

Shareholder Update

Wednesday, 19 August 2015: Environmental Clean Technologies Limited (ASX: ESI) (ECT or Company) is pleased to provide the following update on its activities in project development in India and other topics:

- Tripartite Collaboration Agreement progressing to conclusion of Indian National Government clearance processes
- NLC Chairman B. Surender Mohan discusses lignite upgrading potential during Independence Day address
- Project Financing solutions development advances

Tripartite Agreement Status

Following on from recent updates, the Company confirms it is nearing conclusion of the Indian National Government clearance process ahead the planned 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.

The Company will advise shareholders when formal written clearance is received and expects to progress to formal signing of the tripartite agreement shortly thereafter, subject to co-ordinating the availability of the signatories.

ECT Managing Director Ashley Moore stated "While we may desire a faster pace, we understand and respect that this is part and parcel of dealing with Indian companies of this stature. That said, we are working on various means to accelerate progress once we formally sign off the Tripartite agreement. As we announced in July, the company has begun Stage 1 of the Indian project. In this last month, we've begun the initial stages of our upgrade works on the Matmor test plant to ready it for engineering development runs as part of our Pilot Plant development program. We will have more to communicate on the program in the coming weeks."

The tripartite agreement sets the collaborative framework for the parties to deliver an integrated Coldry demonstration and Matmor pilot project. The agreement defines roles and responsibilities, lays a development path with high level activity sets and key milestones covering the end to end development of the project. In addition to the engineering aspects, the tripartite agreement identifies the development pathway for further agreements required to cover commercial aspects such as project ownership structures, investment options and timing of funding.

The Company has continued to update the market on its India activities, including:

- Coldry demonstration project feasibility study submitted to NLC last August
- Agreement by NLC to proceed to high level Board review process last September
- Discussions with NMDC on Matmor development announced last October
- Tripartite collaboration agreement negotiations commenced last December & Feasibility Study recast to include Matmor pilot plant through to March 2015
- ECT hosting a visit by NLC and Ministry of Coal in May ahead of NLC and NMDC Board approval of the DRAFT tripartite agreement, subject to Indian National Government clearance processes
- ECT announces commencement of Stage 1 of the Indian Project in July

During the past year both NLC and NMDC have made public reference in support of our engagement with the most recent occurring in an address by Mr B. Surender Mohan, the Chairman and Managing Director of NLC, during India's Independence Day festivities recently.

In his speech, as reported by Indian Government Sector news consolidation portal www.sarkaritel.com, Mr Mohan briefly highlighted NLC's pursuit of projects for the upgrading of lignite to enhance its calorific value and to displace metallurgical coke.

Given the community-based audience, neither ECT or its technologies were quoted by name, however this latest reference serves to reinforce the consistently stated intent to proceed with the development of both Coldry and Matmor at NLC.

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

Project Finance

In preparation for the Indian project, the Company has been developing a range of project financing options. Currently we have been considering a number of options and are in receipt of a draft terms sheet for a debt based finance package of around A\$30 million to contribute to our overall project development activities in India and elsewhere. The terms sheet remains draft, though is now in review as part of a portfolio of solutions to fully fund the projects.

Ashley Moore noted that "While the terms sheet is the first received as part of a broader program within our project capital solutions plan, we're not yet able to disclose details due to the commercial-in-confidence nature of the proposal. It is, however, from a reputable source who are willing to work with us to tailor their offering to the project specifics." He went on to note that, "It's important that we plan our project finance solutions ahead of time for our project pipeline and where possible, seek financing solutions which are low in dilutive impact on our current shareholders."

For further information, contact:

Ashley Moore – Managing Director 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.
