



**ENVIRONMENTAL CLEAN
TECHNOLOGIES LIMITED**

ECT to Apply For Government Funding For Coldry Demonstration Plant Under The Advanced Lignite Demonstration Program

6 August 2012: Environmental Clean Technologies (ASX: ESI) will apply for part of a \$90 million government funding package announced last Friday, which has been designed to accelerate the development and commercialisation of new lignite upgrading technologies in the Latrobe Valley.

The Advanced Lignite Demonstration Program (ALDP) has received bipartisan support from the state and federal governments in a move aimed at promoting technology innovation and development to reduce the historically carbon dioxide-intensive footprint of lignite use. By encouraging advancements in lignite upgrading technology the state and federal governments are able to facilitate new, lower emission uses for the vast, world-class Victorian lignite resource.

Under the terms of the ALDP, funds will be allocated to companies, which can demonstrate pre-commercial coal upgrading technologies with the potential to deliver environmental and economic benefits.

Accessing funds under this program will help fast track commercialisation plans for selected technologies and the companies progressing them.

ECT Managing Director, Mike Davies commented, "We welcome the funding program announced jointly by the state and federal governments on Friday and will apply. We see the program as a sensible, pragmatic way to drive the innovation and development of technology to mitigate the single most intensive carbon dioxide source in the Australian power generation sector."

The ALDP is a competitive process and an independent panel will assess expressions of interest against a range of criteria. Successful applicants will then be invited to submit a formal, detailed proposal.

"Whilst there is no guarantee of attracting funding under the program, we are confident that our Victorian Coldry project meets the fundamental criteria. Furthermore, the ECT team is well equipped and totally committed to presenting a compelling case for the inclusion of Coldry technology in the grants program".

About the Victorian Coldry Project

Coldry has been developed in Victoria specifically to economically dry high moisture lignite. The Company commenced its design for tender (DFT) for a commercial demonstration plant and subsequent 2 million tonne per year commercial plant in October 2011. The DFT is targeted to complete this October and proceed to tender shortly thereafter. Planning, approvals, procurement and construction are expected to progress during 2013, with completion of construction and subsequent commissioning and optimisation during 2014. This fits ideally with the ALDP's stated funding timeframe, which aims to deliver funds before 30 June 2014.

The first stage of the Coldry plant will involve a pre-commercial demonstration module of approximately 170,000 tonnes per year capacity to mitigate scale-up risk. This is the aspect of the project that would benefit from the ALDP funding. Following the successful demonstration of technical and financial feasibility, the plant can then expand to 2 million tonnes capacity in the medium term. Long term, the potential to expand to 20 million tonnes a year exists subject to additional rail and port capacity being provided.

ECT is working with world-class companies including Arup, GHD, McConnel Dowell, JC Steele and Mecrus to deliver on our company objectives.

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About ECT

ECT is in the business of commercialising leading-edge coal and iron making 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 licencing and other commercial mechanisms.

About Coldry

When applied to lignite and some sub-bituminous coals, the relatively simple 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.
