



Shareholder Update – India Activity Commercial Demonstration Plant Update

Wednesday 10 September, 2014: Environmental Clean Technologies Limited (**ASX:ESI** and **ECT** or **Company**) is pleased to provide an update on the progress towards delivering our primary near-term objective; the Coldry Commercial-scale Demonstration Plant project.

Key points:

- Feasibility Study report has been submitted to Neyveli Lignite Corporation (NLC), initial review completed, with positive response
- NLC proceeding, with a high-level review committee to perform detailed project and investment assessment, reporting to their Board
- ECT is engaging closely with NLC to advance next steps
- Formation of ECT India has been initiated

The Company has taken another positive step forward in its engagement with NLC for the deployment of the Coldry technology at its site in India.

Following recent meetings in India with senior NLC officials, ECT Managing Director Ashley Moore stated, “Off the back of a positive technical and commercial review of the Feasibility Study Report in recent weeks, NLC have proceeded to form a high-level committee to guide our proposal through the internal assessment process necessary within a large Government Enterprise to arrive at an investment decision.”

“Our aim is to continue working toward a binding agreement for the deployment of the Coldry demonstration plant by the end of this calendar year, and this represents another step in that direction”.

Background

The Company has been following a methodical, stepwise commercialisation strategy in India, summarised as follows:

1. India manufacturing strategy
2. India project development

India Manufacturing Strategy

Underpinning the India manufacturing strategy was the vendor selection program, which concluded with the appointment of Thermax announced on 19 May. The key driver behind appointing Thermax was to deliver on a crucial aspect of the second activity set; India project development. Specifically, Coldry demonstration.

Coldry Demonstration

The company has previously outlined the project development activity around Coldry Demonstration centred on our interaction with Neyveli Lignite Corporation (NLC).

ECT has progressed through various rounds of technical review culminating in the request in November 2013 from NLC to submit a detailed Feasibility Study, including firm capital estimates by an appropriately qualified company, for the construction of the Coldry demonstration plant at the NLC site. This is where the appointment of Thermax comes into play. The vendor selection

program costed the Coldry demonstration plant at \$15 million (+/- 30%), excluding certain items provided by ECT.

Current Status

Substantial progress has been achieved via securing of the manufacturing elements of the strategy via our arrangements with Thermax (see: www.thermaxindia.com) and the Company is now entering the latter stages of the project development process, focussed on Neyveli Lignite Corporation.

An indicative timeline highlighting projected key activities was outlined at the Company's most recent shareholder meeting (EGM, 30th May 2014), with an NLC decision to proceed to the next stage expected around late September and with a target to achieve binding agreements prior to the end of the year (an updated indicative timeline is provided at the end of this announcement).

Below is an update of those key activities on the indicative timeline, accompanied by explanatory notes:

- Indigenisation and firm cost estimate
 - Status: Complete
 - Comments: Prepared with support from our Indian engineering partner Thermax, this activity informed a significant element within the FS Report and was key to establishing commercial feasibility.
- Finalising funding structure proposals
 - Status: Complete
 - Comments: The development of the proposed funding structures was an important component within the FS Report. Following responses from NLC, the precise structures will be reviewed.
- Submission of Feasibility Study Report to NLC
 - Status: Complete
 - Comments: A key milestone, the development of the FS Report was a collaborative process with YES Bank and Thermax and included a comprehensive review of the technical, commercial, financial and operational impacts, as well as the strategic outcomes from the delivery of the CDP on NLC's site. The FS Report has been received positively by NLC.
- Agreement to proceed with NLC
 - Status: Proceeding
 - Comments: In recent discussions, senior NLC officials advised of their decision to proceed to the next stages of detailed project and investment review. As such, a high-level assessment committee has been formed, reporting directly to their Board and charged with guiding the FS Report through the review process necessary to reach an investment decision. To this end ECT will provide support to the assessment committee.
- Establishment of ECT India
 - Status: In progress
 - Comments: The formation of ECT India involves the establishment of a corporate entity with an appropriate structure to facilitate the company's long-term objectives in India. Activity commenced mid August and key advisers are in the process of developing and assessing suitable legal and tax structures for the new company.
- Definitive EPC contract with Thermax
 - Comments: Framework established, with details to be progressively completed pending investment decision from NLC.

Next Steps

Being a Government of India enterprise, NLC's processes and probity requirements are rigorous and detailed, as expected.

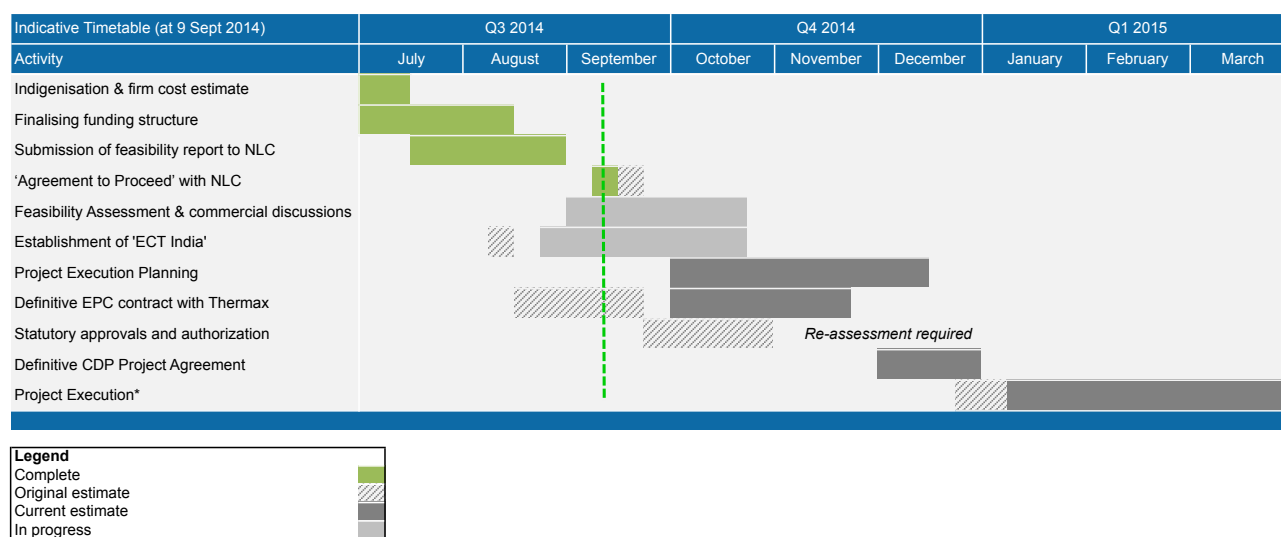
Following NLC's positive initial assessment of the Coldry FS Report and as part of their in-depth process, a high-level committee has been formed at the direction of NLC's Board, involving key stakeholders across NLC's organisation.

With NLC's commitment of resources to the detailed review process, the companies are proceeding with commercial discussions, ahead of financial and investment discussions, which would then lead to an investment decision.

The next objective for the Company is the securing of a binding project construction agreement with NLC for the CDP.

Progress is encouraging, and broadly aligns to indicative timelines highlighted earlier this year.

Updated Indicative Timetable (subject to change)



For further information contact:

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About ECT

ECT is in the business of commercialising leading-edge coal and iron making 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 relatively simple 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.