

## ECT signs MoU with Soil Health Solutions Provider

### Highlights:

- ECT & ESG Agriculture sign binding MOU to enter an offtake agreement and develop sustainable soil health solutions.
- MOU marks a significant step towards commercialising ECT's net-zero COLDry technology.
- Collaboration to develop a blended soil health product addressing market demand for cost-effective fertilisers while adding carbon back into the soil.
- Plant capacity of 52,000 tonnes per annum targeting a market with the potential for substantial growth and impact in the agricultural sector.
- Strategic partnership poised to drive cash flow, shareholder value, and wider technology deployment, reinforcing ECT's leadership in sustainability.

Environmental Clean Technologies Limited (ASX: **ECT**) ("**ECT**" or "**Company**") is pleased to announce the signing of a Memorandum of Understanding (MoU) with **ESG Agriculture Pty Ltd** ("**ESG**") for the offtake of soil health products.

This agreement marks the beginning of a collaborative effort to produce soil health products utilising the Company's net-zero **COLDry** process. The joint venture aims to develop cost-effective soil health products aligned with ECT's three-pillar strategy of agriculture, industry, and energy applications.

### Meeting Market Demand for Sustainable and Cost-Effective Alternatives

The agricultural sector faces unprecedented challenges, grappling with soaring costs of conventional fertilisers, deteriorating sustainability, collapsing carbon content in soils and the pervasive impacts of climate change. In response, ECT and ESG Agriculture are committed to meeting market demand for alternative, cost-effective fertilisers that nourish soil and crops and put carbon back into our soils.

### Enhancing Soil Health with an Innovative Approach

Combining ECT's expertise in low-emission materials processing with ESG's expertise in granulation, soil health product development, and farmer networks, this joint venture will drive the development of a soil health product stream at ECT's net-zero COLDry project at Bacchus Marsh, which is being developed under its previously announced<sup>i</sup> 'Race to Revenue' strategy.



The unique formulation of Maddingley lignite, with specifically chosen nutrients, provides ECT with the capacity to produce soil health products customised to the application, varying feedstocks according to availability and price.

## Summary of the MOU

Under the binding terms of the MOU, ECT will produce a blended COLDry feedstock for ESG suitable for a granulated soil health product (“fertiliser”).

This project is to be broken into multiple phases:

- **Phase 1 & 2** – test program to blend and granulate composite COLDry pellets to determine optimal product result, followed by assessment of granulation process design and feedstock blends to drive price and complete the binding offtake agreements this quarter.
- **Phase 3** – expanded field trials and end-user marketing during the construction phase of the BM project.
- **Phase 4** – optimise production up to ~52,000 tonnes per annum of finished product
- **Phase 5** – with the aim of continuing to expand product options, ECT and ESG will jointly undertake R&D to optimise production processes and formulations
- **Phase 6** – once the initial plant capacity volume has been sold under offtake, the joint venture will assess further optimisation of production capacity at the Bacchus Marsh plant as well as develop markets for the char product produced through ECT’s proposed pyrolysis process.
- **Phase 7** – collaboratively investigate and develop greenfield production at a site in (a) Latrobe Valley, Victoria and (b) South Australia.

The MoU sets the groundwork for a comprehensive collaboration between the parties, encompassing various project phases, from testing and trial production to production optimisation and research and development for enhanced fertiliser efficiency. This joint venture promises to drive cash flow and shareholder value and opens doors for wider technology deployment, reinforcing ECT’s leadership in sustainability. As a forerunner to a commercial off-take agreement with a growing market, this collaboration holds immense potential for sector-wide impact and future growth.

ECT Managing Director Sam Rizzo commented:

*“The MoU with ESG is a pivotal moment for us. It marks the start of an exciting collaboration to enhance soil health. This joint reflects our commitment to innovation and sustainability and sets the stage for significant growth and impact in agriculture and beyond. While it's just the beginning within Australia's \$7 billion<sup>ii</sup> fertiliser market, it's one of many steps we're eager to take, both here and globally.”*

ESG Agriculture Director, Mark Scanlon commented:

*“This MoU with ECT is a significant joint venture that enhances our capacity to provide end-to-end value chain solutions and to support the agricultural sector through soil health products, meaningful reporting and other ESG advisory services.”*

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



**For further information, please contact:**

#### **INVESTORS**

Sam Rizzo  
Managing Director  
info@ectltd.com.au / +613 9849 6203

#### **MEDIA**

Adam Giles  
Marketing & Communications Manager  
media@ectltd.com.au / +613 9849 6203

## **About ESG Agriculture**

Founded by leading Agricultural Executives with proven results in developing marketing-leading solutions, **ESG AGRICULTURE** is positioned to be a solution provider of soil health products and advisory services, supporting growers on their practice change journey towards reducing their carbon footprint.

### **Competitive Advantage:**

1. A vertically integrated organisation with security on feedstock.
2. Using Lignite with secured feedstock to encapsulate and absorb harmful chemicals to reduce environmental impact.
3. An agricultural composting system that reduces lead time and turning.

### **Key Achievements:**

- Proven accelerated composting solution with labour and capex savings
- Secured supply of Biomass
- Secured inputs offtake agreement



## **Forward-looking Statement**

This announcement may contain forward-looking statements regarding future events or performance, including but not limited to projections of financial results, anticipated growth, and business strategies. These forward-looking statements are based on current expectations, assumptions, and projections that involve inherent risks and uncertainties. Actual results may differ materially from those anticipated due to various factors, including market conditions, regulatory changes, technological advancements, and economic conditions.

Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this announcement. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable securities laws.

Investors should carefully consider the risks and uncertainties disclosed in the Company's periodic reports filed with the Australian Securities Exchange (ASX) and other regulatory authorities. Forward-looking statements are provided as of the date of this announcement, and the Company disclaims any obligation to update them, except as required by law.

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<sup>i</sup> Reference: <https://ectltd.com.au/2023-agm-managing-directors-presentation/>

<sup>ii</sup> Reference: <https://www.ibisworld.com/au/industry/fertiliser-manufacturing/180/#IndustryStatisticsAndTrends>