ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Shareholder Update – India Activity

Entering Stage 1 of the Indian Project

Wednesday, 8 July 2015: Environmental Clean Technologies Limited (ASX: ESI) (ECT or Company) is pleased to provide the following update on its activities in India.

- Tripartite Collaboration Agreement progressing through formal Indian Federal Government clearance processes
- Coldry and Matmor project activities progressing as Stage 1 of the Neyveli Project

Following on from recent updates, the Company confirms it continues to work toward the execution of a tripartite collaboration agreement with two significant Indian Public Sector Undertakings (PSU's), Neyveli Lignite Corporation (NLC) and the National Mineral Development Corporation of India (NMDC), for the advancement of its Coldry and Matmor technologies to demonstration and pilot stage, respectively.

Given that the nature of the remaining approvals process prior to signing the tripartite agreement are largely Indian Federal Government clearance formalities, the Company has undertaken to progress aspects of both Coldry and Matmor technology development activity, collectively referred to as Stage 1 of the project.

In particular, we are pleased to inform you that we are working on the technical and planning components to streamline an integrated Coldry-Matmor project, including:

- Matmor-Coldry integration basis of design
- Coldry plant modifications for Matmor pellet production
- Refinement of the Coldry detailed specification work package
- Preparation of Matmor test plant works

This work includes finalising engagement terms with our Coldry EPC and manufacturing partner Thermax and appointing our new India-based Matmor engineering design partners.

The Company is extremely mindful of the impacts delays can have on investor sentiment and believe it is important that the company continue progressing the preliminary works in support of the Indian project. To this end, Stage 1 of the project focuses on all those components which, while critical to the support of the project, can be undertaken ahead of formal execution of the tripartite agreement by NLC and NMDC, and also have universal application to any project that ECT may take on for Coldry and Matmor.

Background to the government approvals for the tripartite agreement

India's Federal Government Cabinet issued a Directive earlier this year that requires PSU's to seek its approval prior to entering into 'material agreements' with 'foreign agencies'.

This Directive, being a relatively recent requirement, was not overtly incorporated into the normal approvals processes within the PSU's and has added another layer of procedure for the parties to work through.

The recent nature of this Directive also means that it has not previously been applied in a real world situation by the PSU's, resulting in the need to conscientiously navigate its requirements and applicability.

The key to assessing the Directive's applicability to the proposed tripartite agreement is the definition of the term 'foreign agencies'. This is the focal point of clarification being sought by the parties, directly with relevant Indian Government ministries, and with support from Australia's High Commission in India.

At present, the parties do not believe that this Directive applies to the tripartite agreement as ECT is not a 'foreign agency'. It is believed that the term 'foreign agency' is intended to apply to what we in Australia would call a Government Agency or Government Enterprise, such as the various Government Departments or organisations authorised by legislation to carry out government functions or entities such as AusTrade or the CSIRO.

However, given the material nature of the tripartite agreement, all parties agreed to seek official confirmation, from an appropriate Federal Government representative, before executing the agreement.

If the Directive does apply, then the parties will have a defined pathway to obtain Federal Cabinet approval prior to signing and will pursue a contingent activity set on the way through, so as to minimise delays to the project.

If the Directive does not apply, then the parties intend to proceed to execute the tripartite agreement at the earliest mutual availability.

We expect to receive confirmation on the above in due course and will provide an update following confirmation.

Next steps and current project-related activities

With this in mind, the Company is continuing to advance those aspects of the preparatory work for both Coldry and Matmor that aren't reliant on the formal execution of the tripartite agreement.

Coldry Next Steps

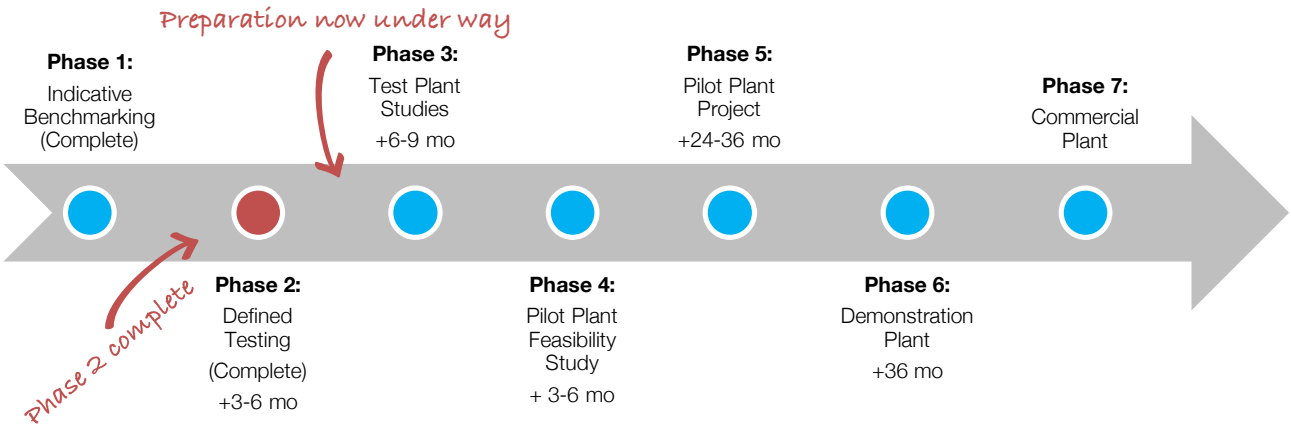
The Company is currently working with Thermax on detailed project planning and pre-construction activities. This will involve additional detailed engineering to customise designs to suit available Indian sub-components, vendor development works and preparation of various plant work packages.

Matmor Next Steps

With regard to Matmor Pilot development, the Company has been in discussions with a leading Indian furnace engineering firm, with the view to appointing them as our engineering design partner.

Work on the previously disclosed Phase 2: Defined Testing activity in our Matmor development pathway is largely concluded, bar some minor test results on peripheral aspects.

The diagram below outlines the estimated timing for each stage of Matmor development, with refined timeframes, to be provided and updated as we progress.



In relation to Phase 2 outcomes, the Company is extremely pleased to report outstanding optimisation results across all Indian iron ore samples tested.

During Phase 1 Indicative Benchmarking, testing provided a relative performance metric in the form of percentage iron yield with respect to total potential yield. The average yield achieved was ~60%, with opportunities identified for significant enhancement.

Phase 2 involved iterative formulation changes, achieving an average of ~90% yield with a range of ~85% to ~99%, narrowing down the ore selection and providing the green light to progress to Phase 3, which will focus on the following activities:

1) Recommissioning of the existing Matmor Test Plant
2) Installation of additional sensors to maximise data gathering capability
3) Automation of manually intensive process steps
4) Conducting a series of continuous runs using NLC lignite and NMDC ore to refine the process and gather the necessary data to inform Pilot Plant design

Further updates on Matmor development will be made in due course.

The Board acknowledges the patience of the Company's shareholders as it pursues these key objectives and will continue to provide updates in line with continuous disclosure obligations.

For further information, contact:

Glenn Fozard – Chairman *info@ectltd.com.au*

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.
