



Signed Term Sheet Advances Latrobe Valley Flagship Project

Key points:

- **Feasibility study expanded to include the preparation of detailed design and tender packages by Arup signalling fast-track of project.**
- **Special purpose vehicle, Victoria Coldry Pty Ltd (10% ECT), to be licensed exclusively to manufacture and market Coldry Black Coal Equivalent pellets within Victoria (for 5 years) and Vietnam, and with non-exclusive rights for plant construction in Indonesia and the rest of Australia.**
- **ECT to earn royalty (CPI-adjusted) of A\$5 (ex GST) per tonne from Victoria Coldry plus rights to build Coldry production capacity at its own facility in Victoria, Australia.**

Thursday, 6 May 2010: Environmental Clean Technologies (ECT) (ASX:ESI) wishes to announce that following on from recent discussions, it has concluded the negotiation of a final Term Sheet with Thang Luong Investment and Joint Stock Company, (TinCom) of Vietnam, enabling the licensing of the Special Purpose Vehicle (SPV), Victoria Coldry Pty Ltd to manufacture and market Coldry Black Coal Equivalent (BCE) pellets.

Tincom have also requested an expansion of the scope of the Latrobe Valley feasibility study to include the preparation of construction drawings and tender packages by Arup. The Terms sheet also includes:

- Exclusive right to market the Coldry Product within Victoria for 5 years from the date of completion of the Stage 1 plant construction. If the SPV makes commitments for the expansion of this plant capacity in Victoria to 5 million tonnes per annum within this time, then the exclusivity period will be extended for a further 5 years.
- Exclusive rights to manage and market Coldry product imports into Vietnam
- License to Coldry intellectual property that enables exclusive construction of export plants in Victoria, Australia and Vietnam as well as non-exclusive construction of plants in the rest of Australia and Indonesia.

The agreed Term Sheet confirms that ECT will receive free carry equity in Victoria Coldry Pty Ltd of 10% and, in addition, that the SPV shall pay to ECT a royalty at the rate of A\$5 (ex GST) per tonne, escalated by Melbourne CPI Index from a base date of 1 July 2008. Furthermore it allows ECT to construct up to 100,000mt per annum Coldry production capacity at its own facility in Victoria, Australia.

In return for ECT's participation in the enhanced marketing rights now to be vested in Victoria Coldry Pty Ltd, which adds significant shareholder value, ECT will be issuing TinCom Australia Pty. Ltd. 28,846,154 fully paid ordinary shares at 5.2 cents each upon receipt of first capitalisation of \$1.5m.

ECT Chief Executive Kos Galtos said ECT is pleased to see the stance of Tincom move to an accelerated pace.

"We have received new advice that Victoria now has over 4mtpa of available rail and port capacity and, as partners in the SPV, we are excited to begin concrete action in the advancement of the Latrobe Valley project" he said.



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"I look forward to cementing in place the final remaining agreements with Tincom as the foundation of a lasting commercial enterprise, and signing with my counterpart, Chairman Thang Van Luong" said ECT Chairman Dave Woodall.

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About ECT

ECT is in the business of commercialising and selling disruptive, leading-edge technologies that have game-changing potential within the energy and resources sector and are capable of delivering environmental and commercial benefits.

We are focused on advancing a portfolio of such technologies that have attractive market potential. This potential is largely informed by global markets that exhibit significant potential for growth and enable us to secure sustainable profits through licensing royalties or other commercial mechanisms.

Coldry

When applied to lignite and some sub-bituminous coals, the mechanically simple Coldry process produces a black coal equivalent (BCE) in the form of pellets that are stable, easily stored, can be transported and which can be of equal or better energy value than many black coals, whilst significantly reducing CO2 emissions.

Matmor

The Matmor process is positioned to revolutionise primary iron making thanks to the design of our simple, low cost, low emission, patented Matmor retort using cheaper, alternative raw materials.

