	19 December 2026	\$0.4500	333,333
Unlisted ordinary director incentive options ⁽¹¹⁾	18 December 2027	\$0.0750	2,933,334
Unlisted ordinary director incentive options ⁽¹²⁾	29 April 2028	\$0.0300	1,666,667
Unlisted options ⁽⁹⁾ - lead manager Kaai Capital ⁽¹³⁾	23 May 2028	\$0.0300	5,000,000
			<u>22,433,337</u>

- (1) 3,333,335 options were issued to various entities nominated by Kaai Capital Pty Ltd on 28 August 2023 exercisable at \$0.45 and expiring 3 years from issue date as part remuneration for acting as lead manager for a share placement.
- (2) 1,333,333 options issued to Mr Rizzo which vest 12 months from the agreement date of 15 August 2023 and expire 3 years from the agreement date (Tranche A)
- (3) 1,333,333 options issued to Mr Rizzo which vest no earlier than 12 months from the agreement date of 15 August 2023 if the 20-day VWAP is \$0.45 or higher at any time prior to expiry which is 3 years from the agreement date (Tranche B)
- (4) 1,333,333 options issued to Mr Rizzo which vest no earlier than 12 months from the agreement date of 15 August 2023 if the 20-day VWAP is \$0.75 or higher at any time prior to expiry which is 3 years from the agreement date (Tranche C)
- (5) 1,333,334 options issued to Mr Rizzo which vest no earlier than 12 months from the agreement date of 15 August 2023 if the 20-day VWAP is \$1.05 or higher at any time prior to expiry which is 3 years from the agreement date (Tranche D)
- (6) 1,333,334 options issued to Mr Rizzo which vest no earlier than 12 months from the agreement date of 15 August 2023 if the 20-day VWAP is \$1.50 or higher at any time prior to expiry which is 4 years from the agreement date (Tranche E)
- (7) 333,333 options issued to Mr Tranfield which vest no earlier than 12 months from the agreement date of 19 December 2023 unless employment is terminated without cause in which case they vest immediately and expire 3 years from the agreement date (Tranche A)
- (8) 500,001 options issued to Mr Tranfield which vest no earlier than 12 months from the agreement date of 19 December 2023 if the 20-day VWAP is \$0.90 or higher at any time prior to expiry which is 3 years from the agreement date (Tranche B)
- (9) 333,333 options issued to Mr Tranfield which vest no earlier than 12 months from the agreement date of 19 December 2023 if the 20-day VWAP is \$1.20 or higher at any time prior to expiry which is 3 years from the agreement date (Tranche C)
- (10) 333,333 options issued to Mr Tranfield which vest no earlier than 12 months from the agreement date of 19 December 2023 if the 20-day VWAP is \$1.50 or higher at any time prior to expiry which is 3 years from the agreement date (Tranche D)
- (11) 2,933,334 options issued to Mr Tranfield which vest no earlier than 12 months from the agreement date of 18 December 2025 if the 20-day VWAP is \$0.075 or higher at any time prior to expiry which is 3 years from the agreement date
- (12) 1,666,667 options issued to Mr van den Elsen which vest no earlier than 12 months from the agreement date of 29 April 2025 if the 20-day VWAP is \$0.075 or higher at any time prior to expiry which is 3 years from the agreement date
- (13) 5,000,000 options were issued to Kaai Capital Pty Ltd on 23 May 2025 exercisable at \$0.030 and expiring 3 years from issue date as part remuneration for acting as lead manager for a share placement.
- (14)

Post 30 June 2025, the Group consolidated the issued capital through the conversion ratio of fifteen (15) shares into one (1) share. The options above are recorded at report date being post consolidation.

The options table above does not include the in-substance issue of options (ELF Options) relating to arrangements involving the issue of shares financed by limited recourse loans. Accounting for such as an in-substance issue of options is a requirement of accounting standards.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

There were no unissued ordinary shares of Environmental Clean Technologies Limited under performance rights outstanding at the date of this report.

Shares or interests issued on the exercise of options

In previous financial years, shares were issued that were financed by an ELF with ECT Finance Ltd. The details of these facilities are disclosed within the Annual Report (refer to note 13 and note 14 of the financial statements for details). Shares issued under the ELFs are held as security and remain restricted from trading until the debt issued to the respective shareholders has been repaid and the shares released. These shares are accounted for as the in-substance issue of options for accounting purposes.

During the previous reporting period, 760,358,891 shares were issued which were the security for 50 new ELFs. The shares were issued from the conversion of ECTOE options. These ELFs were drawn down on 17 February 2023 and expire after 3 years. One of these ELFs was forfeited in the previous financial year with the 1,598,894 shares securing this ELF subsequently used to pay creditors leaving 758,759,997 shares as security for the remaining 49 ELFs.

During a prior reporting period, 35,000,000 shares were issued which are the security for 6 ELFs. These ELFs were approved by shareholders on 25 June 2021, were drawn down on 15 September 2021 and expire after 3 years.

On 10 May 2020, the Company commenced an ELF using the remaining 75,000,000 shortfall shares and 30,000,000 shortfall options (post share consolidation quantities) from a non-renounceable rights issue. The term of this ELF was 1 year and had been extended by three years. Since the commencement of this ELF all shares and all options have been released to suppliers and KMP in lieu of payments in cash or as partial settlement for the property purchased in Yallourn. In the current financial year, the remaining 15,265,428 shares which were held as security for this ELF were used to pay suppliers and KMP (refer to KMP disclosures above).

A further ELF was established using 916,407,834 shares that were previously used as security for expired ELFs. These shares were subsequently used as security for 4 new ELFs commencing 15 January 2021 for a term of 2 years. The issue of a further 383,592,166 shares was approved at a prior AGM which were also used as security for these ELFs. Total shares held as security for these ELFs was 1,300,000,000 (130,000,000 shares post share consolidation). In February 2022, payments for 3 of these ELFs were received and 65,000,000 shares were released leaving 65,000,000 shares securing the remaining ELF on 30 June 2025. The remaining ELF has had its term extended by another year.

As at 30 June 2025, there were therefore 758,759,997 (30 June 2024: 858,759,997) shares on issue and held as security where monies (principal and interest loans) are owing to the Company. Should loans remain unpaid at expiry, ECTF has recourse to those shares held as security and may settle the outstanding debt with the borrower via a number of mechanisms including but not limited to a) disposal of shares on the market with the proceeds used to repay the loan and b) selective buy-back in exchange for debt forgiveness by the parent company.

Shares issued on the exercise of performance rights

There were no ordinary shares of Environmental Clean Technologies Limited issued on the exercise of performance rights during the year ended 30 June 2025 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of William Buck Audit (Vic) Pty Ltd

There are no officers of the Company who are former partners of William Buck Audit (Vic) Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Faldi Ismail'.

Faldi Ismail
Chairman

29 August 2025
Perth

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Environmental Clean Technologies Limited

As lead auditor for the audit of Environmental Clean Technologies Limited for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Environmental Clean Technologies Limited and the entities it controlled during the year.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow

N. S. Benbow
Director
Melbourne, 29 August 2025

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General information

The financial statements comprise those of Environmental Clean Technologies Limited as a consolidated entity consisting of Environmental Clean Technologies Limited ('the Company') and the entities it controlled at the end of, or during, the year (together referred to as 'the consolidated entity'). The financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

Environmental Clean Technologies Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 21, 459 Collin Street
Melbourne, VIC, 3000
Australia

Principal place of business

25 Rowsley Station Road
Bacchus Marsh, VIC, 3340
Australia

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2025. The directors have the power to amend and reissue the financial statements.

