



Shareholder Update – India Project

Monday 29 May 2017: Further to the Company's announcement last Friday (26 May 2017), which confirmed the release by NLC India Limited (NLC) of a 'limited tender' in relation to certain aspects of the previously announced Master Project Agreement (MPA), the Company provides the following additional information and clarification regarding the content of the scope of works for 'Financial Due Diligence'.

This limited tender is proceeding as part of the previously announced review of the MPA by India's national policy think tank, NITI Aayog¹.

The activity defined by the scope is aimed at providing external, third party validation of the legal, structural, funding mechanisms, governance and compliance, approach to taxation and various other aspects of the commercial content within the MPA. This external validation supports the finalisation of the MPA.

While the MPA is yet to be signed, it remains 'commercial in confidence', and the following clarifications are limited to certain points within the NLC scope document, rather than all aspects of the MPA.

ECT India Equity Sharing

Environmental Clean Technologies Development and Services India Pvt. Ltd. (ECT India) is currently a wholly owned subsidiary of ECT.

Following the construction and operational period associated with the integrated demonstration plant, it is proposed that the funding mechanisms in place between ECT, NLC and NMDC Limited (NMDC) will compulsorily resolve. At that time, it is proposed that 25% of the equity in ECT India will be distributed to NLC and NMDC such that they hold 12.5% each, with ECT retaining 75%.

This split approximates the expected cumulative position of all expenditures made by each party from inception of the technologies through to the conclusion of the operational period of the integrated demonstration project. That is, commencing with ECT's listing (2006) through to the construction and operation of the integrated demonstration project under the MPA.

A key purpose of ECT India is to act as the global collection point for royalties from all commercial plants.

Special Purpose Vehicle (SPV) Company

An SPV will be established to 'house' the integrated demonstration plant, the purpose of which is;

1. The construction and operation, and
2. The data generation to develop commercial scale designs.

The SPV will be established as a wholly owned subsidiary of ECT India. Following the completion of its operational period, ownership of the SPV will transition to be 50% NLC, and 50% NMDC.

¹ NITI Aayog – the National Institution for Transforming India - <http://www.niti.gov.in/content/overview>

NLC and NMDC Benefits

Amongst the benefits offered to NLC and NMDC as part of their participation in the integrated demonstration project, it is proposed that:

- ECT India will have the exclusive right to license ECT technologies in India, which will directly benefit NLC and NMDC through their equity stake in that company
- All global projects will provide a 'Right of Offer' to NLC and NMDC such that they may participate in those projects as equity participants
- All global projects will be licensed by and must pay the base royalties to, ECT India, which will benefit NLC and NMDC via their equity stake in that company.

Process moving forward

The tendered activities will be performed on behalf of both NLC and NMDC, and as such, the Company does not expect there will be any separate or subsequent similar activity carried out by NMDC to satisfy NITI Aayog's requirements.

The review activities outlined within the scope of the tender document were activities originally proposed within the MPA, to be scheduled to commence immediately following its signing. Given the NITI Aayog review, it was deemed appropriate to bring these works forward in time.

The Company's announcement of 19 May 2017 highlighted the early commencement of certain commercial preparatory activities, of which this tendered review forms a part thereof.

ECT Managing Director Ashley Moore stated, "ECT aims to drive the review progress at a faster pace than previous activities. We have already prepared all required information and will support the selected consultants directly at their offices in India over coming weeks, consistent with the plan for my increased presence as we prepare for project execution. This, along with the establishment of our ECT India office, and ongoing activities at the Neyveli site will see a significant increase in our activity in-country."

The parties will continue to seek guidance from NITI Aayog on the expected timeframe to complete the broader review following the receipt of the tendered review and will update shareholders accordingly.

For further information:

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.

About the India R&D Project

The India project is aimed at advancing the Company's Coldry and Matmor technologies to demonstration and pilot-scale, respectively, on the path to commercial deployment.

ECT have partnered with NLC India Limited and NMDC Limited to jointly fund and execute the project.

NLC India Limited is India's national lignite authority, largest lignite miner and largest lignite-based electricity generator.

NMDC Limited is India's national iron ore authority.

For personal use only