



Joint Venture Agreement & Parent Company Guarantee for Victoria Coldry Project Signed in Hanoi

Monday, 4 April 2011: Environmental Clean Technologies Limited (ASX:ESI) is pleased to announce it has executed a Joint Venture Agreement (**JVA**) and received a Parent Company Guarantee (**PCG**) from its partner, TinCom of Vietnam, giving practical effect to the License Agreement (previously announced to shareholders) issued to our incorporated joint venture company, Victoria Coldry Pty. Ltd. for the project to construct a 2 million tonne per annum Coldry, Black Coal Equivalent (BCE), production plant in Victoria's Latrobe Valley.

Key Points:

- TinCom will provide to Victoria Coldry (**JV Company**) initial funding of \$500k, by 30 April 2011 and \$1m, by 30 May 2011, plus all subsequent project funding
- TinCom has executed a Parent Company Guarantee (**PCG**) to cover all financial commitments made by Victoria Coldry
- The Issue of 28,846,154 fully paid ordinary ECT shares, at 5.2 cents, will be made to the JV Company following TinCom's deposit of a total \$1.5M to the JV Company by 30 May 2011
- Victoria Coldry will contract Arup by 30 April 2011 to deliver a Request for Tender (**RFT**) for the construction project by 1 November 2011
- Project financial close is targeted for no later than 31 December 2012

ECT's Chairman Mr. Dave Woodall and Chief Executive Mr. Kos Galtos have spent the past week with TinCom Chairman Thang Van Luong and his team finalising the JVA and PCG relating to the Victoria Coldry Project, culminating in signing in Hanoi last Friday night.

It was agreed that TinCom will deliver all funding for Victoria Coldry, supported by the executed Parent Company Guarantee, commencing with two tranches; \$500k by 30 April 2011 and \$1.0M by 30 May 2010. Following this receipt of funds (\$1.5m) by the JV Company, ECT will issue 28,846,154 fully paid ordinary shares, at 5.2 cents each, to Victoria Coldry, in consideration for the assignment of its right and title to, and interest in, all license improvements.

Additionally, TinCom will deliver Coal Supply Agreements (**CSA's**) to the JV Company to underpin the securing of debt, which in addition to their equity, will finance the construction of 'Stage 1', the initial 2 million tonne per annum plant, that is targeted for expansion to 20 million tonnes per annum within 10 years of commencing commercial operations, subject to the State of Victoria delivering additional rail and port capacity to enable further exports.

TinCom Chairman Mr. Luong stated "We are pleased to take this important step in the Victoria Coldry project with ECT as it represents a venture of national significance to Vietnam by helping balance energy security and environmental responsibility. The significant preparatory work we have completed since securing the Coldry technology license last June has allowed us to progress with our project."

ECT Chairman Dave Woodall thanked TinCom's team including Project Director Mr. Linh Vu Dac and CEO of Victoria Capital Management Company (**VCMC** – an affiliate of TinCom) Mr. Trung Nam Nguyen, commenting "We've achieved significant advancement in our quest to deploy our world first technology, overcoming the challenges inherent in a project now expected to cost around \$300M for the first phase, requiring significant international collaboration, thanks to the persistent efforts of TinCom and our dedicated team at ECT".

Mr. Linh Vu Dac noted that he and his Chairman would be returning to Australia in April to attend the inaugural Board meeting of Victoria Coldry and to commence local operations from the company's new headquarters co-located in ECT's offices. "We are keen to return to Australia to advance our project to enable us to move to contract for a Guaranteed Maximum Price or Turn-Key construction and associated operations", he said.

Details

Commencement date: When the following Conditions Precedent are satisfied, and not later than 30 May 2011.

Conditions Precedent:

- A total of \$1.5m deposited into the JV Company bank account consisting of:
 - \$500,000 by 30 April 2011
 - \$1M by 30 May 2011
- The issue by ECT of 28,846,154 fully paid ordinary shares
- Appointment of Arup, by 30 April 2011, to deliver a Request for Tender (**RFT**) for the construction project, before 30 October 2011

Shareholdings:

- At commencement, ECT is 10% and TinCom is 90%
- ECT's 10% share remains free carried, protected and 'undilutable'
- The JV Company will be issued ECT shares following the deposit of the \$1.5m (28,846,154 fully paid ordinary shares at 5.2 cents) to be held in escrow as security for payments for the Request for Tender (RFT) engineering.

Activities:

- Arup will be appointed as Engineering service provider to develop the RFT and signed up by no later than 30 April 2011
- Following completion of the RFT process (issue and response), the JV Company must decide to proceed within 30 days, or ECT can exercise the Call Option as set out below
- TinCom must deliver suitable CSA's to the venture to underpin required project financing
- ECT may now also introduce CSA's to the venture on a commission basis, as well as the option to contribute additional capital for which it shall receive additional shares in the JV Company
- The MoU between ECT and Greater Energy Alliance Corporation (**GEAC MoU**) covering site, site services and raw coal supply at Loy Yang power station is to be novated to the JV Company by 31 December 2011
- Financial close for 'Stage 1' by no later than 31 December 2012, which remains consistent with achieving financial returns from the project by end of H1 2014.

Responsibilities:

- TinCom are responsible for all funding for the JV to complete the RFT, including funding required under the GEAC MoU
- TinCom are responsible for arranging financing for Stage 1, and all subsequent stages

Call Option:

- Following the completion of the RFT process, should the JV Company decide not to proceed with the project, ECT has the right to acquire 100% of the JV Company in return for reimbursing TinCom its project expenditure to date. This Call Option is also available to ECT if financial close is not achieved by 31 December 2012.

For Further Information Contact:

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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 that 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.

About 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.

About 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.