Other income

Other income	4	675,165	1,439,079
Interest revenue calculated using the effective interest method		14,464	19,621
Total income		689,629	1,458,700

Expenses

Corporate costs	5	(885,009)	(1,743,390)
Depreciation and amortisation expense		(1,144,652)	(1,136,147)
Engineering and design costs		(111,581)	(788,437)
Sales and marketing		(20,225)	(171,827)
Write-off of assets	9	(117,603)	(633,082)
Employee benefits expense	5	(1,138,214)	(1,377,338)
Occupancy expense		(215,321)	(172,178)
Legal costs		(127,429)	(83,845)
Finance costs		(165,865)	(83,834)
Travel and accommodation		(11,996)	(51,713)
Change in fair value of financial liabilities	5	(112,088)	1,070,015
Loss on disposal of plant and equipment		(64,941)	(967)
Share of loss of joint venture investment		(96,571)	-
Total expenses		(4,211,495)	(5,172,743)

Loss before income tax expense

		(3,521,866)	(3,714,043)
Income tax expense		-	-

Loss after income tax expense for the year attributable to the owners of Environmental Clean Technologies Limited

		(3,521,866)	(3,714,043)
Other comprehensive income for the year, net of tax		-	-

Total comprehensive loss for the year attributable to the owners of Environmental Clean Technologies Limited

		(3,521,866)	(3,714,043)
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Cents

Cents

Basic loss per share	26	(0.140)	(0.185)
Diluted loss per share	26	(0.140)	(0.185)

	Note	Consolidated 2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents		478,639	762,171
Trade and other receivables	6	605,158	1,536,844
Prepayments and deposits	7	48,286	52,046
Total current assets		<u>1,132,083</u>	<u>2,351,061</u>
Non-current assets			
Investments accounted for using the equity method	8	53,429	-
Property, plant and equipment	9	2,015,507	3,239,410
Right-of-use assets		12,561	260,874
Intangible assets	10	50,850	101,700
Total non-current assets		<u>2,132,347</u>	<u>3,601,984</u>
Total assets		<u>3,264,430</u>	<u>5,953,045</u>
Liabilities			
Current liabilities			
Trade and other payables		448,699	608,980
Borrowings	11	1,065,092	984,000
Lease liabilities		173,864	85,583
Employee benefit liabilities		21,588	49,491
Financial liabilities	12	17,052	-
Total current liabilities		<u>1,726,295</u>	<u>1,728,054</u>
Non-current liabilities			
Lease liabilities		-	203,466
Employee benefit liabilities		14,102	28,089
Financial liabilities	12	663,910	568,874
Total non-current liabilities		<u>678,012</u>	<u>800,429</u>
Total liabilities		<u>2,404,307</u>	<u>2,528,483</u>
Net assets		<u>860,123</u>	<u>3,424,562</u>
Equity			
Issued capital	13	93,097,734	92,410,300
Convertible note reserve		65,940	-
Share-based payments reserve	14	1,099,870	2,530,569
Accumulated losses		<u>(93,403,421)</u>	<u>(91,516,307)</u>
Total equity		<u>860,123</u>	<u>3,424,562</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	88,961,632	2,273,681	(87,802,264)	3,433,049
Loss after income tax expense for the year	-	-	(3,714,043)	(3,714,043)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(3,714,043)	(3,714,043)
<i>Transactions with owners in their capacity as owners:</i>				
Vesting charge for share-based payments (note 27)	-	434,120	-	434,120
Settlement of share-based payment with shares	177,732	(177,732)	-	-
Share placement (net) (note 13)	3,270,936	-	-	3,270,936
Option premium received	-	500	-	500
Balance at 30 June 2024	<u>92,410,300</u>	<u>2,530,569</u>	<u>(91,516,307)</u>	<u>3,424,562</u>

Consolidated	Issued capital \$	Share based payment reserves \$	Convertible note reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	92,410,300	2,530,569	-	(91,516,307)	3,424,562
Loss after income tax expense for the year	-	-	-	(3,521,866)	(3,521,866)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(3,521,866)	(3,521,866)
<i>Transactions with owners in their capacity as owners:</i>					
Employee and supplier services settled via shares	98,200	-	-	-	98,200
Vesting charge for share-based payments (note 27)	-	88,287	-	-	88,287
Capital raising costs	(115,766)	115,766	-	-	-
Share placement (net) (note 13)	705,000	-	-	-	705,000
Recognition of conversion option on convertible note ¹	-	-	65,940	-	65,940
Expiry of options (note 14)	-	(1,634,752)	-	1,634,752	-
Balance at 30 June 2025	<u>93,097,734</u>	<u>1,099,870</u>	<u>65,940</u>	<u>(93,403,421)</u>	<u>860,123</u>

	Note	Consolidated 2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	320,211
Research and development tax incentive (inclusive of GST)		1,473,170	1,410,260
Payments to suppliers and employees (inclusive of GST)		(2,453,383)	(4,379,426)
Interest received		12,849	19,621
Other income		16,361	-
Interest and other finance costs paid		(73,492)	(82,867)
Net cash used in operating activities	25	(1,024,495)	(2,712,201)
Cash flows from investing activities			
Payments for new joint venture capital invested		(150,000)	-
Payments for property, plant and equipment		-	(184,023)
Proceeds from disposal of property, plant and equipment		110,000	-
Net cash used in investing activities		(40,000)	(184,023)
Cash flows from financing activities			
Proceeds from issue of shares		750,000	3,500,000
Payment of equity raising costs		-	(7,564)
Proceeds from issue of options		-	500
Proceeds from issue of convertible notes		1,130,000	-
Net proceeds/ (repayments) from borrowings		(1,099,037)	(984,000)
Repayment of lease liabilities		-	(136,776)
Net cash from financing activities		780,963	2,372,160
Net decrease in cash and cash equivalents		(283,532)	(524,064)
Cash and cash equivalents at the beginning of the financial year		762,171	1,286,235
Cash and cash equivalents at the end of the financial year		478,639	762,171

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

The accounting policies that are material to the group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Going concern

For the financial year ended 30 June 2025, the consolidated entity had an operating net loss after tax of \$3,521,866, net cash outflows from operating activities of \$1,024,495, working capital deficit at the reporting date of \$594,212 and net assets of \$860,123. The consolidated entity currently does not have a material source of revenue and is reliant on receipt of research and development tax incentives, possible ELF loan repayments, equity capital or loans from third parties to meet its operating costs.

The ability to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. The reliance on future funding described above indicates a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern. The financial statements have been prepared on the basis that the consolidated entity is a going concern which contemplates the continuity of its business, realisation of assets and the settlement of liabilities in the normal course of business.

To this end, the consolidated entity is expecting to fund ongoing obligations as follows:

- utilisation of its current cash resources;
- principal paid and interest earned from current or new ELF debt arrangements (treated as capital injections);
- issuance of the Company's securities under ASX Listing Rule 7.1;
- the sale of product from the Company's test facility in Bacchus Marsh; and
- the sale of the Yallourn property in Bacchus Marsh.

Further, the consolidated entity has entered into a lease agreement for its corporate office which has one year to run. The lease agreement includes sub-letting provision, which the directors may be able to utilize to further reduce the consolidated entity's cash outflows relating to its occupancy costs.

Management is focused on curtailing expenses where possible:

- Corporate expenses of \$885,009 principally relate to matters connected with the overall administration of the Company and include expenses such as consulting, listing, legal and audit fees. The Company expects these costs to reduce by approximately \$620,000 in the coming financial year;
- Costs for employing and retaining personnel was \$1,377,338. The Company has already taken measures to reduce this expense for the coming financial year which is expected to result in savings of approximately \$200,000;
- Management would also consider curtailing research and development activities as a means of preserving cash resources; and
- The Company has previously paid KMP using equity rather than cash and this remains an option.

Based on the above information and cash flow forecasts prepared, the directors are of the opinion that the consolidated entity is well positioned to meet its objectives and obligations going forward and therefore that the basis upon which the financial statements are prepared is appropriate in the circumstances.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention except for financial assets and liabilities at fair value through profit or loss and contingent consideration that has been measured at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 22.

Note 1. Material accounting policy information (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Environmental Clean Technologies Limited ('Company' or 'parent entity') as at 30 June 2025 and the results of all subsidiaries for the year then ended. Environmental Clean Technologies Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Other income

Research and development tax incentive

The consolidated entity has adopted the income approach to accounting for research and development tax offsets pursuant to AASB 120 'Accounting for Government Grant and Disclosure of Government Assistance' whereby the incentive is recognised in profit or loss on a systematic basis over the periods in which the consolidated entity recognises the eligible expenses. Where the incentive is directly attributable to the acquisition of property, plant and equipment, the incentive is used to offset the initial cost incurred.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Research and development expenditure

Expenditure in respect of research and development is charged to profit or loss as incurred. Development costs will be capitalised when: it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably.

Trade and other receivables

Trade receivables and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

A receivable for the research and development tax incentive receivable is recognised at the time that the eligible expenditure has been incurred and the consolidated entity has reasonable certainty that the amounts will be received.

Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Historical cost may be reduced by amounts of research and development incentive received that are directly attributable to the acquisition of the asset.

For the purposes of establishing the expected useful life, assets are defined as either 'commercial' or 'research and development'.



