

Shareholder Update

India Project Proceeds to Next Stage

5 February 2019: Environmental Clean Technologies Limited (ASX: ECT) (ECT or Company) provides the following update in regard to NMDC's board meeting held on 31 January, and the subsequent program to proceed to financial close of the Company's India project and project commencement.

Key Points:

- India project partners agree pathway to project signing and financial close
- India project financial close target date – 31 March 2019
- ECT project funding obligations program to include incentivised early Equity Lending Facility (ELF) loan repayment program

Progressing the project to financial close

Further to the Company's announcement of 24 January 2019, project partner and India's largest iron ore miner NMDC, held its board meeting late last Thursday (31 January 2019).

The Company subsequently requested a trading halt (31 January 2019) pending the outcome of that meeting, which included the tabling the Research Collaboration Agreement (RCA) commercial terms for ratification of the previously provided in-principle approval to proceed.

The Company's other partner and project host, NLC India Limited (NLCIL) previously provided their approval of the RCA commercial terms at a board meeting on 14 November 2018.

NMDC confirmed that an immediate decision during the meeting was deferred, to allow time for several questions from directors to be answered.

ECT Chairman Glenn Fozard commented, "As with all boards, directors are entitled to seek clarification prior to passing a resolution.

"We understand that the questions were subsequently addressed to the director's satisfaction, paving the way forward."

ECT Chief Operating Officer, Jim Blackburn, currently in Chennai, added, "The outcome of NMDC's board meeting is positive in that it takes us in the right direction, and we don't anticipate a material impact to the target timeline for financial close"

"Over the past four days we have been closely engaged with all parties to the project and we appreciate that these final steps require patience and commitment from all sides. As a result of these meetings and discussions we are in clear agreement with our project partners that the process will run its planned course over the balance of February (see table below)."

"Importantly, NMDC's board meeting and subsequent discussions have provided the confidence for the partners to agree to forge ahead with preparations for ratification, signing and financial close ahead of commencement of this major joint project."

The immediate next steps include 'freezing' the RCA, signing of the RCA, subsequent financial close and project commencement, targeted by 31 March 2019.

Coldry-Matmor Intergrated Project - India

Pathway to project signing and financial close

ACTIVITY	February	Mar	Target
Research Collaboration Agreement (RCA)	RCA 'Frozen': Confirmation by each partners legal advisers of "frozen" status		Financial Close
RCA - Signing		Target signing window: Flexible timing to allow for ECT, NLC and NMDC board availability	
ECT Obligations	Finalise all actions required to allow ECT to meet all undertakings as outlined in the final RCA, inclusive of the Project Bond, Working Capital and nominations for the PCC		
NLC Obligations		Establishment of: Project Management Team Project bank accounts Approved project budget	
NMDC Obligations			
Project Control Committee (PCC)		Formation of PCC Confirm all obligations have been met to in accordance with the RCA	

Financing ECT's Project Obligation

Under the RCA, ECT is required to make funding commitments to the project including project working capital, resourcing to the project management team and project control committee, and the project bond.

In parallel to the abovementioned approval activity with NMDC and NLCIL, the Company is progressing its preparations to meet these commitments before execution of the major capital works contracts.

To this end, the Company has structured a program that includes the incentivisation of early ELF loan repayments, avoiding the need to pursue a capital raising via the issuance of new securities.

A separate announcement outlining the details of the program will be made in the due course.

The Company requests that the current trading halt be lifted.

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:ECT)	ECT Finance	ECT India	India Project	Aust. Project	R&D	HVTF	Business Develop.	Sales
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