



Shareholder Update – India Activity

Monday, 11 September 2017: Environmental Clean Technologies Limited (ECT of Company) (ASX:ESI) is pleased to provide the following update on the status of its Integrated Demonstration project and supporting activities in India.

Highlights:

- Independent financial review of the project remains in progress
- ECT India becoming operational with dedication by Ashley Moore to the project and running the company
- Changes to Government of India Cabinet and NMDC leadership provide additional drivers for progress on the MPA
- Ashley Moore attends ABWI meetings with key stakeholders in the project
- Bacchus Marsh High Volume Test Facility prepares to test key equipment for India integrated project

Status of Independent Financial Review of the Master Project Agreement (MPA)

The Master Project Agreement (MPA) is currently the subject of an independent financial review as a requirement under the broader project review by the Indian governments peak strategic planning committee, *NITI Aayog*.

The Company has worked closely with India's national iron ore and lignite authorities, NMDC and NLC India over several years to develop an integrated demonstration project aimed at scaling up our first-of-a-kind Coldry and Matmor technologies ahead of broader commercial rollout.

Key to establishing the project is the development of the Master Project Agreement (MPA), which provides the project framework, investment scope, structuring and defines the roles and responsibilities of the parties. The MPA is binding and this investment is significant, triggering an independent, external financial review. The review was put to tender per Indian Government processes (see announcements 26 & 29 May 2017).

ECT's Mr Ashley Moore commented "Due to probity requirements around such reviews, the Company must necessarily remain at arm's length while the process runs its course.

"However, both NMDC and NLC remain highly motivated to proceed and we look forward to working closely with them to progress through this review and finalise the MPA, and expressed as much in our recent meetings, reported on later in this update.

"In anticipation of that progress, and in an effort to hit the ground running, we've commenced activities around the mobilisation of engineering resources at Thermax and MN Dastur, laying the groundwork for our increased presence leading the project under our subsidiary, ECT India, and continued support work via R&D activities at our Bacchus Marsh High Volume Test Facility.

“This recently kicked off with my appointment as Chairman & Managing Director (CMD) of ECT India and a restructure of ECT, to support our transition toward project commencement and execution.”

The independent financial review process currently remains in progress and the Company will provide further updates on timing and outcomes as information comes to hand.

ECT India – Operational update

In his first act as the CMD of ECT India, Mr Moore has commenced the selection process for an additional resident Director, as well as staff to support the increased operational tempo. These appointments are expected to occur over the coming months.

The establishment of a project office has advanced, with options in close proximity to NLC headquarters in Chennai being reviewed. Additionally, the search for local corporate services providers (accounting, taxation & legal) has commenced, to support the range of additional compliance requirements present in India as the project moves to operational status.

Senior changes to drive progress

Key relationships essential for progress on the Company’s integrated demonstration project are with our partners, NLC and NMDC.

Each being a ‘Public Sector Undertaking’ (PSUs – Government owned enterprises), the relationships necessarily extend to their supervising Ministries; the Ministry of Coal and the Ministry of Steel, respectively.

The Ministry of Coal has been led by rising star, Minister Piyush Goyal.

Minister Goyal assumed his duties in 2014, progressively expanding his responsibilities to include the Ministries of Coal, Power, New & Renewable Energy, and Mines.

In Prime Minister Modi’s cabinet re-shuffle of 3rd September, Minister Goyal was rewarded for his performance with the expansion of Ministerial responsibilities to include the challenging, yet prestigious Ministry of Railways, while relinquishing duties associated with Power, New and Renewable Energy and Mines.

In addition to being appointed to oversee one of the most significant of all Indian national Ministries (Indian Railways is one of the largest employers in the world with staff numbers in excess of 1.4 million), Minister Goyal was also promoted to Cabinet rank.

Minister Goyal remains at the helm of the Ministry of Coal, lending welcome continuity and ongoing support to the project.

Additionally, project partner NMDC has appointed a new Chairman and Managing Director, Mr. N. Baijendra Kumar.

Mr Kumar’s background features very senior administrative and technical roles within the state of Chhattisgarh, where NMDC operates iron ore mines and is constructing its new 3 million tonne per annum steel plant.

The Company welcomes Mr Kumar’s appointment, and looks forward to providing him a project briefing in the near future.

ABWI – Australia Business Week India 2017

ECT recently attended the ABWI 2017, at the invitation of Austrade.

The trade mission, led by Australia's Trade Minister Steve Ciobo is aimed at promoting a range of industry sectors, and fostering Australian business activity with and in India.

ECT joined the 'METS' delegation (Mining Equipment, Technology and Services), supported by Minister Ciobo's deputy, Assistant Minister for Trade, Keith Pitt.