Note 1. Material accounting policy information (continued)

Depreciation is charged to write off the net cost of each item of property, plant and equipment over its expected useful life. Depreciation of plant and equipment is calculated on a diminishing value basis whilst depreciation of furniture and fittings and office equipment is calculated on a straight-line basis. The useful life of each class of asset is as follows:

- | | |
|--------------------------|---------------|
| - Plant and equipment | 3 to 10 years |
| - Furniture and fittings | 3 years |
| - Office equipment | 3 years |

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Note 1. Material accounting policy information (continued)

Depreciation of research and development assets is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over its expected useful life within a defined research and development program context as follows:

- COLDry research and development plant and equipment upgrades 3 - 10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Borrowings

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Other financial liabilities

Deferred and contingent consideration and earn-out liabilities were initially recognised at fair value. At each reporting date, the deferred and contingent consideration and earn-out liabilities are reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss.

Employee benefits

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 1. Material accounting policy information (continued)

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2025. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

IFRS 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The standard replaces AASB 101 'Presentation of Financial Statements', although many of the requirements have been carried forward unchanged and is accompanied by limited amendments to the requirements in AASB 107 'Statement of Cash Flows'. The standard requires income and expenses to be classified into five categories: 'Operating' (residual category if income and expenses are not classified into another category), 'Investing', 'Financing', 'Income taxes' and 'Discontinued operations'. The standard introduces two mandatory sub-totals: 'Operating profit' and 'Profit before finance and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on how to organise and group information (aggregation and disaggregation) in the financial statements and whether to provide it in the primary financial statements or in the notes. The group will adopt this standard from 1 July 2027 and it is expected that there will be a significantly change to the layout of the statement of profit or loss.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2020-6. Early adoption is permitted. AASB 2022-6 was issued in December 2022 and is applicable to annual periods beginning on or after 1 January 2024. Early adoption is permitted where AASB 2020-1 is also early adopted.

These standards amend AASB 101 'Presentation of Financial Statements' to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is subject to the entity complying with covenants in the loan arrangement based on information up to and including reporting date, the deferral right will exist where the entity is able to comply with the covenant on or before the end of the reporting date even if compliance is assessed after the reporting date. The deferral right will be deemed to exist at reporting date if the entity is required to comply with the covenant only after the reporting date based on post-reporting date information. Additional disclosure is required about loan arrangements classified as non-current liabilities in such circumstances which enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified. The group does not expect these amendments to have a material impact.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The consolidated entity estimates the effective life of intellectual property to be 20 years and amortises these assets on a straight-line basis. Where the resulting effective life differs from that recognised, the impact will be recorded in profit or loss in the period such determinations are made.

Impairment of non-financial assets

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Earn-out liability - COLDry

The earn-out liability is recognised and measured at the present value of the estimated future cash flows to be made pursuant to the agreement. In determining the present value of the liability, significant unobservable inputs are used including the discount rate applied to future cash flows, and estimates of expected timing and quantities of production using probability weightings. Refer to note 12.

Recovery of deferred tax assets

Deferred tax assets (DTA) including carry forward tax losses are recognised for deductible temporary differences and carry-forward tax losses only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The Company has not recognised a deferred tax asset.

The group has carried forward losses of \$32,303,472 and an unrecognised DTA in relation to these losses of \$8,075,868.

Research and development tax offset

Government grants, including research and development incentives are recognised at fair value when there is reasonable assurance that the grant will be received and all grant conditions will be met.

With the successful track record of the Consolidated Entity in obtaining the Research and Development rebate from the ATO, an estimated rebate of \$550,611 has been accrued as income for the year ended 30 June 2025 (30 June 2024: \$1,473,170).

The Consolidated Entity is entitled to claim grant credits from the Australian Government in recompense for its research and development program expenditure. The program is overseen by AusIndustry, which is entitled to audit and/or review claims lodged for the past 4 years. In the event of a negative finding from such an audit or review AusIndustry has the right to rescind and clawback those prior claims, potentially with penalties. Such a finding may occur in the event that those expenditures do not appropriately qualify for the grant program. In their estimation, considering also the independent external expertise they have contracted to draft and claim such expenditures, the directors of the company consider that such a negative review has a remote likelihood of occurring.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity's operating segment is based on the internal reports that are reviewed and used by the Board (being the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. The consolidated entity operates predominantly in the environmental and energy industry, and a single geographic segment being Australia.

The CODM reviews operating performance of the consolidated entity based on management reports that are prepared. At regular intervals, the CODM is provided management information at a consolidated entity level for the consolidated entity's cash position, the carrying values of intangible assets and a consolidated entity cash forecast for the next 12 months of operation. On this basis, no segment information is included in these financial statements.

Note 3. Operating segments (continued)

Types of products and services

The principal products and service of the operating segment is as follows:

ECT (COLDry and HydroMOR): ECT represents the consolidated entity's primary activities of investment, research, development and commercialisation of technologies relating to COLDry and HydroMOR processes.

ECT Finance ('ECTF'): ECTF is a subsidiary of the group and represents the ELF activities of the consolidated group. ECTF lends to shareholders at commercial interest rates allowing them to finance the acquisition of shares in the Company through limited recourse loan arrangements.

ECT provides funding to ECTF via intercompany loan accounts allowing ECTF to then advance funds to ECT shareholders (i.e. ELF borrowers) for the purpose of exercising their ECT options and acquiring shares in ECT. The shares in ECT are held as security by ECTF against the ELF borrowings until such time as principal and interest payments are made. ECTF may release partial allocations of ECT shares on receipt of repayments of ELF borrowings.

The loan made by ECT to ECTF is interest bearing giving rise to intercompany revenue generated by ECT and intercompany interest expense incurred by ECTF. At a consolidated level, all intercompany loans are eliminated along with the related interest revenue and expense. Furthermore, all ELF borrowings advanced to shareholders, together with the related issue of ECT shares are eliminated as, pursuant to accounting standards, such loans, which are limited recourse borrowings in nature are deemed to represent the issue of in-substance call options by ECT to shareholders, with any receipts from ECT borrowers that do not result in the release of shares accounted for as the receipt of option premium. Only when shares are released on receipt of loan repayments is an actual issue of share capital recognised.

Note 4. Other income

	Consolidated 2025 \$	2024 \$
Research and development tax incentive ⁽ⁱ⁾	609,382	1,410,260
Government grants	-	20,000
Other income	65,783	8,819
	<u>675,165</u>	<u>1,439,079</u>

(i) Research and development tax incentive

The Company has recognised a receivable related to the research and development tax incentive of \$550,611 at 30 June 2025 (2024: \$1,473,170) which relates to eligible expenditure. Refer note 6.

Note 5. Expenses

	Consolidated 2025 \$	2024 \$
Loss before income tax includes the following specific expenses:		
<i>Remeasurement of other financial liabilities</i>		
Remeasurement of COLDry earn-out liability	112,088	(1,070,015)
<i>Employee benefits expense</i>		
Salaries and wages	1,005,860	1,239,192
Defined contribution superannuation expense	121,120	138,196
Share-based payments expense (included as part of Corporate costs)	88,287	98,683
Total employee benefits expense	<u>1,215,267</u>	<u>1,476,071</u>

Note 6. Trade and other receivables

	Consolidated	
	2025	2024
	\$	\$
<i>Current assets</i>		
Trade receivables	33,358	-
Research and development tax incentive receivable	550,611	1,473,170
Tax credits receivable from the Australian Taxation Office	21,189	63,674
	<u>605,158</u>	<u>1,536,844</u>

Allowance for expected credit losses

There were no allowances for expected credit losses on receivables recognised as at reporting date. Amounts of trade and other receivables written off as not recoverable during the year were \$nil (2024: \$nil). See note 27 for further details.

Research and development receivable

The research and development tax incentive receivable as at 30 June 2024 was received in September 2024. After adjustments, the total amount received was \$1,473,170. The current balance under research and development tax incentive receivable is in relation to the submitted claim for 2025 Financial Year.

Note 7. Prepayments and deposits

	Consolidated	
	2025	2024
	\$	\$
<i>Current assets</i>		
Prepayments	36,460	40,220
Other deposits	11,826	11,826
	<u>48,286</u>	<u>52,046</u>

Note 8. Investments accounted for using the equity method

	Consolidated	
	2025	2024
	\$	\$
<i>Non-current assets</i>		
Zero Quest Pty Ltd - 50% interest	<u>53,429</u>	<u>-</u>

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Opening carrying amount	-	-
Initial investment	150,000	-
Share of profit/(loss)	(96,571)	-
Closing carrying amount of investment	<u>53,429</u>	<u>-</u>

On 17 December 2024, Zero Quest Pty Ltd was incorporated as Joint Venture between Environmental Clean Technologies Limited (the Group) and ESG Agriculture Pty Ltd. Both Entities contributed \$150,000 respectively towards the Joint Venture. As at 30 June 2025, the carrying amount of the Groups investment is \$53,429.

