

Shareholder Update – Latrobe Valley Coldry Demonstration Project Commencement of Feasibility Program

Monday, 4 September 2017: Environmental Clean Technologies Limited (ASX: ESI) (ECT or Company) is pleased to announce the formal commencement of its Feasibility Program for the development of a zero-emissions commercial demonstration Coldry plant in the Latrobe Valley to support the growing need to diversify Victoria's access to industrial energy supplies and establish a footprint for commercial expansion.

Key points:

- Commencement of Feasibility Study program for the development of a Coldry plant in Latrobe Valley
- Establishment of the ECT Feasibility Study Steering Committee and project team
- Strong support from and collaboration with prospective project partners and specialist consulting groups
- Continued development along the commercialisation pathway, providing necessary market access to ECT technology and future revenues

Commencement of a Formal Feasibility Program

Further to recent announcements regarding the development of a zero emissions solid fuel plant in Victoria (23 June 2017 & 12 July 2017) the Company is pleased to advise the formal commencement of a feasibility program for the construction of a commercial demonstration scale Coldry plant in the Latrobe Valley.

A Steering Committee has been formed comprising senior ECT executives, and a project team established which is jointly led by ECT Chief Engineers Warrick Boyle and Lachlan Bartsch.

ECT Chairman, Glenn Fozard commented, "Building a zero-emissions Coldry plant, aligns well with the State Governments "Future Use of Brown Coal" policy (see ECT announcement 12 July 2017). The industrial and political environment are now fully supportive of technologies that deliver low or zero-emissions solutions to higher value use of lignite. Our vision is to establish a scalable gateway application, enabling a broader, more environmentally sensitive use of lignite which will support economic activity and employment for the region. This program holds significant short-term interest in providing increased energy security through diversification of Victoria's energy solutions and longer-term interest as a gateway enabler to the deployment of High Efficiency Low Emissions (HELE) electricity production and low emissions chemical separation, like hydrogen from Victoria's world class lignite assets."

ECT Chief Operating Officer, Jim Blackburn commented "We are very pleased to have made a solid start to this program and are delighted in the lead management roles that both Warrick and Lachlan are able to play in this process aligned with, and in parallel to, their greater responsibilities at our Bacchus Marsh R&D facility and on our project in India".

In line with the established project planning structure, the Feasibility Study program is divided into a number of phases, including:

- Scoping Study and selection phase
- Pre-feasibility Study
- Feasibility Study and funding assessment

Scoping Study and selection phase

The project team is currently undertaking a scoping study and selection phase aimed at clearly defining the scope, budget and plan for the Pre-feasibility Study.

In particular, the selection phase focuses on analysing the potential project scenarios (site, scale and configuration) together with the best financial and technical options for the project. This phase will deliver a set of preferred options, refining the scope for the subsequent pre-feasibility level study.

The Pre-feasibility Study will refine estimates for the project's capital requirements, identify challenges and enable the establishment of a budget, scope and schedule for the Feasibility Study for consideration by the Board. A detailed assessment of the various design configurations, production processes and site options will follow the Pre-feasibility Study, with the aim of identifying the optimum project scenario to proceed to full feasibility.

Upon completion of the Pre-feasibility Study, the ECT project team will, if appropriate, make a recommendation to the Steering Committee for the project to proceed to full feasibility. The full Feasibility Study would aim to establish the business case for construction of a commercial demonstration scale Coldry plant in the Latrobe Valley.

The Scoping Study and Pre-feasibility Study process is expected to be undertaken over the coming months.

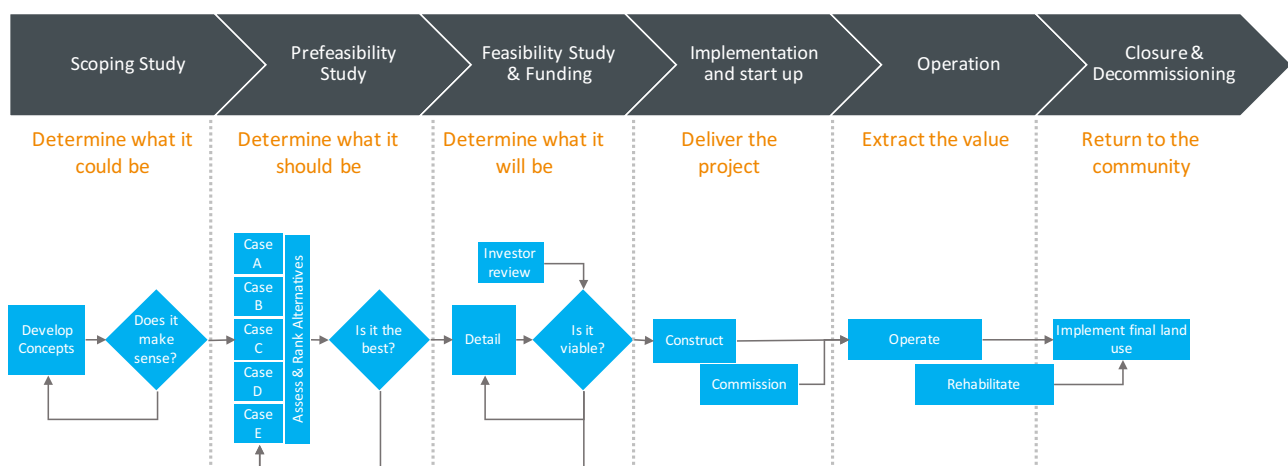


Figure 1: Project delivery framework

Jim Blackburn further commented, “With the support of its shareholders, ECT has invested significant resources into the development of its unique technology suite and the framework for commercialisation. This Feasibility Study program, led by our Chief Engineers, and under guidance and support from the executive team, is a great opportunity for the Company to deploy these assets and, we hope, establish a commercial basis for future domestic revenues”.

Subsequent announcements will provide further information on project costs, partners, site selection and other relevant details that will flow from the progress of the Feasibility Program.

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.

About the India R&D Project

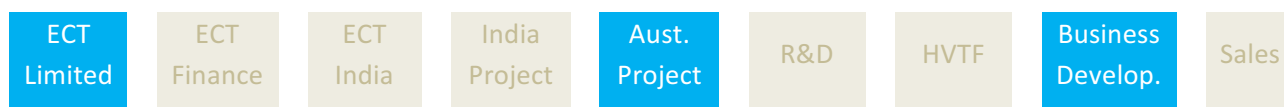
The India project is aimed at advancing the Company's Coldry and Matmor technologies to demonstration and pilot scale, respectively, on the path to commercial deployment.

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.

Areas covered in this announcement:



The above diagram provides a 'quick glance' of the key activity areas. Highlighted areas are referenced in this announcement.