

Capital Management Update

Tuesday 28 May 2019: Environmental Clean Technologies Limited (ASX: ECT) (ECT or Company) is pleased to announce that its subsidiary, ECT Finance Limited (ECTF), has agreed to enter into an AUD 800,000 convertible loan with the proceeds of the loan to be used to repay the wholesale loan to ECT which in turn will be used to fund the Company's operating expenses and capital works requirements over the coming months.

Key points

- AUD 800,000 loan to ECTF which then repays the wholesale loan to ECT
- 12-month term with interest paid quarterly in advance
- Interest rate 15% per annum
- Security to be a second ranking registered security over the ECTF's Equity Lending Facility (ELF)
- At the lender's request the loan can be converted to equity

In July 2017, ECTF successfully executed the ELF, facilitating the conversion of options to fully paid ordinary shares via the issue of limited recourse loans secured against the shares. This facility was again applied to a subsequent options series in June 2018.

Proceeds from the loan to ECTF will be used to repay part of the wholesale loan from ECT, which in turn will be used to fund operating expenses and capital works.

The Company's largest shareholder, LJ & K Thomson Pty Ltd, has agreed to provide the above loan which is expected to be drawn down in the next 3 days.

Interest will be paid quarterly in advance with the first payment of AUD 30,000 being made when the loan is settled.

The security for the loan will be a second ranking registered security over the ECTF ELF loan book which will rank behind the loan provided by Challenge Bricks and Roofing Pty Ltd in December 2018.

At the lender's request the loan can be converted in part or in full to ECT shares at 1.5c per share or at a 20% discount to the 30-day volume weighted average price (VWAP), whichever is the lower at the date of electing to convert.

Early repayment of the loan is possible provided the Company makes good all interest for the 12-month term and the pre-emptive right to convert to equity is relinquished by the lender.

ECTF director Glenn Fozard commented "This loan is consistent with the securitisation program that ECT Finance had undertaken against the repayments of the ELF loan book and this loan continues to reinforce the approach we take in managing cash flow needs of the Company against dilution impacts by securitising the ELF loan book and repaying the wholesale loan to ECT."

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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