Note 9. Property, plant and equipment

	Consolidated 2025 \$	2024 \$
<i>Non-current assets</i>		
Land and buildings	1,148,235	1,148,235
Less: Accumulated depreciation	(66,691)	(46,036)
	<u>1,081,544</u>	<u>1,102,199</u>
Leasehold improvements	91,984	91,984
Less: Accumulated depreciation	(89,199)	(57,032)
	<u>2,785</u>	<u>34,952</u>
Plant and equipment	7,659,653	7,939,361
Less: Accumulated depreciation	(6,733,629)	(5,851,235)
	<u>926,024</u>	<u>2,088,126</u>
Fixtures and fittings	4,467	4,467
Less: Accumulated depreciation	(4,467)	(4,467)
	<u>-</u>	<u>-</u>
Office equipment	26,851	38,387
Less: Accumulated depreciation	(21,697)	(24,254)
	<u>5,154</u>	<u>14,133</u>
	<u><u>2,015,507</u></u>	<u><u>3,239,410</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings \$	Leasehold improvements \$	Plant and equipment \$	Office equipment \$	Total \$
Balance at 1 July 2023	1,117,833	61,407	3,447,576	10,105	4,636,921
Additions	5,000	5,376	160,437	21,561	192,374
Disposals	-	-	-	(967)	(967)
R&D tax incentive offset	-	-	-	(8,351)	(8,351)
Write-off of assets	-	-	(633,082)	-	(633,082)
Depreciation expense	(20,634)	(31,831)	(886,805)	(8,215)	(947,485)
Balance at 30 June 2024	1,102,199	34,952	2,088,126	14,133	3,239,410
Additions	-	-	-	8,701	8,701
Disposals	-	-	(13,808)	(11,536)	(25,344)
Write-off of assets	-	-	(117,603)	-	(117,603)
Depreciation expense	(20,655)	(32,167)	(1,030,691)	(6,144)	(1,089,657)
Balance at 30 June 2025	<u><u>1,081,544</u></u>	<u><u>2,785</u></u>	<u><u>926,024</u></u>	<u><u>5,154</u></u>	<u><u>2,015,507</u></u>

During the year the Company made the decision to write-off equipment that is no longer part of phases 1 or 2 which are referred to in the directors' report. The majority of the write-off related to a kiln that had no material recovery value.

Note 10. Intangible assets

	Right of access - mining
Consolidated	\$
Balance at 1 July 2023	152,550
Amortisation expense	(50,850)
Balance at 30 June 2024	101,700
Amortisation expense	(50,850)
Balance at 30 June 2025	50,850

Right-of-access - mining

During the 2021 financial year, the Company entered into an agreement with EnergyAustralia to secure a supply of lignite. The consideration paid to EnergyAustralia was used to upgrade its plant to facilitate product supply to the Company. The agreement included the cost to repair and commission the outfeed delivery system at a cost of \$450,000 of which \$195,750 was claimed as part of the R&D tax incentive last financial year. The remaining balance of \$254,250 is being amortised over 5 years.

Note 11. Borrowings

	Consolidated	
	2025	2024
	\$	\$
Current liabilities		
Invest Victoria R&D funding Loan	-	984,000
Convertible note - host liability at amortised cost	1,065,092	-
	<u>1,065,092</u>	<u>984,000</u>

Refer to note 15 for further information on financial instruments.

Convertible Notes

On 23 April 2025, following obtaining shareholder approval, the Group issued 1,130,000 convertible notes with a total face value of \$1,130,000. The notes are convertible into ordinary shares of Environmental Clean Technologies Ltd at a fixed conversion price of \$0.00425 per share.

Key terms of the convertible notes are as follows:

- Issue Date: 23 April 2025
- Maturity Date: 6 December 2025
- Coupon Rate: 11.5% per annum, calculated daily, payable in arrears
- Conversion Price: \$0.00425 per share
- Conversion Option: At the option of the holder, convertible into fully paid ordinary shares at any time prior to maturity
- Redemption: If not converted, the notes are redeemable at face value on maturity
- Security: A first ranking mortgage over the Secured properties being properties at Yallourn Drive, Yallourn Victoria 3825, to the value of the Principal Outstanding Amount – meaning the subscription amount and any outstanding interest payable on the subscription amount. A security interest over the assets of the Company (other than any R&D rebate), to be secured by way of a General Security Agreement – Refer to 1-241A.2

In accordance with AASB 132 – Financial Instruments, the convertible notes are classified as a compound financial instrument, consisting of two components:

- (1) Liability component, representing the present value of contractual cash flows (interest and principal), initially recognised at fair value using a market interest rate for a similar instrument without a conversion feature;
- (2) Equity component, representing the residual value, following the fair value of the liability component and the fair value of the holder's conversion option, recognised in equity (Convertible Note Reserve).

At initial recognition:

Note 11. Borrowings (continued)

- Net proceeds received: \$1,110,450
- Liability component (net of transaction costs): \$1,044,510
- Equity component (net of transaction costs): \$65,940
- Transaction costs allocated between the components in proportion to their relative fair values: \$19,550

The liability component is subsequently measured at amortised cost using the effective interest method. The equity component is not remeasured after initial recognition.

Movement in amortisation of the convertible note's liability component during the year:

Description	Amount (\$)
Amount on initial recognition	1,044,510
Interest expense	43,543
Interest paid	(22,691)
Balance at end of year	<u>1,065,092</u>

Note 12. Financial liabilities

	Consolidated 2025 \$	2024 \$
<i>Current liabilities</i>		
Earn-out liability - COLDry	<u>17,052</u>	<u>-</u>
<i>Non-current liabilities</i>		
Earn-out liability - COLDry	<u>663,910</u>	<u>568,874</u>
	<u>680,962</u>	<u>568,874</u>

Earn-out liability - COLDry

The earn-out liability represents deferred consideration payable related to the acquisition of the COLDry intellectual property from the Maddingley Group. The consideration payable is calculated based on \$0.50 per projected processed tonne of COLDry pellets manufactured and is discounted at a rate of 21% (2024: 21%). The total consideration payable is \$3,000,000 plus applicable interest at the Reserve Bank of Australia cash rate. Refer to note 16.

	Earn-out liability COLDry \$
Opening balance as at 1 July 2024	568,874
Remeasurement to fair value (charge to profit or loss)	<u>112,088</u>
Closing balance as at 30 June 2025	<u>680,962</u>

Note 13. Issued capital

	2025 Shares	Consolidated 2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	3,256,675,419	2,313,050,382	93,097,734	92,410,300
ELF shares	<u>758,759,997</u>	<u>858,759,997</u>	<u>-</u>	<u>-</u>
	<u>4,015,435,416</u>	<u>3,171,810,379</u>	<u>93,097,734</u>	<u>92,410,300</u>

Note 13. Issued capital (continued)

Ordinary share capital

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Details	Date	Shares Issued	Issue price	\$
Balance	1 July 2023	1,598,085,144		88,961,632
Share-based payments	July 2023	2,275,522	\$0.0080	18,204
Share capital placements	August 2023	349,126,363	\$0.0055	1,920,195
Cost of capital placement	August 2023	21,818,182	-	-
Share-based payments	October 2023	16,164,150	\$0.0080	133,101
Share capital placements	December 2023	14,510,000	\$0.0055	79,805
Share-based payments	December 2023	3,571,021	\$0.0074	26,427
Share capital placement	April 2024	307,500,000	\$0.0050	1,500,000
Equity raising costs		-	-	(229,064)
Balance	30 June 2024	2,313,050,382		92,410,300
Share capital placement	February 2025	475,000,000	\$0.0010	475,000
Share capital placement	May 2025	275,000,000	\$0.0010	275,000
Lead manager fees	May 2025	45,000,000	\$0.0010	45,000
Employee equity salary sacrifice	May 2025	39,958,357	\$0.0011	44,458
Employee equity salary sacrifice	June 2025	8,666,680	\$0.0010	8,667
Transfer from ELF shares to ordinary shares		100,000,000	-	-
Equity raising costs		-	-	(160,691)
Balance	30 June 2025	<u>3,256,675,419</u>		<u>93,097,734</u>

ELF share capital

The Company's subsidiary, ECT Finance Ltd, has entered into limited recourse loans with option-holders (Participants) allowing them to obtain finance to exercise share options issued by the Company. Shares in ECT were issued on exercise of options in accordance with the Loan and Security Agreement (the Agreement) of the ELF.

