



## India Project Update: Independent External Financial Review

**Wednesday 20 Dec 2017:** Environmental Clean Technologies Limited (ASX: ESI) (ECT or Company) is pleased to provide the following update on the status of the 'Independent External Financial Review' (the Review) into its proposed Coldry-Matmor plant in India with project partners NLC India Ltd and NMDC Ltd.

### Key points:

- Review sequence amended to bring forward recommended changes to the draft Master Project Agreement (MPA)
- Overall timeframe to submit the Final Report to NITI Aayog is not expected to materially change
- Date for delivery of the Final Report moved from 19 Dec 2017 to a date to be advised

### Final Report – Change in sequence

Further to the Company's previous update (1 December 2017) ECT is pleased to confirm that the progress of activities under the original scope for the Review has proceeded according to schedule.

However, following a decision among ECT's project partners, there has been a change in the sequence of activities resulting in the following updated guidance.

The scope of work has now changed, such that the previous activity sequence of:

- Draft Report (delivered to NLC and NMDC on 22 November)
- Review & Revise, deeper review and further information sharing as needed
- Final Report (due 19 December)
- MPA revisions to address any recommended changes identified during the Review
- Submission to NLC & NMDC Boards for approval
- Submission to NITI Aayog

} Original scope

Has changed to:

- Draft Report (delivered to NLC and NMDC on 22 November)
- Review & Revise, deeper review and further information sharing as needed
- MPA revisions to address any recommended changes identified during the Review
- Final Report based on revised MPA
- Submission to NLC & NMDC Boards for approval
- Submission to NITI Aayog

} Revised scope

Originally, any revisions to the draft MPA were to occur outside the scope of the Review, following the Final Report. This amendment activity has now been brought forward into the scope with the intention to deliver a Final Report based on the updated MPA, creating a more robust outcome and maximising the prospect for a smooth passage through NITI Aayog.

While the change in sequence has changed the date for the delivery of the Final Report, bringing forward the MPA revisions is not expected to extend the overall time to deliver the report to NITI Aayog.

ECT India Chairman and Managing Director, Ashley Moore commented, “The parties continue to engage closely with the external consultant through this detailed and thorough process. A range of matters have been highlighted requiring amendment in the draft MPA to meet business objectives, including optimised structuring and refined clarity of intent to support the articulation of the R&D stage into future commercial development of the project. Our project partners NLC and NMDC remain motivated and are working hard to support the positive conclusion of the Final Report for submission to NITI Aayog.”

“We are currently seeking further guidance on anticipated timing to incorporate the changes to the MPA and will update shareholders accordingly.”

Director Projects & Planning, NLC India, Mr. P. Selvakumar added, “We continue to move ahead with this important project, and look forward to meeting again soon with our ECT colleagues.”

Mr Rajan Kumar, Head of Research and Development at NMDC stated, “The review process is necessarily detailed and thorough, and a positive outcome would support smooth passage in subsequent stages.”

The Company will provide further updates as activities progress, subject to confidentiality requirements which preclude comment on the content of the report ahead of finalisation and subsequent approval by the project partners.

### **Background Information**

Shareholders will recall that as stated in the tender document prepared by NLC, the scope of the financial review includes the following broad areas:

- Examination of the Master Project Agreement (MPA) legal structure
- Review of the proposed funding mechanism
- Review of the structure and function of the Special Purpose Vehicle (SPV) entity
- Analysis of the proposed R&D taxation structure
- Analysis of ECT's cumulative cost base for development of the Coldry and Matmor technologies
- Analysis of additional elements of the proposed project structure

The review forms an essential part of the broader project assessment process being undertaken by the Indian Prime Minister's national planning committee, NITI Aayog, prior to execution of the proposed Master Project Agreement (MPA).

The MPA frames the corporate structure, project roles, project activities, future royalty, technology licensing, financial and governance aspects for the joint development of the integrated Coldry-Matmor facility in India with NLC and NMDC. More detailed agreements would follow in relation to various aspects of the project once the MPA is executed.

The project initially focuses on the execution of a research and development (R&D) phase consisting of a Coldry demonstration plant integrated with a Matmor pilot plant. The estimated cost of the R&D stage is ~AUD30 million, to be funded equally by the three parties under the proposed MPA.

Following successful completion of the R&D phase, the MPA sets the framework for the articulation of the project into a commercial phase, entailing a proposed 500,000 tonne per annum Matmor steel plant and commercial scale Coldry plant. The estimated budget for the commercial phase is AUD\$300M+.

Given the project entails the largest R&D investment ever made on a single project by either NLC or NMDC, and features a strong strategic alignment to India's policy objectives on a broad range of areas including energy and resource security, steel industry development and reduction of emissions intensity, the Secretary of the Ministry of Coal, Mr Shusheel Kumar believes it may potentially be a project of national

significance. Mr Kumar's referral of the project to NITI Aayog for consideration as a project of national significance has entailed the inclusion of the external, independent financial review.

### **Appointment of Company Secretary**

The Company is pleased to announce the appointment of Martin Hill as Company Secretary of the Company and its subsidiaries effective immediately.

This appointment follows the resignation of Adam Giles as Company Secretary of the ECT group of companies.

Martin was recently appointed to the newly created position of Chief Financial Officer (CFO) and brings to his new role extensive experience in the areas of general management and accounting in a variety of industries including manufacturing, finance and service providers.

As a founding shareholder, Adam has been with the Company since its inception, and was appointed ECT group Company Secretary in December 2012.

Consistent with, and building upon previous announcements regarding changes to the business (17 Oct 2017) aimed at preparing for anticipated increased activity in India, Adam will assume the new role of Marketing and Communications Manager.

The Directors thank Adam for his service as Company Secretary and look forward to his continued contribution toward the success of the business in his new role.

### **For further information, contact:**

*Glenn Fozard – Chairman*      *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 licensing 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 CO<sub>2</sub> 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 has 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:**

ECT (ASX:ESI)	ECT Finance	ECT India	India Project	Aust. Project	R&D	HVTF	Business Develop.	Sales
------------------	----------------	-----------	------------------	------------------	-----	------	----------------------	-------