Photo: ABWI 2017 opening - from left; Sheba Nandkeolyar, National Chair, Australia India Business Council; Australia's Minister for Trade, Tourism and Investment, Hon Steven Ciobo; Australia's High Commissioner to India, Ms Harinder Sidhu; ECT's/ECT India's, Mr Ashley Moore.

ECT India CMD, Mr Ashley Moore commented, "In joining the mission, we recognised the strong alignment with our business, and additionally, the synergistic opportunity to meet with key partners, supporters, and a broad range of relevant, interested groups.

"The locations of the sessions for the METS delegation were ideal, enabling us to attend important presentations, meet with Ministry officials and, in Kolkata, meet with MN Dastur, our Matmor engineering partner. The final stage of the mission was in Hyderabad, where we were able to schedule a joint meeting with NMDC and NLC."

"ABWI 2017 represented a great opportunity to engage with other companies setting up in India, as well as ECT partners and supporters."

During the visit to Hyderabad Mr Moore met with NMDC's Director Technical NK Nanda, NMDC's General Manager R&D Rajan Kumar, and NLC's General Manager R&D V Manoharan where the parties reinforced their continued shared commitment to the Company's integrated demonstration project.

Further updates will be made when the next progress threshold is crossed.

Testing of new key equipment

While awaiting the NITI Aayog process to run its course the Company continues to forge ahead with preparations for the integrated demonstration plant.

Recently, the Company finalised the scoping and purchase of a new, larger extruder system to support the evaluation of new equipment and designs in the High Volume Test Facility (HVTF) at its Research and Development (R&D) facility in Bacchus Marsh.

The evaluation programs are aimed at exploring a range of scale up parameters, through operations which cover both 'lignite only' (Coldry) as well as 'composite' (Matmor) pellets, using several benchmark formulations applicable to the Indian project.



Photo above: New larger scale extruder which will be assembled inside the Primary Processing building at the Bacchus Marsh HVFT, creating a second line of production alongside the existing machine.

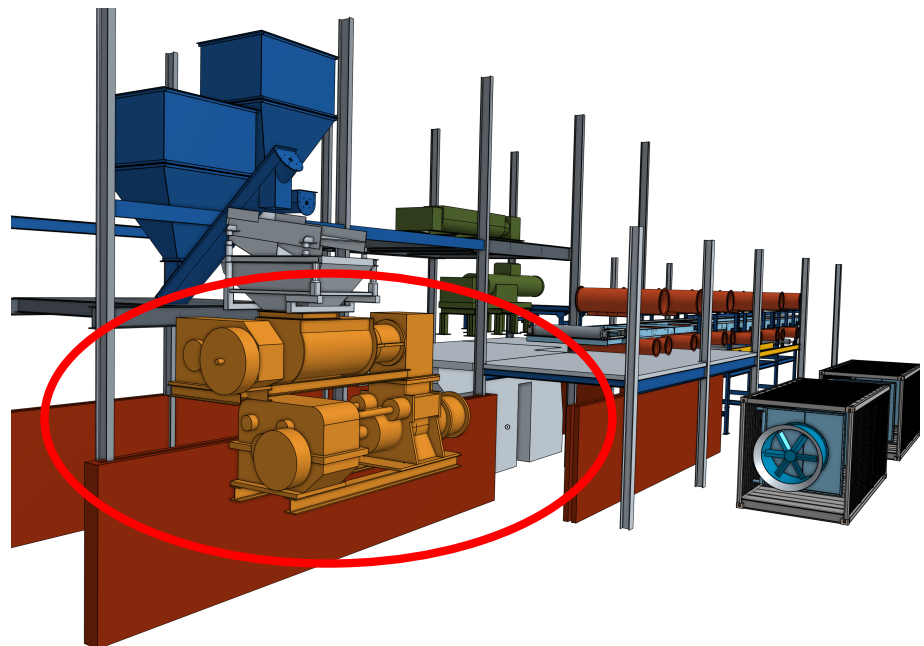


Photo above: CAD design of new equipment installation to existing HVTF plant.

Regarding Matmor Test Plant activity, the engineering team have undertaken refurbishments and design modifications aimed at enhanced gas flow management and improved combustion operations. Modifications to feed and discharge systems are now under evaluation to test concepts intended for the Indian project.

The Company will continue preparatory activity at its R&D Facility in support of the anticipated commencement of the project in India. Further updates will be provided as activities progress.

For further information, contact:

Ashley Moore – 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.

About ECT India

Environmental Clean Technologies Development and Services India Pvt Ltd (ECT India) is a wholly owned subsidiary of ECT established as the project vehicle for the collaborative development of the Coldry and Matmor technologies with NLC and NMDC.

Areas covered in this announcement:



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