ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Latrobe Valley Coldry Project reaches binding agreement

Thursday, 17 June 2010: Melbourne technology commercialisation company Environmental Clean Technologies (ASX: ESI) is set to sign an historic license agreement with Vietnamese company Thang Luong Investment and Joint Stock Company (TinCom).

The deal follows the release of a detailed term sheet on May 6 2010. The license agreement will be formally acknowledged by both parties at a ceremony on Friday 25 June 2010, and will fast track commercialisation of ECT's revolutionary brown coal dewatering technology known as COLDRY.

Key Points:

- **Binding Licence Agreement to be signed in the presence of a Vietnamese trade delegation led by H.E. Vo Hong Phuc, Vietnams Minister for Planning and Investment**
- **Largest trade deal between Vietnam and Victoria with exports forecast to exceed $1.5Bn a year by early 2020's**
- **Stage 1 construction of 2 million metric tonne per annum Coldry plant targeted to conclude late 2013 for production early 2014, rolling out to 20 million metric tonnes per annum by 2020**
- **Revenue to ECT of $10M a year increasing to $100M a year plus potential dividend from 10% JV stake**

This licence agreement is binding and sets in motion the staged rollout of our unique Coldry technology on a commercial scale that leverages the value of Victoria's world-class lignite assets.

The project will commence with the funding of the special purpose vehicle (SPV), Victoria Coldry Pty Ltd, which was established earlier this year and will enable the detailed, site-specific design and feasibility study to be undertaken by our engineers, Arup. This in turn is expected to result in the tendering, procurement and construction of Stage 1 of the flagship Coldry plant at Loy Yang power station by late 2013 at an estimated cost of around US$400M (to be confirmed during detailed design).

The signing ceremony will take place in Melbourne, between the respective Chairmen of ECT and TinCom, Mr. Dave Woodall and Mr. Luoung Thang Van. ECT is pleased to confirm a distinguished trade delegation from Vietnam led by H.E. Vo Hong Phuc, Minister of Planning and Investment and accompanied by senior Vietnamese Government representatives, will be present to witness what we understand to be the largest trade deal between a Victorian and Vietnamese company.

This signing will be the culmination of almost two years work commenced in October 2008, which has seen TinCom issued with a foreign investment licence, by Vietnam's Ministry of Planning and Investment, enabling equity investment of US$100 million.

ECT Chief Executive Kos Galtos said the project has broad implications for ECT, the State of Victoria, the Gippsland region in particular as well as the environment.

ECT Benefits

- **Stage 1**: Production of 2 million metric tonnes per annum (Mmtpa) of Coldry BCE pellets by 2013 will generate $10M per year revenue, based on A$5 per tonne royalty.
- **Stages 2, 3 & 4:** will increase to 5, 10 then 20 Mmtpa by 2020, subject to the State of Victoria delivering rail and port infrastructure upgrades, generating up to $100M a year in royalty revenue to ECT.
- ECT has 10%, undilutable, free carry equity in the SPV, Victoria Coldry Pty Ltd potentially delivering a dividend based revenue stream in addition to the royalty, while bringing a multi-million dollar asset onto its balance sheet.

Victorian Benefits

- This project has the ability to trigger significant rail and port infrastructure upgrade plans in order to meet export activity.
- The Government currently collects a royalty from brown coal miners on around 70 million metric tonnes per year of raw brown coal. At full capacity, the 20 Mmtpa Coldry export plant will require 40 Mmtpa of raw brown coal, potentially increasing royalties to the State by more than 50%.

Gippsland Benefits

- With an estimated 200 construction jobs lasting up to 10 years and 25 operational jobs initially working up to 100 new positions, the project has the potential to boost the local economy significantly.

Environmental Benefits

- The move toward renewable energy is steady, but slow. Coal fired power stations being built today have a 25 year design life, which means they will need a supply of coal for years to come. High quality black coal is becoming harder to source and secure, driving energy consumers, particularly in emerging economies, to look toward low rank coals that emit much more CO2 than black coal when burned to generate electricity. By using low rank coals dewatered by Coldry technology (BCE pellets), the CO2 emissions fall in line with black coal, significantly mitigating the environmental impact.
- For every tonne of Coldry exported from Victoria, the Coldry plant will recover up to 1000 litres of water. This water is ‘Class A’ and suitable for industrial applications without costly treatment. By channelling this water to a collocated power station, the Coldry plant can reduce the need for the power station to take water from the local rivers by up to 20 billion litres a year, providing an environmental windfall for Gippsland’s waterways.

ECT Chief Executive Mr Kos Galtos said the signing of the license agreement is an important and historic milestone for the Company as it fast tracked commercialisation of its Coldry technology.

“It is an important achievement for ECT, as it creates substantial value for our shareholders and delivers a whole new industry for the state Victoria”, Mr Galtos said.

“We are heralding a new era in brown coal technology as we establish innovative export technologies that will not only capitalise on the world’s vast lignite resources, but also give impetus to our home State to expand its existing port and rail infrastructure to meet this new export demand.

“Vietnam has defied the global financial crisis, growing at impressive rates. This rate of growth is projected to continue for decades to come. Faced with fierce competition for black coal, TinCom has recognised the value of applying the Coldry technology to lignite to create a black coal equivalent feedstock to enhance its energy security while mitigating the impact of brown coal on the environment.”

The first Coldry production pellets are expected to be available for export by late 2013.

About the License Agreement

The License Agreement provides for the following:

- Exclusive right to construct Coldry export plants in Victoria, Australia and Vietnam in addition to the non-exclusive right to construct plants in the rest of Australia and Indonesia
- Exclusive right to market Coldry in Victoria for 5 years, with a trigger to extend for a further 5 years upon plant expansion to 5 M mtpa be achieved within 5 years
- Exclusive rights to manage and market Coldry product imports into Vietnam
- Rights to build up to 100M mtpa of Coldry plant capacity globally to meet the rapidly growing needs of Vietnams economy
- A free-carry equity stake of 10% for ECT.

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.