All shares issued pursuant to the ELF and which are financed by limited recourse loans are considered, for accounting purposes, to be options issued. As a result, neither the value of the loans receivable, nor the value of shares issued, are recognised in the financial statements. Where the Company receives funds from Participants in the form of principal or interest, such amounts are treated as the receipt of option premium and recognised in the option reserve until the loan is settled (refer to note 14). Loans expire within 2-3 years from issue and interest is charged at commercial rates of interest.

Notwithstanding any other provision of the ELF, each Participant has a legal and beneficial interest in the ELF shares issued to them except that any dealings with those ELF shares by the Participant is restricted in accordance with the Agreement. ELF shares rank equally with all existing ordinary shares of the Company from the date of issue in respect of all rights issues, bonus issues, dividends and other distributions to, or entitlements of, ordinary shareholders. On termination of the loan facility, the Participant may elect to settle the loan or default on the loan and the Company's subsidiary could enforce the return of the ELF shares subject to requirements of the Corporations Act and as outlined in the Agreement signed by each borrower.

Note 13. Issued capital (continued)

As at reporting date, there are 758,759,997 (2024: 858,759,997) shares held as security against these loans (ELF Shares) and therefore there are ELF Options of the same amount deemed to be on issue.

ELF share capital movements (i.e., number of shares) are as follows:

	Consolidated 2025	2024
Details		
Opening balance of ELF shares on issue	858,759,997	874,025,425
ELF shares repurposed for share-based payments on expiry of ELFs	(100,000,000)	(15,265,428)
Closing balance of ELF shares on issue	<u>758,759,997</u>	<u>858,759,997</u>

The following ELF shares were on issue at reporting date:

ELF issue details	Effective exercise price	No. of shares 2025	No. of shares 2024
Issue date 15 January 2021, expiry date 15 January 2024	\$0.01	-	65,000,000
Issue date 15 September 2021, expiry date 15 September 2024	\$0.02	-	35,000,000
Issue date 17 February 2023, expiry date 16 February 2026	\$0.03	<u>758,759,997</u>	<u>758,759,997</u>
		<u>758,759,997</u>	<u>858,759,997</u>

Note 13. Issued capital (continued)

Options on issue

Issue date	Number issued	Exercise price	Expiry date	Terms	Balance on issue at year end
15 Oct 2021	20,000,000	\$0.025	15 Oct 2025	note (1)	20,000,000
28 Aug 2023	50,000,000	0.011	28 Aug 2026	note (2)	50,000,000
15 Aug 2023	20,000,000	\$0.03	27 Nov 2026	note (3)	20,000,000
15 Aug 2023	20,000,000	\$0.03	27 Nov 2026	note (4)	20,000,000
15 Aug 2023	20,000,000	\$0.03	27 Nov 2026	note (5)	20,000,000
15 Aug 2023	20,000,000	\$0.03	27 Nov 2026	note (6)	20,000,000
15 Aug 2023	20,000,000	\$0.03	27 Nov 2027	note (7)	20,000,000
19 Dec 2023	7,500,000	\$0.05	19 Dec 2026	note (8)	7,500,000
19 Dec 2023	5,000,000	\$0.05	19 Dec 2026	note (9)	5,000,000
19 Dec 2023	5,000,000	\$0.05	19 Dec 2026	note (10)	5,000,000
19 Dec 2023	5,000,000	\$0.05	19 Dec 2026	note (11)	5,000,000
18 Dec 2024	44,000,000	0.005	18 Dec 2027	note (12)	44,000,000
29 April 2025	25,000,000	0.002	29 April 2028	note (13)	25,000,000
23 May 2025	75,000,000	0.002	23 May 2028		75,000,000
					<u>336,500,000</u>

- (1) Exercise is subject to vesting which may occur no earlier than 12 months from the agreement date of 15 October 2021 if the 20-day VWAP is \$0.05 or higher at any time prior to expiry
- (2) Exercise is subject to vesting (12 months from issue date)
- (3) Exercise is subject to vesting (12 months from issue date)
- (4) Exercise is subject to vesting which may occur no earlier than 12 months from the agreement date of 15 August 2023 if the 20-day VWAP is \$0.03 or higher at any time prior to expiry
- (5) Exercise is subject to vesting which may occur no earlier than 12 months from the agreement date of 15 August 2023 if the 20-day VWAP is \$0.05 or higher at any time prior to expiry
- (6) Exercise is subject to vesting which may occur no earlier than 12 months from the agreement date of 15 August 2023 if the 20-day VWAP is \$0.07 or higher at any time prior to expiry
- (7) Exercise is subject to vesting which may occur no earlier than 12 months from the agreement date of 15 August 2023 if the 20-day VWAP is \$0.10 or higher at any time prior to expiry
- (8) Exercise is subject to vesting (12 months from issue date)
- (9) Exercise is subject to vesting which may occur no earlier than 12 months from the agreement date of 19 December 2023 if the 20-day VWAP is \$0.05 or higher at any time prior to expiry
- (10) Exercise is subject to vesting which may occur no earlier than 12 months from the agreement date of 19 December 2023 if the 20-day VWAP is \$0.07 or higher at any time prior to expiry
- (11) Exercise is subject to vesting which may occur no earlier than 12 months from the agreement date of 19 December 2023 if the 20-day VWAP is \$0.10 or higher at any time prior to expiry
- (12) Exercise is subject to vesting which may occur no earlier than 12 months from the agreement date of 18 December 2024 if the 20-day VWAP is \$0.005 or higher at any time prior to expiry
- (13) Exercise is subject to vesting which may occur no earlier than 12 months from the agreement date of 29 April 2025 if the 20-day VWAP is \$0.005 or higher at any time prior to expiry



Note 13. Issued capital (continued)

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The consolidated entity monitors capital by reference to cash flow forecasts in relation the operating revenue and expenditure. The consolidated entity also monitors its capital expenditure requirements to identify any additional capital required.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The group is subject to certain obligations in relation to its financing arrangements and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management strategy remains unchanged from 2024.

Note 14. Share-based payments reserve

	Consolidated 2025 \$	2024 \$
Share-based payments reserve	1,099,870	2,530,569

Share-based payments reserve

The balance of the reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration which have not fully vested in the recipient as at reporting date or otherwise represent an obligation incurred to issue ordinary shares. Refer to note 27

Note 15. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies and evaluates risks. Finance reports to the Board on a regular basis.

Market risk

Interest rate risk

The consolidated entity has minimal exposure to interest rate risk for both borrowings and deposits. Fluctuations in interest rates will not have any material risk exposure to the cash held in bank deposits at variable rates. Borrowings are at a variable rate and fluctuations are not expected to have a material impact.

Liquidity risk

Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The consolidated entity aims at maintaining flexibility in funding by keeping committed funding options available to meet the consolidated entity's needs.

Note 15. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2025	Interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	305,942	-	-	-	305,942
Other payables	-	142,757	-	-	-	142,757
<i>Interest-bearing - variable</i>						
Earn-out liability (COLDry)	3.850%	-	17,541	228,812	434,609	680,962
<i>Interest-bearing - fixed rate</i>						
Convertible Note	11.50%	1,065,092	-	-	-	1,065,092
R&D funding loan	-	-	-	-	-	-
Total non-derivatives		1,513,791	17,541	228,812	434,609	2,194,753

2024	Interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	398,378	-	-	-	398,378
Other payables	-	210,602	-	-	-	210,602
<i>Interest-bearing - variable</i>						
Earn-out liability (COLDry)	4.350%	-	14,845	122,912	431,117	568,874
<i>Interest-bearing - fixed rate</i>						
Lease liability	7.900%	142,720	45,619	145,233	-	333,572
R&D funding loan	4.515%	998,809	-	-	-	998,809
Total non-derivatives		1,750,509	60,464	268,145	431,117	2,510,235

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Cash flows related to settlement of the COLDry earn-out liability are based on timing of forecast production output upon which payment is calculated. Future cash flows have been discounted at 21% (2024: 21%) in determining the recognised carrying value within the financial statements.

Note 16. Fair value measurement

Fair value hierarchy

The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$
2025			
<i>Liabilities</i>			
Earn-out liability - COLDry IP	-	-	680,962
Total liabilities	-	-	680,962
2024			
<i>Liabilities</i>			
Earn-out liability - COLDry IP	-	-	568,874
Total liabilities	-	-	568,874

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the forecast cash flows required to discharge the liability at the current market interest rate that is available for similar financial liabilities. Movements in the fair value of the financial liabilities are disclosed in their respective notes.

