



Shareholder Update – Capital Management

Monday, 20 February 2017: Environmental Clean Technologies Limited (ASX: ESI) (ECT or Company) is pleased to advise that an Options funding facility is being considered which will be offered to all ESIOA and ESIOB option holders to finance the conversion into Fully Paid Ordinary Shares.

This offering is in line with previous statements by the Company regarding exploring solutions to facilitate the conversion of Options for all option holders and is a continuing part of the broader ECT Capital Management Program.

Proposed features of the Options funding facility include:

- Interest rates:
 - The interest rate will be benchmarked against margin loans available in the market
 - A tiered interest rate model will apply across the range of loan-to-value ratios and interest payment methods
- No margin calls
- Fixed term of up to three years
- All secured stock (i.e. stock acquired by exercise of the Options) will be held in a locked custodian account with no trading allowed
- Recourse limited to shares held as security
- Preservation of all rights attached to the shares, excluding voting
- Early exit options available subject to conditions

The offer application period is intended to open and run for a short period leading up to the expiry of ESIOA and ESIOB Options on 31 July 2017.

To administer the facility, the Company is seeking to engage an external, licensed manager to fulfill this function and is currently seeking expressions of interests for this role.

ECT Managing Director, Mr Ashley Moore commented, "This facility will give all ESIOA and ESIOB Option holders a chance to participate as a fully paid shareholder and in doing so, these new shareholders will be charged an interest rate commensurate with their leveraged exposure. We believe this balanced, arm's length approach not only meets the regulatory requirements but strikes the right balance for the Company and existing shareholders."

Given the importance of such an offering by the Company, the final structure would be taken to an Extraordinary General Meeting (EGM) to allow shareholders to vote on its approval.

Further information regarding the program will be made available in the lead up to the EGM in the form of a Notice of Meeting.

For the avoidance of doubt, this announcement is unrelated to the current trading halt, which will be the subject of a further announcement.

For further information, contact:

Ashley Moore – Managing Director info@ectltd.com.au

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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