



Shareholder Update – India Project

15 August 2018: Environmental Clean Technologies Limited (ASX: ECT) (ECT or Company) entered a Trading Halt on Friday 10 August 2018, and subsequent Voluntary Suspension on Tuesday 14 August 2018 to allow it to confer with its project partners, NLC India Limited (NLCIL) and NMDC Limited (NMDC) to prepare the following update.

Key points:

- Project Agreement targeted financial close has been extended to 31 October 2018
- NLCIL have requested an extension to the current Project Agreement sunset date of 31 August 2018, to allow further time to complete their review and approval process.
- Delays at NLCIL stem from transition of three key executive Board members, Chairman-Managing Director, Director of Projects and Planning, and Director of Mines
- NMDC have confirmed readiness to finalise approvals subject to NLCIL completing their review and approval
- Parallel activities in support of project commencement continue, including:
 - Further refinement of Matmor retort engineering to support detailed design
 - Continuation of site & civil engineering preparations
 - Commencement of value engineering program with Indian firm Geofiny
 - Recruitment of project personnel
 - Preparation and establishment of the Project Control Committee
 - Establishment of the Project Steering Committee with weekly joint meetings

On 30 May 2018, the project partners signed a project agreement with NLCIL and NMDC for the largest-ever joint R&D collaboration between Australia and India.

The project agreement set the framework for the preparation and execution of detailed sub-agreements (Research Collaboration Agreement or RCA) which will govern the implementation of the R&D phase and set the basis for articulation to the commercial phase following successful R&D outcomes.

Given the first-of-a-kind nature of the technologies and the project, the Company has managed the uncertainties around changes in timeframes by providing ongoing guidance based on information at hand, with subsequent updates if there is a material change.

The Company provided guidance in its announcement on 27 July 2018, noting:

Recent guidance received from NLCIL and NMDC has revised the outlook, with estimates indicating financial close is likely to conclude around 21 – 25 August.

Last Thursday (9 August), after market close (7:30 pm AEST) the Company met with NLCIL and NMDC to assess progress against this target.

At that meeting NLCIL raised the need for further time to comply with its internal review and approval processes, noting it would not be in a position to table the RCA at its Board meeting, scheduled for 14 August 2018.

The delay was due to longer than anticipated lead times caused by the transition of new personnel into the roles of Chairman-Managing Director, Director, Projects and Planning and Director of Mines.

The Project Agreement signed on 30 May 2018 contained a sunset date of 31 August. NLCIL requested the sunset date be extended.

The Company is pleased to advise that NMDC have confirmed they will convene a Board meeting and submit the RCA for approval, immediately following confirmation of NLCIL's completion of its necessary review and approval process.

Both NMDC and NLCIL agreed to release a joint statement with ECT in support of the project highlighting that all partners are consistent in their support notwithstanding the differences that each may have with internal processes and compliance requirements.

Director Technical at NMDC, Mr Narendra K Nanda stated, "NMDC are conscious of the timeframe for implementation of this important project and remain ready, willing and able to finalise approvals as soon as possible. It is essential that all project partners are able to complete their necessary internal processes such that the project, once started, can proceed with minimal interruption. All parties have made efforts to ensure that parallel processes such as engineering, site works, and establishment of the Project Control Committee continue to progress so that the overall project remains on track."

Incoming Director of Projects & Planning at NLCIL, Mr NMM Rao noted that, "The ECT project is an important project for NLCIL. We are diligently working on the finalisation of all documents and arrangements for financial close and expect this to be completed as soon as possible. We have also commenced preparations to begin site clearance and continue geological survey activities ahead of full project mobilisation."

ECT Chairman Mr Glenn Fozard travelled to Chennai and Hyderabad to sign the Project Agreement extension and discuss measures to ensure that the parties can adhere to the new timeline, adding "We understand that both our partners, while eager to commence this world-first project, are subject to complex and rigorous day-to-day requirements of a large Indian Government Public Sector Undertaking (PSU). The scale of these large Indian organisations is incredibly complex to manage so the additional challenge of transitioning a significant number of Executive Director roles has made it difficult for NLCIL to be able to co-ordinate adequate resources to meet the 31 August timeline.

"After meeting CMD Rakesh Kumar and Director Rao and discussing at length the importance of ensuring we progress this project, I am confident that the intent of all parties is to develop our project through to completion in line with the commercial terms as outlined in the Project Agreement.

"Whilst of little comfort in the short term to ECT shareholders, we understand that we are attempting to progress a world-first project for two innovative technologies with two large Indian companies in one of the most dynamic markets.

"Our hunger for progress is reflective of how important this project is to the future development of our business – a future that is greater than 10 years. In the past, ECT has failed to deliver projects through to completion. We are now undertaking an unprecedented project that entails layers of complexity – building a first-of-a-kind plant, in a foreign country, with two government owned partners.

"We are necessarily backing our partners, as good partners with long-term ambitions should, to collaboratively drive, facilitate or support solutions, through all the challenges that may come.

"On a personal level, I have no doubt we are on the right path in aligning our long-term interests with India. There is no doubt that India is the place to be and represents to Australian trade and business what China offered to us 15-20 years ago. We appreciate our shareholders strong support as we pursue demonstration

on the global stage, as a prelude to the incredible value that Matmor and Coldry can deliver internationally.”

As noted, parallel activities continue in support of project commencement following financial close, including:

- Further refinement of Matmor retort engineering to support detailed design
- Continuation of site & civil engineering preparations
- Commencement of value engineering program with Indian firm Geofiny
- Recruitment of project personnel
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The Company will provide further updates and guidance in due course and has requested the current Voluntary Suspension be lifted.

IABCA Award – Excellence in Innovation

ECTs progress in India has been recognised recently through the Company’s announcement as a finalist in the *Excellence in Innovation* category for the *Australia-India Business and Community Awards (IABCA)*.



The annual India Australia Business & Community Awards have been a flagship event in the Australian-Indian business calendar since 2013.

IABCA raises awareness of Indians in Australia and Australians in India, in a way that encourages further growth in relations between the two countries.

The IABCA initiative directly contributes to the Australia-India objectives of promoting a broader and deeper relationship between the two countries providing a platform for recognition of these success stories to Indian decision-makers.

The Awards feature high-profile patrons including Australia’s Prime Minister, Malcolm Turnbull and India’s Consul General to Australia, Dr Gondane.

Finalists Showcase Friday 31 August 2018

The Finalists showcase event with fellow finalists, dignitaries, parliamentarians and the IABCA panel will be hosted on Friday 31 August at an intimate invite-only event at the Australian National Maritime Museum in Sydney.

Winner to be announced on Friday 12 October 2018

IABCA winners will be revealed on Friday 12 October at the Gala event at Brisbane City Hall in the presence of His Excellency, Dr Gondane, High Commissioner of India to Australia.

ECT Chairman Glenn Fozard, who will be representing the Company at both events, commented “It’s an honour to be selected as a Finalist for this year’s award. We’ve worked hard to build relationships at the highest levels within two of India’s leading PSU’s and look forward to taking our innovative Coldry-Matmor project forward with them.

“Platforms such as the AIBCA help recognise that effort and promote it to a broader audience.”

Details on the awards are available at <https://www.iabca.com.au/>.

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 CO₂ 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:ECT)	ECT Finance	ECT India	India Project	Aust. Project	R&D	HVTF	Business Develop.	Sales
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