Valuation techniques for fair value measurements categorised within level 3

The above financial liabilities have been valued using a discounted cash flow model and/or option pricing models. Refer to note 12 and below for further details.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Earn-out liability COLDry IP \$	Total \$
Balance at 1 July 2023	1,638,889	1,638,889
Remeasurement to fair value	(1,070,015)	(1,070,015)
Balance at 30 June 2024	568,874	568,874
Remeasurement to fair value	112,088	112,088
Balance at 30 June 2025	680,962	680,962

Note 16. Fair value measurement (continued)

The unobservable inputs and sensitivities of level 3 liabilities are as follows:

Description	Unobservable inputs	Potential range	Sensitivity
COLDry earn-out liability	Discount rate	16% - 26% (21% used) (2024: 21% used)	A change in this rate of +/- 5% would have an effect of: +5%: decreasing the carrying value of the liability by \$172,235 (and decreasing the loss); and -5%: increasing the carrying value of the liability by \$305,138 (and increasing the loss).
	Timing of production to discharge liability	Dec 2023 onwards (2024: July 2022 onwards)	The rate of payment of the earn-out liability is linked to the expected timing of plant production. Obligations are currently forecast to commence next year. A change in timing of the commercial scale commencement of +1 year from that currently forecast would reduce the loss and liability by \$24,821.

Note 17. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the group is set out below:

	Consolidated	
	2025	2024
	\$	\$
Short-term benefits	677,716	1,227,214
Post-employment benefits	74,953	91,376
Long-term benefits	(22,761)	16,434
Share-based payments	87,830	193,255
	<u>817,738</u>	<u>1,528,279</u>

The share-based payment expense of \$87,830 for this financial year related to the settlement of consulting invoices, director fees and the issue of unlisted options. Refer to note 21, note 27 and the directors' report for further details.

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the Company:

	Consolidated	
	2025	2024
	\$	\$
Audit or review of the financial statements		
William Buck	73,540	47,300
BDO Audit Pty Ltd	-	100,065
	<u>73,540</u>	<u>147,365</u>

Note 19. Contingent liabilities

There were no other contingent liabilities of the consolidated entity as at 30 June 2025 or 30 June 2024 other than as disclosed in note 12.

Note 20. Commitments

	Consolidated	
	2025	2024
	\$	\$
<i>Patent commitments *</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	33,650	7,480
One to five years	15,340	44,040
More than five years	-	143,000
	<u>48,990</u>	<u>194,520</u>

* Patent commitments represent maintenance payments pursuant to the registered patents of both COLDry and HydroMOR.

Coal supply agreement with EnergyAustralia

On 28 May 2021, the Company signed a coal supply agreement with EnergyAustralia for the supply of lignite from EnergyAustralia's Yallourn mine (refer ASX announcement dated 3 June 2021). The agreement requires that EnergyAustralia supply at least 50,000 tonnes (or other agreed amounts) to the Company for the next 5 years to support the Company's COLDry activities. There is no minimum purchase commitment incurred by the Company.

Note 21. Related party transactions

Parent entity

Environmental Clean Technologies Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 23.

Key management personnel

Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2025	2024
	\$	\$
Payment for other expenses:		
Payment in lieu of the issue of options ⁽ⁱⁱ⁾	-	50,000

Notes:

- The Company rented a forklift from Glenn Fozard on a monthly basis for \$750 (plus GST) per month. This arrangement replaced a prior rental agreement for a less suitable and older forklift with another supplier. The arrangement ceased in April 2023.
- The Company included a resolution in its notice of meeting for the annual general meeting held in November 2023 that related to the issue of incentive-based options to Glenn Fozard. As part of the agreement with Mr. Fozard, if the options were not issued, a cash payment of \$50,000 was to be made. The resolution was withdrawn prior to the AGM. A creditor for this amount was recognised in these financial statements and was subsequently paid out in cash in January 2024.

There were no other transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from, or trade payables to, related parties at the current and previous reporting date.

Director and KMP fees payable

The following fees payables (inclusive of GST) were owing to directors and KMP at reporting date: \$46,118.

Note 21. Related party transactions (continued)

	Consolidated	
	2025	2024
	\$	\$
Faldi Ismail	611	-
Gotham Corporate Pty Ltd (a company associated with Joseph van den Elsen)	18,333	-
JM Corporate Pty Ltd (a company associated with Justin Mouchacca)	27,174	-
	<u>46,118</u>	<u>-</u>

During the prior year, directors and KMP agreed to take a portion of their remuneration in shares, which was approved by the shareholders at the last AGM.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date other than the following ELF loans:

ELF Loans

The following balances are outstanding at the reporting date in relation to ELF loans to key management personnel made on 17 February 2023 on the same terms and conditions as other ELF borrowers. Balances include interest accrued to 30 June 2025. Under the accounting policy adopted for ELF loans, these remain unrecognised in the financial statements.

	2025	2024
	\$	\$
Jason Marinko ⁽ⁱ⁾	174,314	174,314
Tim Wise ⁽ⁱⁱ⁾	89,157	89,157
Glenn Fozard ⁽ⁱⁱⁱ⁾	218,352	218,352
Martin Hill	49,011	49,011
Ashley Moore ^(iv)	198,285	198,285
Adam Giles ^(v)	32,446	32,446
	<u>761,565</u>	<u>761,565</u>

Notes

- (i) Loan is in the name of Tessobel Pty Ltd
- (ii) Loan is in the name of Finind Pty Ltd
- (iii) Loans are in the name of Glenn Fozard or Anne Fozard
- (iv) Loans are in the name of A & K Moore Nominees Pty Ltd and Perl M&C Pty Ltd
- (v) Loan is in the name of Caracob Pty Ltd

Note 22. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2025	2024
	\$	\$
Loss after income tax	<u>(3,521,866)</u>	<u>(3,713,812)</u>
Total comprehensive loss	<u>(3,521,866)</u>	<u>(3,713,812)</u>

Note 22. Parent entity information (continued)

Statement of financial position

	Parent	
	2025 \$	2024 \$
Total current assets	1,132,083	3,930,428
Total assets	3,264,430	7,532,412
Total current liabilities	1,726,295	1,728,056
Total liabilities	2,404,307	2,528,485
Equity		
Issued capital	93,097,734	92,410,300
Convertible note reserve	65,940	-
Share-based payments reserve	1,099,870	2,530,569
Accumulated losses	(93,403,421)	(89,936,942)
Total equity	860,123	5,003,927

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The Company is party to a deed of cross guarantee with its wholly-owned subsidiaries. The deed requires that both the Company and its subsidiaries guarantee the debts of each other. Refer to note 24.

Capital and other commitments

The parent entity has operating lease, patent, equipment finance and royalty commitments payable (not recognised as liabilities). Refer to note 20 for details.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries and income from associates are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.
- ELF loans receivable are recognised as an asset in the parent entity. There are no ELF loans receivable recognised on consolidation.

Note 23. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2025 %	2024 %
Asia Pacific Coal and Steel Pty Ltd	Australia	100%	100%
Enermode Pty Ltd	Australia	100%	100%
ECT Coldry Pty Ltd	Australia	100%	100%
A.C.N. 109 941 175 Pty Ltd	Australia	100%	100%
Environmental Clean Technologies Development and Services India Private Ltd	India	100%	100%
ECT Finance Ltd	Australia	100%	100%
ECT Waste-to-Energy Pty Ltd	Australia	100%	100%

Note 24. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

- Environmental Clean Technologies Ltd (Parent entity)
- Asia Pacific Coal and Steel Pty Ltd
- Enermode Pty Ltd
- ECT Coldry Pty Ltd
- A.C.N. 109 941 175 Pty Ltd
- ECT Finance Ltd
- ECT Waste-to-Energy Pty Ltd

By entering into the deed, the wholly-owned entities are relieved from any requirements to prepare financial statements and a directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Environmental Clean Technologies Limited, they also represent the 'Extended Closed Group'.

The statement of profit or loss and other comprehensive income and statement of financial position are substantially the same as the group and therefore have not been separately disclosed.

