



Shareholder Update – India Project

NLC and NMDC Boards endorse Project Agreement

Project Agreement to be signed by NLC, NMDC and ECT in Canberra

Tuesday 29 May 2018: Environmental Clean Technologies Limited (ASX: ESI) (ECT or Company) is pleased to announce that the NLC and NMDC Boards have provided their endorsed documents for execution of the final Project Agreement at the scheduled signing ceremony in Canberra on 30 May 2018.

Key points:

- NLC and NMDC Board meetings held yesterday (28 May 2018) endorsed documentation ahead of signing in Canberra this week.
- The Project Agreement sets out the pathway for achieving project financial close, with a target to conclude by 30 July 2018.
- Detailed project sub-agreements to be tabled at project review session.

NLC and NMDC Board approvals

On 28 May 2018, ECT was informed that the respective NLC and NMDC Boards have provided their final endorsement of the Project Agreement document to be signed in Canberra this week.

ECT Chief Operating Officer Jim Blackburn commented “ECT were very pleased to receive confirmation last night that the Project Agreement has cleared all formal channels ahead of the ceremony in Canberra this week.

“Whilst largely a formality, it is very important that we take this further and formal endorsement is a key sign of commitment and support from the full Board of Directors of the project partners. Each of the Boards are comprised of functional Directors who will be responsible for the project implementation, as well as the Government representative Directors who are appointed from the relevant Ministries”.

“From our team’s perspective, to have this clear and direct meeting of minds with some of the most senior positions of these Indian Government Public Sector Undertakings, reminds us that as we commence the project formally this week, we are operating with all the necessary authority and purpose to make this a successful project”.

Agreement Structure

As previously reported, the Project Agreement to be signed in Canberra this week sets out the agreed terms which have been transposed to a set of detailed sub-agreements. These include a Master Technology Licence Agreement, Tripartite Collaboration Agreement and NLC, NMDC and ECT Services Agreements.

Jim Blackburn commented further “In parallel to the signing of the Project Agreement, ECT will be presenting to our partners the detailed sub-agreements for the first review session tomorrow evening. We expect that having created a clear path for the project to now proceed, we can move through the planning and administrative phase with confidence to meet our planned timeframes for financial close”.

“Over the next 4 to 8 weeks, NLC, NMDC and ECT will finalise and execute these detailed agreements to give full effect to the principles set out in the Project Agreement.”

“The strategy we have employed for development of Project Agreement and detailed sub-agreements places significant focus at the front end of the process to ensure all parties are clear about the structure and funding arrangements.”

Tripartite Collaboration Agreement

The Integrated Pilot Plant Project will be undertaken by the parties on the basis of a research and development collaboration (R&D Collaboration) through an unincorporated association. The Collaboration Agreement has taken the legal and financial structures from the Project Agreement and complemented these with the necessary detailed terms and conditions to be executed as a Deed between the parties (Tripartite Collaboration Agreement). This document will form the central contract around which the other agreements can then operate.

Master Technology Licence Agreement

The licensing and future development of Intellectual property is central to the operation and objective of the Pilot Plant project. As such ECT, NLC, and NMDC will now enter into the Master Technology Licence Agreement within which ECT grants to the R&D Collaboration (and subsequently to the Special Purpose Vehicle (SPV)) the licence to develop the pre-existing intellectual property. The consideration for the licences granted by ECT is reflected in its participating interest in the R&D Collaboration and thereafter in the respective equity share which ECT will receive in SPV.

Services Agreements

As set out in the Project Agreement, ECT, NLC and NMDC will each enter into a services agreement with the R&D Collaboration under which, for an agreed service fee paid from the project funding, each will be responsible for providing services including but not limited to following:

NLC Services - land, lignite, electricity, water, waste disposal, research and development support services and access to suitable company representatives to support the proposed governance and management arrangements.

NMDC Services - iron ore, research and development support services and access to suitable company representatives to support the proposed governance and management arrangements.

ECT Services - project management support services, engineering support services, research and development support services and access to suitable company representatives to support the proposed governance and management arrangements, including commissioning and operations support.

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 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 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 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
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