



Shareholder Update – India Activity

Monday, 16 January 2017: Environmental Clean Technologies Limited (ASX: ESI) (ECT or Company) is pleased to provide the following update on its activities in India.

Key points:

- Master Project Agreement (MPA) terms have reached legal review stage
- Signing date to be set following Board review and approval

Further to previous updates in relation to the progress of the MPA, the Company wishes to advise that the parties have finalised the key commercial terms of the MPA following the visit of ECT representatives to India in December and ECT has recently completed the detailed legal drafting of those terms in the agreement.

The MPA has now been submitted to NLC India Limited (NLC) and NMDC Limited (NMDC) for legal review, in line with their probity requirements, ahead of anticipated approval and execution by each of their respective Boards.

The MPA is a binding, comprehensive framework agreement that covers a broad range of areas essential to the completion of the project including:

- Legal / Corporate Structure
- Project Stages
- Project funding
- Technology license arrangements
- Service Agreements
- Tendering
- Governance and Management structure and functions

Project Stages will include:

- Design (currently underway per announcement on 9 December 2016)
- Construction
- Commissioning
- Operations and Evaluation
- Transfer

Construction is expected to take around 9-12 months following the completion of design works.

The parties have taken the necessary time to develop an agreement strongly aligned with and supported by key Government policies including the Government of India's "Make in India" policy and emphasis on import substitution (coking coal) and the Australian Federal Government's Innovation policy.

India and Australia hold regular meetings of the Australia-India Joint Ministerial Commission "enabling interaction at a government and business level on a range of trade and investment related issues". Our Indian Project is a prime example of how government and private enterprise can collaborate.

The structure of the knowledge (Intellectual Property) and value (royalties) sharing has been designed to meet the key requirements under Australia's innovation incentive policies and the Company believes its approach may serve as a model for other Australian technology companies entering the Indian market for years to come.

Non-Executive Director, David Smith* commented "The agreement encapsulates a complex three-party arrangement for technology development and value sharing, taking into consideration

multiple jurisdictions and regulatory frameworks. It will allow for collaboration from the initial R&D phase to directly articulate into a commercial phase. The MPA will provide robust protections for the Coldry and Matmor intellectual property, which remains with ECT, while providing access under licence to our Indian 'partners', achieving what we believe is an appropriate win-win-win scenario."

ECT Managing Director, Ashley Moore commented "We're extremely pleased to have reached this important step with our partners. We've worked closely with senior management from NLC and NMDC over several months to ensure the terms appropriately capture the scope, structure, alignment and future commercial opportunities offered in such an important undertaking".

"This is a first-of-a-kind project for the parties and a first for an Australian company in India. This outcome will define our future revenue plan and pave the way to start generating increasingly significant revenue from the commercialisation of our technologies. The integration of Coldry and Matmor means we are in a unique position to deliver economically sustainable energy and resource solutions that also deliver lower emissions intensity in line with India's pledge under the Paris Agreement for climate change."

Senior Company executives are heading to India again this week to facilitate the legal review of the MPA with the parties. The Company will provide further updates in due course.

Project Background

The MPA relates to the proposed world-first Coldry-Matmor project in India.

Coldry is designed to cost-effectively upgrade low-rank (high moisture) coals to produce a black coal equivalent thermal coal, enabling its use in higher efficiency power generation or as a 'gateway' to further value-add via coal conversion technologies to produce oil, gas and fertiliser.

Matmor can produce iron and other higher value metals without the need for coking coal and with the benefit of lower emissions. This is of interest to India as it possesses no domestic coking coal and has a significant infrastructure growth agenda.

For further information, contact:

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

*David Smith is a partner for law firm Gadens. His role at ECT is as a non-executive director and does not provide legal advice as a lawyer for Gadens. ECT is being advised by law firms Corrs and Clayton Utz for matters relating to the Indian project and AusIndustry. David's full profile at Gadens is available via the following weblink:
<http://www.gadens.com/whoweare/ourpeople/Pages/David-Smith.aspx>

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.