Note 25. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2025 \$	2024 \$
Loss after income tax expense for the year	(3,521,866)	(3,714,043)
Adjustments for:		
Depreciation and amortisation	1,144,652	1,136,147
Net loss incurred on disposal of plant and equipment	64,941	967
Write-off of assets	117,603	633,082
Share-based payments	88,287	212,620
Revaluation of financial liabilities	112,088	(1,070,015)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(33,358)	291,392
Decrease in prepayments	4,760	4,724
Decrease in trade and other payables	1,040,288	(246,366)
Increase/(decrease) in employee benefits	(41,890)	39,291
Net cash used in operating activities	<u>(1,024,495)</u>	<u>(2,712,201)</u>

Note 26. Earnings per share

	Consolidated 2025 \$	2024 \$
Loss after income tax attributable to the owners of Environmental Clean Technologies Limited	<u>(3,521,866)</u>	<u>(3,714,043)</u>
	Cents	Cents
Basic loss per share	(0.140)	(0.185)
Diluted loss per share	(0.140)	(0.185)

Note 26. Earnings per share (continued)

At 30 June 2025, there were 758,759,997 shares held as security which are subject to the repayment of ELF loans. For accounting purposes, these ELF loans and the related shares issued are treated as an in-substance issue of options. The ELF shares issued are therefore not included in the Basic EPS calculation. There were also 120,000,000 unlisted options on issue at reporting date. All options were considered anti-dilutive and excluded from the calculations above.

	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	2,520,562,042	2,004,639,446
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>2,520,562,042</u>	<u>2,004,639,446</u>

All options on issue are out-of-the-money at reporting date and therefore considered anti-dilutive for the purposes of the diluted EPS calculation and therefore not included.

Note 27. Share-based payments

Share-based payments made by the consolidated entity are described below. Such share-based payment arrangements were settled, or will be settled subject to shareholder approval, through delivery or issue of ECT shares and unlisted incentive options. Such transactions impacted the financial statements in the following manner:

Impact on financial statements of share-based payments

	2025 \$	2024 \$
Corporate costs expense	88,287	797,928
Sales and marketing expense	-	47,236
Cost for year	<u>88,287</u>	<u>845,164</u>

	2025 Number of shares issued	2025 Fair value \$	2024 Number of shares issued or issuable	2024 Fair value \$
Directors				
James Blackburn	-	-	3,060,906	23,864
James Blackburn (director incentive options)	-	-	-	11,605
Jason Marinko	-	-	3,060,906	23,864
Sam Rizzo (director incentive options)	-	-	-	99,928
Tim Wise	-	-	1,507,161	12,436
Glenn Fozard	-	-	9,339,828	80,000
KMP				
John Tranfield	-	26,500	-	30,421
Martin Hill	-	4,375	437,500	3,500
Ashley Moore	-	-	625,000	5,000
Total ⁽ⁱ⁾	<u>-</u>	<u>30,875</u>	<u>18,031,301</u>	<u>290,618</u>

Note

(i) Of the nil (2024: 18,031,301) shares issued or issuable shown above:

- no shares (2024: 18,031,301) represented transfers from an established ELF facility and did not require shareholder approval;
- no shares (2024: no shares) were issued by the Company; and
- no shares (2024: no shares) are issuable subject to shareholder approval.

(b) Issue of unlisted incentive options

The following incentive options were issued to directors as part of an incentive scheme for directors and executives and formed part of their remuneration (corporate expenses) for the current and prior year. Incentive options were also issued to the Lead Manager as compensation for services performed.

Note 27. Share-based payments (continued)

Name	Grant date	Option Type ⁽ⁱ⁾	Number of options issued	Fair value per option	Expiry Date	Exercise price
Jason Marinko	22 Dec 2021	Tranche D	<u>10,000,000</u> <u>10,000,000</u>	0.0276	15 Oct 2025	\$0.025
Tim Wise	22 Dec 2021	Tranche D	<u>10,000,000</u> <u>10,000,000</u>	0.0276	15 Oct 2025	\$0.025
Kaai Capital	28 Aug 2023		50,000,000	0.0044	28 Aug 2026	\$0.011
	23 Apr 2025		75,000,000	0.0015	23 Apr 2028	\$0.002
			<u>125,000,000</u>			
Sam Rizzo	27 Nov 2023	Tranche A	20,000,000	0.0045	15 Aug 2026	\$0.030
	27 Nov 2023	Tranche B	20,000,000	0.0012	15 Aug 2026	\$0.030
	27 Nov 2023	Tranche C	20,000,000	0.0010	15 Aug 2026	\$0.030
	27 Nov 2023	Tranche D	20,000,000	0.0008	15 Aug 2026	\$0.030
	27 Nov 2023	Tranche E	<u>20,000,000</u> <u>100,000,000</u>	0.0008	15 Aug 2027	\$0.030
John Tranfield	19 Dec 2023	Tranche A	7,500,000	0.0045	19 Aug 2026	\$0.050
		Tranche B	5,000,000	0.0012	19 Aug 2026	\$0.050
		Tranche C	5,000,000	0.0010	19 Aug 2026	\$0.050
		Tranche D	<u>5,000,000</u> <u>22,500,000</u>	0.0008	19 Aug 2026	\$0.050
Joseph van den Elsen	23 Apr 2025	Tranche A	25,000,000	0.0010	23 Apr 2028	0.005
			<u>25,000,000</u>			
John Tranfield	9 Dec 2024	Tranche A	10,000,000	0.0045	9 Dec 2027	0.005
	9 Dec 2024	Tranche B	10,000,000	0.0045	9 Dec 2027	0.005
	9 Dec 2024	Tranche C	12,000,000	0.0045	9 Dec 2027	0.005
	9 Dec 2024	Tranche D	<u>12,000,000</u> <u>44,000,000</u>	0.0045	9 Dec 2027	0.005
Total			<u>336,500,000</u>			

Notes

- (i) All 'tranche A' options have a service condition that the option holder must complete 12 months of service following the grant of the options for the options to vest. If Mr. Tranfield is terminated without cause within the first 12 months, his tranche A options will vest immediately upon termination of employment.

All options vest from 12 months after agreement date and for tranches B to E for Mr. Rizzo and tranches B to D for Mr. Tranfield, provided that the applicable 20-day VWAP targets are met at any time after that date. The VWAP targets associated with each Tranche of option are as specified below in the valuation methodology.

Note 27. Share-based payments (continued)

	Consolidated 2025	2024 Number
Options over ordinary shares		
Balance at the beginning of the year	292,500,000	120,000,000
Options issued	144,000,000	172,500,000
Options expired	(100,000,000)	-
Balance at the end of the year	<u>336,500,000</u>	<u>292,500,000</u>

Option valuation methodology

The fair value of options on grant date was determined using a Black Scholes option valuation model adjusted, as applicable, for the probability of the share price reaching specified 20-day VWAP targets as determined at grant date. The inputs to the valuation model therefore include, agreement date, grant date (being date of issue and measurement), expiry date and exercise price as specified in the table above, as well as the following inputs:

James Blackburn options

Share price at grant date: \$0.016
Share price volatility: 100%
Risk-free rate: 2.93%

Tranche A - no VWAP targets applicable - vested after 12 months
Tranche B - VWAP target \$0.06 (probability of reaching VWAP target 22%)
Tranche C - VWAP target \$0.08 (probability of reaching VWAP target 18%)
Tranche D - VWAP target \$0.10 (probability of reaching VWAP target 15%)

Sam Rizzo options

Share price at grant date: \$0.0065
Share price volatility: 150%
Risk-free rate: 4.19%

Tranche A - no VWAP targets applicable - vests after 12 months
Tranche B - VWAP target \$0.030 (probability of reaching VWAP target 27%)
Tranche C - VWAP target \$0.050 (probability of reaching VWAP target 21%)
Tranche D - VWAP target \$0.070 (probability of reaching VWAP target 18%)
Tranche E - VWAP target \$0.10 (probability of reaching VWAP target 18%)

John Tranfield options

Share price at grant date: \$0.005
Share price volatility: 100%
Risk-free rate: 4.19%

Tranche A - no VWAP targets applicable - vests after 12 months
Tranche B - VWAP target \$0.050 (probability of reaching VWAP target 27%)
Tranche C - VWAP target \$0.070 (probability of reaching VWAP target 21%)
Tranche D - VWAP target \$0.10 (probability of reaching VWAP target 18%)

Note 28. Events after the reporting period

On 29 July 2025, John Tranfield tendered his resignation from Chief Executive officer. The resignation will be effective as at 29 October 2025.

On 18 August 2025, as approved in the Extraordinary General Meeting ('EGM'), Justin Mouchacca will be issued 15,000,000 director incentive options exercisable at \$0.004 on a pre-consolidation basis and will expire three years from the date of issue. They will vest if the Company achieves a 20-day VWAP of \$0.12 (post-consolidation basis) at any time before expiry.

