



Shareholder Update

Friday, 5 June 2015: Environmental Clean Technologies Limited (ASX: ESI) (ECT or Company) is pleased to announce the appointment of its Chairman, Mr Glenn Fozard, to an Executive position within the Company in addition to the establishment of a strategic alliance with Coal Energy Australia Limited (CEA) aimed at joint promotion and development of integrated coal upgrading projects in key markets.

Chairman Glenn Fozard appointed to Executive role

The Company has offered an executive position to Mr Glenn Fozard due to the increased workload as it enters the proposed project delivery stage under its commercialisation plan for both Coldry and Matmor in India. In his executive role he will be reporting to Managing Director, Mr Ashley Moore. Mr Fozard will be responsible for a range of capital, commercial and other project-focused assignments.

Mr Fozard's remuneration will consist of a modest retainer together with an 'at-risk' performance based component of unlisted share options.

The entitlement to these options will be triggered by achievement of operational deliverables as determined by the Board. Issuance will be subject to ratification by shareholders at the next available General Meeting following the entitlement trigger.

The performance-based options structure will comprise:

- 2,000,000 units at a strike of 3c with an expiry of January 2016
- 2,000,000 units at a strike of 3.5c with an expiry of June 2016
- 2,000,000 units at a strike of 4.0c with an expiry of January 2017
- 2,000,000 units at a strike of 4.5c with an expiry of June 2017
- 7,000,000 units at a strike of 5.0c with an expiry of June 2017

The initial term of Mr Fozard's full time engagement will be for 6 months, with subsequent review for an extension, guided by operational needs at that time.

Mr Fozard stated, "My increased involvement with the company is a decision based on the most pragmatic and efficient method of ramping up human resource capacity to meet the company's increasing workload. My history, knowledge and active participation in the company to date ensures that I am able to provide immediate and effective benefit to this role, without training."

Managing Director, Ashley Moore added, "Glenn's ability to slip straight into an executive role and provide immediate support to critical outcomes make him a logical choice to join our executive team. In addition, the alignment of his remuneration with key deliverables means that Glenn's full remuneration value will only be achieved when all three of, operational performance, share price performance and shareholder approval, is delivered."

ECT establishes alliance with Coal Energy Australia

Key Points

- Strategic alliance establishes the intent and capability to promote integrated value added solutions to lignite resource owners in key markets
- Provides a clear development and marketing pathway for Coldry's 'Gateway' product as the front-end drying solution for Pyrolysis applications

- Complements current proposed project development activities in India, focused on Coldry demonstration and Matmor pilot development

CEA has developed an Advanced Pyrolysis Technology which produces high value carbon products from a range of coal types including low rank coals.

ECT's Coldry technology can produce a range of upgraded lignite products featuring low moisture content, high energy value, and 'hardness' tailored to the target application. In the context of CEA's technology, Coldry's 'Gateway' product (announcements 19 March & 22 April 2015) is an ideal pre-treatment solution to efficiently remove moisture ahead of subsequent processing.

The companies have signed a memorandum of understanding to collaborate via cross-promotion of their respective companies and technology packages to develop projects where the combination of technologies can provide positive outcomes.

ECT will initially focus on this cross-promotion in India, leveraging established relationships with relevant parties in that market. CEA will initially focus their cross-promotion activities in Indonesia. The target geographies will be progressively reviewed and expanded as mutually agreed.

ECT Managing Director, Ashley Moore says "CEA's advanced and highly efficient pyrolytic upgrading works even more effectively on lignite that has had the moisture levels reduced, so Coldry acts as a process enhancement. It also has a range of waste energy sources into which Coldry technology can be integrated, resulting in better outcomes when processing higher moisture content coals. The investigation we have done together with CEA to date indicates that benefits are available from such integration, which is now driving development efforts in this space."

CEA Chairman, Stephen Wee says "Our products – a prime grade semi coke and pyrolysis oil – have significantly higher commercial value than upgraded coals and crude oil equivalents. This is especially true of the semi coke which is an ideal feedstock for upgrading into high value energy products such as calcium carbide, carbon black, acetylene or hydrogen. Our Advanced Pyrolysis Technology, when combined with a pre-treatment technology such as Coldry, generates enhanced product quality in addition to economic and environmental benefits. We are very excited by the potential benefits of combining these technologies".

As projects are identified and progressed, the companies will provide further updates as appropriate.

About CEA

CEA is an Australian company established to develop and grow an environmentally sustainable business using Victoria's brown coal. They aim to create new industrial uses and new markets with their proven pyrolysis technology.

CEA is led by an experienced management team committed to showcasing their technology and steering their business to full commercial operations.

CEA's plant employs proven, proprietary technology to beneficiate a range of low rank coals into export grade, high value add products including Prime PCI Coal, Pyrolysis Oil, Ammonium Sulphate and Coal Gas.

For more information on CEA, please visit their website at - <http://www.coalenergy.com.au>

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.
