



AGM Chairman's Address

Friday, 26 November 2010: Environmental Clean Technologies Limited (**ECT** or **Company**) (ASX:ESI) is pleased to provide the Chairman's and Chief Executive's addresses at today's Annual General Meeting.

Chairman's Address

Last year we said we would advance Coldry locally and globally and progress MATMOR commercialisation toward pilot scale development.

Since then we have achieved significant progress on all fronts.

In a historic step for your Company, TinCom Chairman, Thang van Luong and I signed what we believe is the largest trade deal between a Victorian and Vietnamese Company on June 25, 2010. The ground-breaking deal was witnessed by a senior Vietnamese trade delegation, led by Vietnam's Minister for Planning and Investment, H.E. Vo Hong Phuc and Australia's Federal Minister for Trade, Hon. Simon Crean.

The license agreement was signed with Victoria Coldry Pty Ltd, the special purpose vehicle created by ECT and TinCom to finance the construction of the world's first commercial Coldry plant in the LaTrobe Valley, Victoria. Black coal equivalent Coldry pellets from the plant will be exported to Vietnam from early 2014, helping to underpin the energy security of that country's rapidly growing economy.

Understandably, this deal has been the major focus of our small management team and its achievement is tribute to a high level of commitment and hard work over many months. Fortunately these types of infrastructure projects, with their long lead times and high capex requirements are an area in which our CEO, Kos Galtos excels. Meticulous planning, step-by-step implementation and follow through are the hall marks of our business models for both Coldry and MATMOR, which are outlined later in this meeting. We are confident they will be successfully executed under Kos' stewardship.

Since June 30 and the submission of our annual report we've progressed on several other fronts;

In August our Coldry Patent reached the end of its long journey in the very important market of China.

The groundwork for our headline Victoria Coldry project has progressed to the stage that commencement of external engineering design and tender preparation is imminent.

We've completed the Gap Closure phase of our MATMOR commercialisation program, which paves the way for the commencement of pilot plant design and engineering.

We've established a strategic alliance with JC Steele, makers of key process equipment within our Coldry plant. The deal is a 'win-win' scenario for both companies, with ECT able to further inform and refine the commercial design of the Coldry technology, improving capital and operational cost estimates at commercial scale. For JC Steele, it's an opportunity to increase their footprint in a new market vertical.

We secured \$2.5M in funding via American firm La Jolla Cove Investors providing a sound financial position and we are on track to achieve key objectives in the 2011 financial year that will consolidate the commercial prospects of our core technology platforms.

I'd like to thank you, our loyal shareholders for your support, and my fellow directors for their highly valuable contribution to the ongoing success of the Company.

Chief Executive's Address

I am very pleased to provide this report on your Company for the period of the 2009-2010 financial year.

- Your Company set about four key activities:
- Reach agreement to access coal, site and site services in Victoria
- Reach binding agreement with TinCom for the Victoria Coldry project
- Progress global sales opportunities
- Advance MATMOR commercialisation toward pilot plant feasibility study

These objectives have been achieved, and together form a solid foundation for continued advancement, some of which has come about since June 30.

Corporate

ECT is ultimately a sales and marketing led technology commercialisation vehicle. Our business model is based on licensing technology, essentially creating annuity based revenue streams without needing to raise equity or carry debt to finance construction.

Internally, our capability lies in Sales and Marketing, supported by Commercialisation Management, Operations Management and Corporate Governance. This internal capability is complemented externally by our engineers at Arup, and other key service providers such as MacDow, Norton Rose and RSM Bird Cameron.

I am proud of the way the members of our small team have pulled together to achieve our objectives this year and thank each one for their dedication. The appointment of Coldry Business Manager, Ashley Moore in October 2009 was critical in driving our flagship Victoria Coldry project to binding agreement and Ashley is proving to be an invaluable asset to our business.

Additionally, I would like to thank our Operations Manager, Adam Giles for his continuing and exceptional contribution to our business, and to note as Keith Henley-Smith's growing role in pushing forward our MATMOR R&D efforts.

I will now highlight a some of our key achievements of over the last 12 months

GEAC MoU

A Memorandum of Understanding was entered into with Great Energy Alliance Corporation (GEAC), the owners of Loy Yang A power station, that provides access to Coal from the largest most efficient lignite mine in Victoria as well as access to necessary services and a site package for Stage 1 of the Victoria Coldry Project.