On 26 August 2025, as approved in the Extraordinary General Meeting ('EGM') on 18 August 2025, the Group consolidated its shares on issue. The consolidation involved a reduction for every fifteen (15) fully paid ordinary shares (Shares) on issue into one (1) fully paid ordinary share, with any resulting fractions of Shares rounded up to the next whole number of Shares. All options on issue were also consolidated on a 15 to 1 basis as described with the fully paid shares, with any resulting fractions of options rounded up to the next whole number of options.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

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Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Environmental Clean Technologies Limited *	Body Corporate	Australia	-	Australia **
Asia Pacific Coal and Steel Pty Ltd	Body Corporate	Australia	100.00%	Australia **
Enermode Pty Ltd	Body Corporate	Australia	100.00%	Australia **
ECT Coldry Pty Ltd	Body Corporate	Australia	100.00%	Australia **
A.C.N. 109 941 175 Pty Ltd	Body Corporate	Australia	100.00%	Australia **
Environmental Clean Technologies Development and Services India Private Ltd	Body Corporate	India	100.00%	India
ECT Finance Ltd	Body Corporate	Australia	100.00%	Australia **
ECT Waste-to-Energy Pty Ltd	Body Corporate	Australia	100.00%	Australia **

* Parent entity

** Environmental Clean Technologies Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Basis of preparation

This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

Partnerships and Trusts

None of the entities noted above were trustees of trusts within the Group, partners in a partnership within the Group or participants in a joint venture within the Group

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- subject to the matters disclosed in note 1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 24 to the financial statements; and

the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Paldi Ismail'.

Paldi Ismail
Chairman

29 August 2025
Perth

Independent auditor's report to the members of Environmental Clean Technologies Limited

Report on the audit of the financial report



Our opinion on the financial report

In our opinion, the accompanying financial report of Environmental Clean Technologies Limited (the Company) and its controlled entities (together, the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

- the consolidated statement of financial position as at 30 June 2025,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information,
- the consolidated entity disclosure statement, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$3,521,866 and net operating cash outflows of \$1,024,495 during the year ended 30 June 2025 and, as of that date, the Group’s current liabilities exceeded its current assets by \$594,212. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Research and development tax incentive	Area of focus (refer also to notes 1, 2, 4 & 6)	How our audit addressed the key audit matter
	During the financial year the Group recorded research and development (“R&D”) grant revenue of \$609,382, resulting in a \$550,611 year-end accrual included in receivables in the statement of financial position. The directors employ the use of an R&D expert to assist them with the calculation and submission of the R&D claim. Given that the R&D accrual for grant revenue may differ in its final claim and that there are complexities that may arise in its calculation, particularly for the eligibility of qualifying expenditure under the R&D credit regime, as administered by both AusIndustry and the Australian Taxation Office, this is considered a Key Audit Matter for this audit report.	Our audit procedures included: — Understanding the key controls and governance established by management for raising the R&D accrual and claiming R&D tax credits; — Assessing the appropriateness of the experience, skill and objectivity of the expert employed by the Directors to assist with the calculation and submission of the R&D claim; — Recalculating the R&D accrual raised in these financial statements; and — Consulting with our internal R&D specialist, both on the appropriateness of the modification of the claim relative to the prior year accrual, together with an examination of the inputs and assumptions included in the current year R&D accrual. — We also ensure that matters relating to the R&D accrual and claim revenue were appropriately

		disclosed in the financial statements.
Valuation of contingent consideration	Area of focus (refer also to notes 1, 2 & 12) The Group continues to account for deferred and contingent consideration amounts payable in-respect of its historical purchases of its HydroMor and COLDry intellectual property. <i>HydroMor</i> Consistent with the prior year, the directors have assessed that the Group has no material obligation owing in-respect of tranches c), d), e) and f) given the remote probability of the milestones triggering the remaining payments owing under the original acquisition agreement. <i>COLDRY</i> This financial liability contemplates the fair value of the repayment of the obligation according to royalty tonnage rate arising from commercial production. Key inputs and variables in the calculation therefore consider a) the total tonnage production capacity of the Group; b) the expected utilisation of that tonnage capacity in forecast years; c) assumptions relating to costs for interest rates and CPI rates as applied to forecast data; and d) the appropriate discount rate applicable to future expected cash outflows arising from the tonnage royalty obligations. Given the subjectivity of those inputs and assumptions, this was determined to be a key audit matter.	How our audit addressed the key audit matter Our audit procedures included: — Reviewing and understanding the legacy acquisition agreements for HydroMor and COLDry; — Liaising with technical experts of the Group of the probability and likelihood of satisfying milestone conditions or tonnage production relevant to each agreement; — Appraising the appropriateness of those technical experts in the context of the reasonableness and appropriateness of those aforesaid assumptions and inputs; — Recomputing the models provided by management supporting the valuations of both models; and — Ensuring that both financial liabilities including their fair value sensitivities, were adequately disclosed in the financial statements.
Convertible notes	Area of focus (refer also to notes 1 & 11) During the year, the Group issued convertible notes with a face value of \$1,130,000.	How our audit addressed the key audit matter Our audit procedures included:

Based on the contractual terms, the Group identified the components of the notes and determined that there was a value associated with a host liability and an equity component.

All issued notes remained unsettled as at 30 June 2025.

This is a Key Audit Matter due to the complex nature and identification of different components within the notes.

- Obtaining and reviewing the terms and conditions of each of the convertible notes issued;
- Agreeing to support the cash receipts from the utilisation of the notes;
- Assessing and concurring with management's accounting treatment with respect to the notes having host debt liability and equity features;
- Assessing management's initial fair value assessment for the host contract liability portion of the notes;
- Assessing the adequacy of the Group's disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report



Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Environmental Clean Technologies Limited, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2025.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow

N. S. Benbow

Director

Melbourne, 29 August 2025

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The shareholder and option holder information set out below was applicable as at 28 August 2025.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total options issued
1 to 1,000	1,914	0.26	-	-
1,001 to 5,000	1,447	1.29	-	-
5,001 to 10,000	558	1.49	-	-
10,001 to 100,000	837	9.69	-	-
100,001 and over	282	87.28	18	100.00
	5,038	100.00	18	100.00
Holding less than a marketable parcel	3,785	2.57	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below.

	Number of ordinary shares held	% of total ordinary shares issued
LJ & K Thomson Pty Ltd (LJT & KT Super Fund A/C)	23,969,334	8.95
Sunset Tidal Pty Ltd (Sunset Tidal Investment Trust)	7,333,334	2.74
Emerald River Pty Ltd (Kenny Family A/C)	6,666,667	2.49
Mr Bin Liu	5,904,132	2.21
Godin Corp Pty Ltd (Seven A/C)	5,721,172	2.14
Kojin Pty Ltd	5,433,334	2.03
Citicorp Nominees Pty Limited	5,240,589	1.96
Lloyd John Thomson & Kate Thomson (The Thomson Custodian A/C)	5,075,556	1.90
Godin Corp Pty Ltd (Seven A/C)	4,955,149	1.85
Romfal Sifat Pty Ltd (The Fizmail Family A/C)	4,933,334	1.84
DC & PC Holdings Pty Ltd (DC & PC NeeshamSuper A/C)	4,666,667	1.74
Tellaro Pty Ltd (Tellaro Trust)	4,616,667	1.72
Arkyn Pty Ltd (Kovani A/C)	4,540,278	1.70
LJ & K Thomson Pty Ltd (LJ & KT Super Fund A/C)	4,333,334	1.62
Conspicuous Capital Pty Ltd (Conspicuous A/C)	3,855,534	1.44
Ichiban Investments Pty Ltd	3,151,410	1.18
Davy Corp Pty Ltd (Davy Investment A/C)	2,991,927	1.12
Alitime Nominees Pty Ltd	2,933,334	1.10
10 Bolivianos Pty Ltd	2,914,571	1.09
Benefico Pty Ltd	2,784,849	1.04
	112,021,172	41.85

Substantial holders

Substantial holders in the Company are set out below:

	Number of ordinary shares held	% of total ordinary shares issued
LJ & K Thomson Pty Ltd (LJT & KT Super Fund A/C)	33,724,889	12.63%

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares, including those held within an equity loan funding (ELF) arrangement

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

Options do not convey any rights to the holder with respect to voting unless such options are exercised and ordinary shares are issued.

Buyback

There is no current on market buy back.

Restricted securities and securities subject to voluntary escrow

Class	Expiry date for restriction	Number of securities
ECT ordinary shares	16 February 2026	50,583,999
Unlisted options	Refer directors' report	22,433,333