



Shareholder Update – India Activity

Friday, 9 December 2016: Environmental Clean Technologies Limited (ASX: ESI) (ECT or Company) is pleased to announce that its India project has commenced the engineering phase.

Key points:

- Indian project starts the Engineering phase.
- Master Project Agreement (MPA) continues to be developed

Indian Project Engineering Starts

In a strong sign of commitment to the project timelines, the Company's Indian project partners (NLC India and NMDC) have provided their go-ahead to commence project engineering for the integrated Coldry-Matmor facility in southeast India.

Basic design will commence immediately to set the groundwork for the more comprehensive detailed design process. The partners are in the process of assembling a steering committee to guide this program and support project oversight through to completion.

Managing Director, Ashley Moore stated, "It's important to understand that our partners are Government of India enterprises and as such, their requirements for full compliance with probity and tender rules, requires a very rigorous approach to EPC¹ and project management."

"That being said, their go-ahead for ECT's commencement of the engineering phase reflects appreciation of the need to deliver results against a timeline and budget."

The Company is now finalising the project scope, budget and timeline with Coldry engineering service provider, Thermax, and Matmor engineering service provider, MN Dastur for the detailed design of the integrated facility.

There are several broad scope areas, including:

- **Site:** The proposed site of the project (announcement 25 August, 2016) is considered a 'brownfield' development, therefore NLC will lead the site preparations, planning and approvals on behalf of the project partners
- **Utilities and services:** The Coldry and Matmor plant will require common infrastructure, utilities and site services such as power & control, water, materials movement, access etc
- **Coldry & Matmor:** Core plant design, fabrication, construction, commissioning and testing. Integration with utilities and services. Integration with the Matmor process.

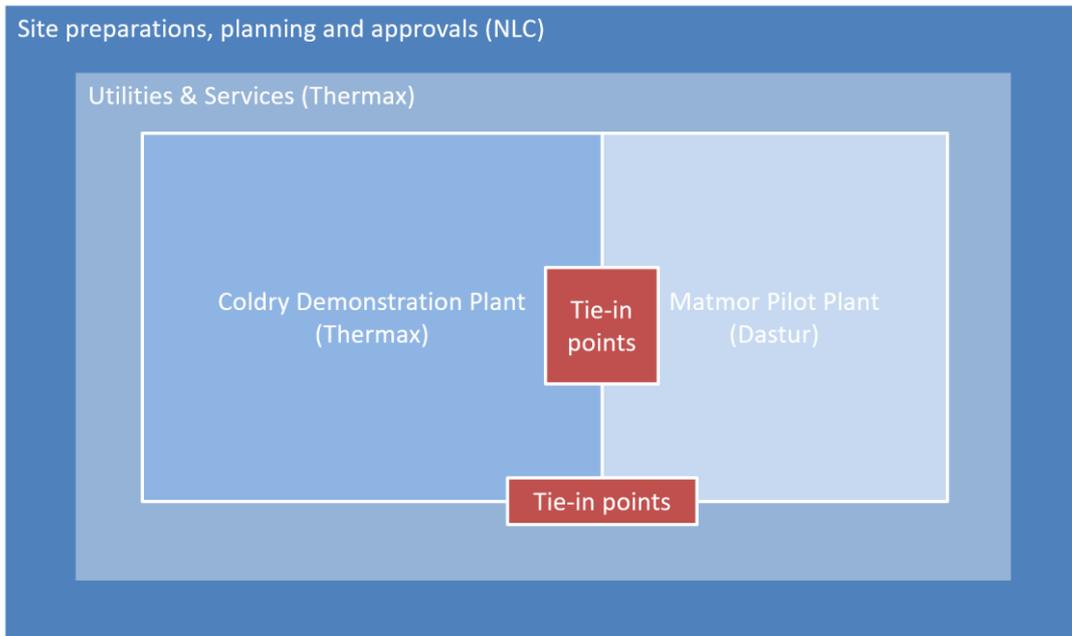
Thermax' scope will include overall site development and services, utilities supplying both the Coldry and Matmor plant in addition to engineering and vendor development for proprietary equipment items for the Coldry plant.

MN Dastur will be the design engineers for the Matmor pilot plant, integrating with the overall site.

ECT will support the overall process with its specialist technology and equipment knowledge.

The high-level scope for the engineering partners is illustrated below.

¹ EPC - Engineering, Procurement, Construction



Starting the project in parallel to finalising the remaining details of the MPA is aimed at minimising the impact of any delays but still allowing for the time necessary to bring the MPA development to a conclusion.

Master Project Agreement (MPA)

As previously announced to the market (announcement 21 Oct 2016) ECT, along with its partners in India, NLC and NMDC have been working to conclude the terms of the MPA.

The MPA frames the corporate structure, project roles, project activities, future royalty, technology licencing, financial and governance aspects for the joint development of the integrated Coldry-Matmor facility in India

The terms governing the corporate structure consider highly detailed and complex professional advice regarding tax, government and PSU² regulations and future project outcomes that are subject to considerations across multiple jurisdictions.

While the parties have made significant headway on concluding those terms, there remains a number of structural considerations that need to be finalised by the parties before those terms may be incorporated into the agreement ahead of execution.

ECT Managing Director, Ashley Moore, commented “This is a flagship Research and Development project for the Company and the MPA will have significant implications for the future of the Company, paving the way for broader commercial deployment of its technologies globally.

“As investors may appreciate, it’s important to get things structured appropriately up front when heading into any deal, let alone a first-of-a-kind deal of this magnitude and significance. Some of the aspects of the MPA may have a commercial effect for more than 10 years, and as such, it’s important for all parties to get these deliberations right.

“We do appreciate the ongoing support and patience of shareholders and look forward to concluding the terms as soon as possible.”

The Company is confident of concluding the MPA shortly and over the next two weeks will be posting senior management in India to finalise these arrangements.

For further information, contact:

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² PSU – Public Sector Undertaking

About ECT

ECT is in the business of commercialising leading-edge energy and resource technologies, which are capable of delivering financial and environmental benefits.

We are focused on advancing a portfolio of technologies, which have significant market potential globally.

ECT's business plan is to pragmatically commercialise these technologies and secure sustainable, profitable income streams through licencing and other commercial mechanisms.

About Coldry

When applied to lignite and some sub-bituminous coals, the Coldry beneficiation process produces a black coal equivalent (BCE) in the form of pellets. Coldry pellets have equal or superior energy value to many black coals and produce lower CO₂ emissions than raw lignite.

About MATMOR

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

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

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