



Shareholder Update

Thursday, 25 August 2016: Environmental Clean Technologies Limited (ASX:ESI) (ECT or Company) is pleased to provide the following general update in relation to both its capital management and India activities.

India Activity

Further to the Company's announcement on 29 July 2016 flagging the negotiation process for the commercial terms of the proposed project, ECT Chairman Glenn Fozard and Managing Director, Ashley Moore spent the past week advancing negotiations with NLC and NMDC in relation to the proposed project.



Left to right: Mr S. Subir Das, Director Mines, NLC; Mr Glenn Fozard, Chairman, ECT; Mr P. Selvakumar, Director Projects & Planning, NLC; Mr Ashley Moore, Managing Director, ECT; Mr S. K. Acharya, Chairman & Managing Director, NLC; Mr Rakesh Kumar, Director Finance, NLC.

Detailed discussions were held over several days, covering a broad range of commercial considerations.

ECT Chairman Glenn Fozard commented "We're working through all the key components necessary to deliver the project framework agreement with NLC and NMDC. Dropping out of this framework agreement will be funding commitments, project timing targets and all the expected terms around planning and approvals, project vehicle structure, ownership, future expansion and even marketing of the outputs."

Managing Director Ashley Moore added, "Both NLC and NMDC remain motivated and, assuming we maintain our current level of progress, we're on track to deliver the agreement in October. We have a lot of work to do between now and then, as can be expected for a project of this size and significance."

In addition to the boardroom discussions the parties conducted a site inspection of the currently proposed location for the integrated Coldry demonstration and Matmor pilot plant.

The site, pictured on the following page, is located on the northwest side of the mine, adjacent to the power station and coal supply conveyors.

The location is close to road, rail, power and other supporting site services, and allows for future expansion.



Above: Mr Ashley Moore, Managing Director, ECT discusses the preferred site location with Management from NLC's Centre for Applied Research and Development, Mr V. Manoharan, Mr M.P. Ambalavanan and Mr P. Veerabalu.



Above: Proposed site for the development and future expansion of the Coldly and Matmor technologies at NLC. The Company will continue to provide status updates as activities advance.

Capital Management

The Company has expanded and extended its loan facility arrangements with Innovation Structured Finance Co. LLC, a specialty finance company established by Brevet Capital, a New York City based investment manager.

Key points:

- FY2016 R&D Facility extended with additional drawdown
- FY2017 R&D Finance Facility also established with initial drawdown undertaken
- Terms improved year on year

Combined with the extension of the 2016 R&D Facility, established earlier this year (refer to ASX announcements on 2 Feb 2016 and 20 May 2016) to take advantage of the greater refund anticipated under the AusIndustry R&D Tax Incentive program, the Company has concurrently established a framework for the 2017 financial year, under which an initial drawdown has also been made. Terms for 2017 arrangements have been improved, and remain competitive.

The 2017 facility has been established to maximise capital management flexibility as the Company approaches the next stage of its development. The funds will be applied to the completion of the Bacchus Marsh plant upgrades, as well as the commencement of the next stage of Indian project development.

Further updates on the Bacchus Marsh plant upgrades will be made in due course.

The drawdowns total approximately \$620k.

For further information, contact:

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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.
