ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Quarterly Activity Report

22 October 2020: Environmental Clean Technologies Limited (ASX: ECT) (ECT or Company) provides the following quarterly activity report and Appendix 4C.

Quarterly Activity Report – 1 July to 30 September 2020

During the quarter, the Company commenced activities to rebuild its Bacchus Marsh facility following the fire in October 2019. $313K was spent on property, plant and equipment (previous quarter $64K) which was entirely related to this rebuild.

The Company also received its research and development tax incentive of $899K as well as approximately $45K in government grants related to COVID related incentives.

For most of the quarter ended 30 June 2020 the Company was impacted by the activation of its business continuity plan because of the COVID pandemic which resulted in a planned reduction in expenditure. Operations during the quarter ended 30 September 2020 returned to more normal levels which saw a material increase in expenditure in relation to research and development ($148K), administrative and corporate costs ($96K) compared to the previous quarter.

The previous quarter saw significant cash outflows of $420K for debt repayment compared to $19K in the quarter ended 30 September 2020.

Other than the items mentioned above, the Appendix 4C is not materially different to the prior quarter.

Cash on hand at the end of the quarter was $1.220M compared to $1.105M at the end of the previous quarter.

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Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Name of entity: Environmental Clean Technologies Limited

ABN: 28 009 120 405

Quarter ended: 30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1	**Cash flows from operating activities**		
1.1	Receipts from customers	3	3
1.2	Payments for		
	(a) research and development	(220)	(220)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(80)	(80)
	(f) administration and corporate costs	(200)	(200)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	945	945
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**448**	**448**
2	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(313)	(313)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(313)**	**(313)**
3	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(19)	(19)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.1	**Net cash from / (used in) financing activities**	**(19)**	**(19)**
4	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,105	1,105
4.2	Net cash from / (used in) operating activities (item 1.9 above)	448	448

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4.3	Net cash from / (used in) investing activities (item 2.6 above)	(313)	(313)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(19)	(19)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of quarter**	**1,220**	**1,220**

5	**Reconciliation of cash and cash equivalents** At the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	1,220	1,220
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,220**	**1,220**

6	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	156
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Amounts in item 6.1 are payments of directors' fees for all directors and payments for consulting fees to executive directors

7	**Financing facilities** Note: the term "facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (R & D lending facility- see below)	-	-
7.4	**Total financing facilities**	-	-
7.5	**Unused financing facilities available at quarter end**		-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	448
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,220
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	1,220
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	2.73

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 22 October 2020

Authorised by: The board

Notes

1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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