Victoria Coldry Project

The binding License Agreement establishing the Victoria Coldry Project was signed on 25 June 2010 in the presence of Vietnam's Minister for Planning and Investment and Australia's Minister for Trade.

This important milestone effectively ratified the robustness of our business model which includes a detailed step-by-step engagement process for prospective Coldry licensees/plant developers. This model is now being applied to up-and-coming flagship projects in Indonesia and Poland, while prospective partners in Greece, India and China also considering opportunities for Coldry deployment.

This important corporate milestone initiates a trade deal projected to be worth A\$1.5 billion a year between your Company and Hanoi, Vietnam based TinCom.

The Victoria Coldry Project is an unparalleled export opportunity based on a unique 'resource and technology' play. The vast Loy Yang lignite resource can be upgraded to a cleaner black coal equivalent feedstock by our Coldry process for export to Vietnam and Southern China. This will help fuel the burgeoning Vietnamese economy, while mitigating the predicted CO2 emissions when compared to other affordable fuel alternatives that could have been deployed in Vietnam.

Vietnam's Minister for Planning and Investment issued TinCom with the country's largest ever foreign investment license - \$100M - paving the way for the Victoria Coldry Project.

TinCom is a diverse business with interests in property development, construction, cement, iron and steel, brewing and finance. As funders of the Victoria Coldry Project, TinCom will own 90% of the joint venture vehicle following financial close. ECT will receive 10% free carry equity in the project and a royalty of \$5 per tonne.

Project Timeline

Stage	Capacity (tonnes per year)
Stage 1	2 million
Stage 2*	5 million
Stage 3*	10 million
Stage 4*	20 million

**Timing for stages 2 through 4 is reliant on the state upgrading rail and port infrastructure. Having worked with the State Government on the logistics issues, we're satisfied with their capability to deliver this capacity.*

Coldry Pipeline

ECT's global sales strategy for Coldry involves establishing Coldry production footprints in markets with two chief attributes: large low-grade coal resources and substantial demand for feedstock from power stations.

Effort is being made to prioritise opportunities with the highest potential of success and two further flagship projects, in SE Asia and Eastern Europe were initiated during the financial year. The global financial crisis has slowed the progress of overseas projects in particular, but we believe these projects will gain momentum as the year progresses.

Indonesia is an export hub for supplies to Asia and future thermal coal demand from China and India will drive Indonesian coal production and export capacity further. Both have shifted from net exporter to net importer in order to meet domestic energy needs. Emerging markets, such as Bangladesh, Thailand, Vietnam and the Philippines, are expected to require significant imports of coal over the next two decades to supply planned growth in coal-based power.

Following my recent visit to meet key mine, power station and business management I am confident of advancing projects in Poland with ELBIS

Additional parties in Greece, India and China continue to discuss opportunities for Coldry deployment or offtake agreements and we are engaging in a measured way so as to ensure primary focus on delivering existing opportunities

MATMOR Advancement

One of the earliest milestones in the financial year was the extension to 2014 of the milestone for scale up to pilot plant whilst retaining exclusive rights to the MATMOR intellectual property. This gave us the time to complete key studies and engineering work.

An Independent Marketing Report by Melbourne based energy and resources consulting firm NEGOTIATION confirmed our belief that the market dynamics are very favourable for the deployment of MATMOR. The report identified niche, high margin opportunities that are not being exploited by traditional or emerging technologies.

A technical report by HATCH made recommendations for engineering work that involves testing and documenting in greater detail aspects of the plant which will help refine the assumptions for scale up moving forward. We refer to this work as our 'Gap Closure Campaign' which has recently been concluded.

This now places your company in a position to seek partners for the development of a pilot scale plant that has a target capacity of 7,500 metric tonnes per annum of iron and/or other metals, from either iron ore, mill scale or nickel tailings.

The milestone for scale up to pilot plant was extended to 2014, providing ECT with the time necessary to complete key activities whilst retaining the rights to the MATMOR Intellectual Property.

The solid progress of ECT throughout the year has been possible in large measure by the support of our Shareholders and their participation in the \$2.64 million capital raise in December 2009 as well as the conversion of options during the year that raised a further \$682,206. These funds enabled the Company to confidently commit resources to the continued development of MATMOR and progress global sales opportunities for Coldry.

