ECT signs Coal Supply Agreement with China Datang Corporation

Wednesday, 25 May 2011: Environmental Clean Technologies Limited (ECT:ASX) is pleased to announce that it has signed a Coal Supply Agreement (CSA) with global 'Fortune 500' company China Datang Corporation (CDT) subsidiary, China Datang Overseas Investment (CDTO).

Key Points:

- Coal Supply Agreement for 2,000 metric tonne test burn sample to China
- Scheduled for delivery Q3 2011
- Precursor to commercial supply agreement of 2 million tonnes per year
- Opportunity to introduce deal to VCPL for additional rewards, or to initiate a new project

The CSA is the culmination of activities and negotiations begun last year by Chief Executive Kos Galtos and Coldry Business Manager Ashley Moore during visits to China in November and December.

This is the first material outcome from a confidential Memorandum of Understanding signed earlier this year (19th January 2011) under which the parties agreed to target a commercial scale coal supply arrangement. Successful qualification through the test burn will prove, through practical real world testing, that Coldry is a suitable fuel to supply CDT on a regular commercial basis.

The CSA covers the supply of 2,000 metric tonnes for a test burn in one of CDT's power stations in Shandong province, China, fueling one of the power station's boilers for approximately 10 hours, allowing real time data collection and detailed performance assessments.

Coldry Black Coal Equivalent (BCE) pellets will be supplied in Q3 this year, following manufacture at ECT's Pilot Plant in Bacchus Marsh. The pellets will be manufactured using raw coal from Loy Yang Power's mine in the Latrobe Valley.

The specific terms of the CSA remain commercial-in-confidence, however ECT advise that Datang shall pay a commercial price for the fuel with ECT covering additional costs incurred in producing the 2,000 tonnes, such as the additional logistical overhead incurred in transporting coal by truck from Loy Yang mine to our Pilot Plant in Bacchus Marsh and small scale bulk shipment to China.

ECT's Operations Manager Adam Giles said "We will move our Pilot Plant operations to a 24 hour basis to supply this Coldry, providing the opportunity to enhance our continuous production operational experience and adding further to the data set to be used in the upcoming detailed engineering works for our Victoria Coldry project."

ECT's Coldry Business Manager Ashley Moore added, "Very importantly, we view this CSA as a significant step forward in commercialising Coldry, not simply from a process point of view, but from a usage point of view within high-end power generation equipment. China Datang, with an annual coal consumption of over 200million tonnes in 2010, is an ideal partner for this exercise."

Mr. Gao Jinlai, a key executive within CDTO's Commerce & Trade team said, "Datang looks forward to the positive results we expect to see in this test burn, which can expand the selection of fuels for our business."

ECT Chief Executive, Kos Galtos is pleased with this recent development following on from discussions initiated during trips to China late last year, in support of ECT's route to market - Power Asia Pacific Investment Ltd.

"Our global deployment strategy involves building strong relationships with brown coal resource owners and black coal consumers in order to drive the uptake of the Coldry technology in strategic markets. Datang is one of China's leading electricity producers with generation capacity of more than 100GW." Mr. Galtos said.

"Following successful test burn, it is our intention to introduce this opportunity to the Victoria Coldry project, in exchange for increased equity or a commission, as recently provided for in our JV Agreement with TinCom" Mr Galtos added.

About the Test Burn

The significance of a successful test burn, leading to validated product status within CDT, is confirmation, supported by technical and operational reports, of Coldry's suitability for use in black coal-fired power stations, opening the way for black coal consumers globally to add Coldry to their fuel list.

Closer to home, we believe it gives Victoria's brown coal power generators the ability to consider the financially viable deployment of proven, off-the-shelf black coal based power generating assets that could significantly reduce Victoria's CO_2 footprint, compared to business-as-usual brown coal generation and other less efficient alternatives.

It also allows those same brown coal-based electricity producers to add Coldry export focused production to their operations, becoming energy exporters to the world, gaining significant additional profits and cost efficiencies from existing coal-winning business assets.

About the China Market

Projected Demand for Coal Based Power

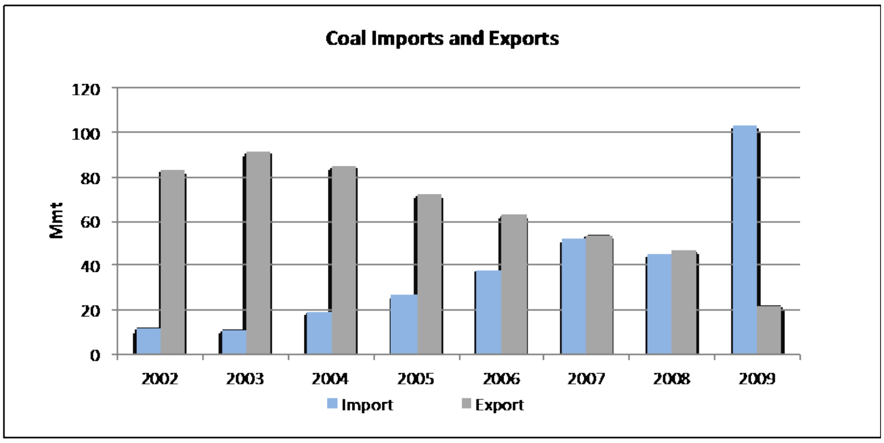
Based on strong economic growth and increasing urbanisation, China's power demand is expected to grow by approximately 90% in the next decade. This will require over 600 GW in new capacity.

This new capacity will increasingly be fuelled by gas, hydro, nuclear, wind and solar power, however coal will remain the leading fuel source in power generation.

Projected Demand for Coal

The International Energy Agency (IEA) forecasts total coal demand in China to increase by 400 million tonnes to 3.17 billion tons by 2020 compared with 2010.

Coal Imports and Exports



China has switched from a net exporter to a net importer. This has implications for energy security in a global market characterised by increasing demand for a decreasing thermal coal resource, won at increasing cost.

In the absence of Coldry, rapidly developing nations will increasingly turn to burning cheaper, more CO_2 intensive brown coals. Coldry provides the means to mitigate these emissions, while improving energy security and environmental performance.

About China Datang

CDT is a leading, state-owned power generation enterprise in China. It specialises in power generation and supply, and related coal mine development and production. CDT owns Datang International Power Generation Company, a listed company in Hong Kong, London and China. CDT's generation assets extend throughout China, Myanmar and Cambodia, and amount to more than 105 GW in capacity. CDT's assets are valued at 530 billion Yuan (approximately AUD 76 Billion), and it is a global Fortune 500 company.

Source: (http://money.cnn.com/magazines/fortune/global500/2010/full_list/401_500.html).

CDTO is a wholly owned subsidiary company of CDT, and specialises in the overseas management of China Datang Corporation's business, including power planning, construction, operations and management; investment and financing for overseas projects; power equipment manufacturing, maintenance and commissioning; and overseas trade.

For Further Information Contact:

Kos Galtos - Chief Executive *+613 9684 0888 or info@ectltd.com.au*

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.
