



## India Project Update: Independent External Financial Review First Draft Report Submitted

**Friday 1 Dec 2017:** Environmental Clean Technologies Limited (ASX: ESI) (ECT or Company) is pleased to provide the following update on the status of the draft report of the 'Independent External Financial Review' (the Review) into its proposed Coldry-Matmor plant in India with project partners NLC India Ltd and NMDC Ltd.

### Key points:

- Draft report completed on 21<sup>st</sup> November and released on 22<sup>nd</sup> November
- Meeting of project partners scheduled for 4<sup>th</sup> December
- ECT senior management in Delhi to facilitate progress towards final report and NITI Aayog submission

### Draft report delivered

ECT is pleased to confirm that as anticipated in last week's AGM, the draft report was released on Wednesday 22<sup>nd</sup> November (local India time).

The Review forms an essential part of the broader project assessment process being undertaken by the Indian Prime Minister's national planning committee, NITI Aayog prior to execution of the proposed Master Project Agreement (MPA).

The MPA frames the corporate structure, project roles, project activities, future royalty, technology licensing, financial and governance aspects for the joint development of the integrated Coldry-Matmor facility in India with NLC and NMDC. More detailed agreements would follow in relation to various aspects of the project once the MPA is executed.

The project initially focuses on the execution of a research and development (R&D) phase consisting of a Coldry demonstration plant integrated with a Matmor pilot plant. The estimated cost of the R&D stage is ~AUD30 million, to be funded equally by the three parties under the proposed MPA.

Following successful completion of the R&D phase, the MPA sets the framework for the articulation of the project into a commercial phase, entailing a proposed 500,000 tonne per annum Matmor steel plant and commercial scale Coldry plant. The estimated budget for the commercial phase is AUD\$300M+.

Given the project entails the largest R&D investment ever made on a single project by either NLC or NMDC, and features a strong strategic alignment to India's policy objectives on a broad range of areas including energy and resource security, steel industry development and reduction of emissions intensity, the Secretary of the Ministry of Coal, Mr Shusheel Kumar believes it may potentially be a project of national significance. As such, Mr Kumar's referral of the project to NITI Aayog for consideration as a project of national significance has entailed the inclusion of the external, independent financial review.

Shareholders will recall that as stated in the tender document prepared by NLC, the scope of the financial review includes the following broad areas:

- Examination of the Master Project Agreement (MPA) legal structure
- Review of the proposed funding mechanism
- Review of the structure and function of the Special Purpose Vehicle (SPV) entity
- Analysis of the proposed R&D taxation structure
- Analysis of ECT's cumulative cost base for development of the Coldry and Matmor technologies
- Analysis of additional elements of the proposed project structure

The review timeframe for deliverables as currently planned is set out below:

- Submission of draft report            completed 21 November
- Presentation to NLC & NMDC        by 5 December 2017
- Final report                                by 19 December 2017

ECT's role in the process remains focused on the provision of all required background information to the review, administration of the 'data room' and timely responses to the project partners to support their analysis of the draft report outcomes. ECT Chief Operating Officer (COO) Jim Blackburn returned to India following last week's AGM to arrange and conduct follow-up meetings with NLC and NMDC and deliver direct support to progressing the final report.

Commenting from Delhi, Mr Blackburn stated, "The ECT executive have relished the intensity of the work program required to see the delivery of the draft report and continue to respond to requests for further information as we move into the final report phase. We are keenly aware of the necessary timeframes and anticipate meeting with NLC, NMDC and their advisors in the coming week to discuss the path ahead for finalisation of the review, submission to the respective ministries, and the subsequent NITI Aayog confirmations."

The Company will provide further updates as activities progress, subject to confidentiality requirements which preclude comment on the content of the report ahead of finalisation and subsequent approval by the project partners.

**For further information, contact:**

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**About ECT**

ECT is in the business of commercialising leading-edge energy and resource 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 licensing and other commercial mechanisms.

**About Coldry**

When applied to lignite and some sub-bituminous coals, the 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 CO<sub>2</sub> 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.

### About the India R&D Project

The India project is aimed at advancing the Company's Coldry and Matmor technologies to demonstration and pilot scale, respectively, on the path to commercial deployment.

ECT has partnered with NLC India Limited and NMDC Limited to jointly fund and execute the project.

NLC India Limited is India's national lignite authority, largest lignite miner and largest lignite-based electricity generator.

NMDC Limited is India's national iron ore authority.

#### Areas covered in this announcement:

ECT (ASX:ESI)	ECT Finance	ECT India	India Project	Aust. Project	R&D	HVTF	Business Develop.	Sales
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