Last month we announced a funding arrangement with La Jolla Cove Investors. ECT will issue Convertible Notes to La Jolla Cove progressively on receipt of payments towards the US\$2,500,000 aggregate issue price of the Convertible Notes.

Those with knowledge of finance and capital markets will know that placement terms for microcaps in this market typically include discounts of between 15 to 25% plus 5-7% brokerage.

The capital raising committee, which included Stephen Carter, Larry Hanley and me, considered the very low ESI share price, coupled with our confidence in the business per previous announcements, such as TinCom and other opportunities, in making a recommendation to the Board, which determined that shareholder interests were best served by not immediately actualising an upfront dilution that a placement would cause.

Accordingly, a convertible note was negotiated on what we believe are more positive terms, that may allow conversions at higher share price levels in the future, and with shareholders not having to fund brokerage costs.

Additionally, La Jolla offers other benefits to ECT, such as providing US introductions to target prospects and investors.

Whilst we acknowledge that a few investors that have previously in relatively heavily discounted placement, to the mutual benefit of the company, have voiced their displeasure, the board agreed this form of funding was the most appropriate and in the interests of all ECT holders at this time.

Outlook

Our focus over the coming year will be on advancing the Victoria project, increased sales activity aimed at securing partners for additional Coldry production sites in strategic locations and for the pursuit of our first MATMOR pilot scale plant.

It's appropriate that I now pause to welcome two new additions to our team:

Dan Panchal and Dougal Gillman.

Dan joins us in the role of Financial Accountant, providing increased resource to our financial management and reporting efforts, whilst reducing out sourced Accountancy costs (apologies to Ray Scott at RSM Bird Cameron, who has been and shall remain a trusted and highly valued partner to our business).

Dougal's appointment as Sales Support Co-ordinator provides the bandwidth to manage inbound sales queries in addition to driving sales and route-to-market initiatives, which support our licensing business model, and will help Ashley to focus on the delivery of our Victoria project and advancing Matmor.

We've hit the ground running having just returned from China and Poland. I presented a keynote speech on Coldry at the 6th China Advanced Coal Chemical Summit, which was well received by a highly targeted audience. Follow up meetings saw several opportunities emerge and we're due to receive several coal samples for testing shortly.

We'll be back in China next week for World Clean Coal Week where we'll have the chance to follow up on recent discussions and develop further interest.

Following China we headed to Poland where we met with key decision makers from ELBIS and PGE, keen to continue collaborative development.

Lastly, to bring things closer to home, we've been keeping a close eye on the domestic opportunity for Coldry here in Victoria.

The state Labour Government announced their Climate Change Policy last month, signalling aggressive CO2 reduction targets.

What was pleasing from ECT's point of view was the level of pragmatism shown in the policy, which ostensibly seeks to achieve CO2 abatement at least cost to taxpayers.

This contrasts with the dogma pushed by the Greens and provides hope for real delivery on CO2 reduction targets via a cost-effective Coldry-based solution.

We've been analysing the numbers and it's clear Coldry ticks the boxes in the Government's policy when it comes to the sustainable, future use of our valuable lignite resource in new power stations:

- A Coldry-based solution would emit 0.75t CO₂ per MWh, which is less than the target of 0.8t in the Government policy
- CO₂ abatement cost:
- Combination Gas & Wind \$35 per tonne as proposed by Environment Victoria
- Coldry in a Ultra Super Critical Black coal plant \$6 per tonne
- Increased cost of generation
- A proposal for Gas and Wind by Environment Victoria would almost double the cost
- Coldry would add just 13% to the generation cost

We have published a report on this on our website yesterday and look forward to working through it with the Government after tomorrow's election to help achieve an affordable, cost-effective, deliverable solution, that maintains Victoria's competitive economic advantage of low cost energy supplies, rather than see it deploy like for like technologies to the other states that would see economic contraction as industry redistributes.

We have an exciting year ahead to achieve these milestones of our business strategy. I would like to thank the ECT team for its continued passion and commitment to our shared objectives of delivering commercially practical, environmentally cleaner technologies and processes and significant returns to our shareholders, and we would like to thank shareholders for your support.

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.
