



Our Business... Environmental Clean Technologies Limited is in the business of commercialising and selling disruptive technologies that have game-changing potential within the energy and resources sector capable of delivering significant environmental and commercial benefits.



In this Issue • Coldry Flagship Projects – stage of progression • Matmor Status – Hatch report • Extended Executive Team.

Chairman's Message

Dear Shareholders,

I know that many of you are keenly interested in what the future holds for your company, but were unable to attend our AGM last month or the Open Day at our Coldry Technology Centre in Bacchus Marsh in July. We have decided therefore to send you this newsletter to give you an update of the progress that has occurred over the last year and to share with you our strategy going forward.

Much has been achieved in 2009 that lays the foundation for the future.

We secured outright ownership of our flagship Coldry technology and this was a critical milestone allowing us to pursue the various commercial opportunities in which we are engaged with confidence. We extended our small executive team and have developed a robust business model that includes a detailed stepwise engagement process for prospective Coldry licensees/plant developers. Accordingly, we have initiated two flagship projects, the first in Australia and the second in Indonesia, that will demonstrate the technical viability of Coldry and present strategically and economically compelling

returns to project participants. More information on our model and go-to-market strategy for Coldry follows in this update.

Of course this tremendous progress has come at a cost and, through your support, we successfully secured the funding we needed this year to lay a very solid foundation on which to build our business. Thank you for your loyalty and together we can look forward to an exciting year ahead.

**Dave Woodall
Chairman**

CEO's Message

As you are aware, Environmental Clean Technologies has a core portfolio of two game-changing technologies within the energy and resources sector capable of delivering significant environmental and commercial benefits: Coldry, our flagship coal drying and water recovery technology; and Matmor, a unique method for producing iron utilizing cheap, abundant brown coal in place of expensive metallurgical black coal.

Coldry produces a black coal equivalent from low rank coal resources that supports the growing demand for energy at lower CO₂ emissions than would be otherwise possible.

We have two concurrent ventures for Coldry underway. On the local front, we are progressing well with our first project in the Latrobe Valley, Victoria. The site of the Loy Yang power station and mine has been selected and the project will be financed by TinCom, Vietnam. A feasibility study in the coming quarter will lay grounds for the construction of a 20M tonnes per annum production plant of Coldry pellets, intended primarily for export.

Our second flagship project is in partnership with Alexis Minerals International (AMI) in East Kalimantan. Indonesia is the world's

leader in thermal coal exports and is an export hub for supplies to Asia (86.9%), including the burgeoning markets of China and India. While Indonesia has enormous coal resources, an estimated 15 billion tonnes are above 35% moisture and are potentially

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suited to the Coldry process. A Special Purpose Vehicle has been established with AMI and our next step is to attract investment to fund a formal feasibility study.

Both projects are following a systematic process of engagement that is illustrated here and can be used to track progress.

We are pursuing multiple sales opportunities for Coldry and will focus on entering more Southeast Asian countries to expand the Coldry market. ECT currently has about 80 prospects and our main priority is to maximise the number

of sales we can achieve for our Coldry process and to deliver revenues as fast as possible.

While our Coldry activities have been our focus, progress has also been made in relation to our second technology, Matmor. Last June, ECT engaged Hatch, recognised globally as a leader in metallurgical process technologies and advanced furnace design, to perform a review and assessment of commercial development of the Matmor process for iron making.

The biggest advantage of Matmor, compared to traditional blast furnace iron making, is that by utilising aspects of the Coldry process, low cost lignite replaces expensive metallurgical coal bringing production costs down. Additional environmental benefits are that emissions are minimised through the recirculation of waste gases and iron bearing wastes such as mill scale and nickel tailings can be reduced/recycled. Matmor has a small plant footprint and is an ideal product for foundry and steelmaking markets.

The Hatch report has now been delivered and has made a number of recommendations for the next stage of development. Funds

Coldry's engagement process

		TinCom - Loy Yang Project	AMI - East Kalamantan Project	Project 3
Opportunity Identification	<ul style="list-style-type: none"> • Identification of prospective licensor Coldry plant developer 	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Opportunity Screening and Pursuit	<ul style="list-style-type: none"> • Selling Coldry Value Proposition • Facilitate understanding of Coldry technology and economics • Secure interest to test available coal resources • Establish indicative production costs • Presentation of Coldry business proposal • Establish commitment to advance a project (LOI) 	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
Project conceptualisation and Technology Licence Structuring	<ul style="list-style-type: none"> • Identify availability of critical project elements • Determine scale stages of project • Licensing terms • Heads of Agreement • Coordination Agreement 	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3 - 9 Months				
Project Feasibility	<ul style="list-style-type: none"> • Conduct Project-specific Feasibility Study • Revised Project Capital Cost and Production Cost estimate 	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
3-6 Months				
Project Structuring	<ul style="list-style-type: none"> • Secure land rights • Secure government and regulatory approvals • Structure project vehicle • Finalise supply contracts • Finalise off-take contracts • Finalise Coldry licensing agreement • Finalise EPC contract • Determine risk allocation and guarantees (including government) • Secure project financing • Final Investment Decision 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3-12 Months				
Construction and Commissioning	<ul style="list-style-type: none"> • Technology deployment • Project management • Plant Commissioning 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
24-36 Months				
Production and Asset Management	<ul style="list-style-type: none"> • Plant operations • Plant maintenance • Off-take logistics (if relevant) • Ongoing regulation compliance • Continuous Improvement 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

from our recent capital raising have been earmarked for this purpose and will deliver a test program that will inform a detailed design for the pilot plant. We will then seek a strategic partner to advance scale up through the incremental steps of pilot plant and commercial plant at which stage the scalability of individual plant versus modular expansion will be reassessed based on our target markets.

With all the exciting business activity underway this year, we have extended our hard-working executive team. Two new faces at our headquarters are Ashley Moore and Zerlinda Buesnel-May.

Zerlinda, an experienced executive administrator has charge of our office and is implementing systems to underpin our organisation. Ashley will drive Coldry business development taking some of the pressure off Adam Giles who will focus on Technology Development. Chris Closter, our Coldry Plant Manager and Keith Henley-Smith, our Matmor Research Manager hold the fort at our Coldry Technology Centre which is the hub of our R&D and allows sample testing and benchmarking. From there as our installed base grows, we will provide centralised service support, ongoing R&D and design enhancement and environmental scanning.

You may have noticed that we've adopted a fresh clean image - the new logo reflects our brand that we are taking to global markets and the ECT website is being updated to reflect our rapidly developing company. This is a work in progress but you can access what we've done so far. I encourage you to take a look and give us your feedback (info@ectltd.com.au).

It remains for me now to thank all shareholders for your support throughout 2009 and to wish you all a happy holiday season and prosperous 2010.

Kos Galtos, CEO

The Executive Team

Kos Galtos
CEO appointed 2008; experienced with complex, long lead-time, high capex deals.

Adam Giles
Manager, Technology Development since 2008; has assisted in the commercialisation of the Coldry and Matmor technologies since 2005.

Ashley Moore
Business Manager, Coldry, since Oct 2009; Chemical Industry background with extensive experience in all facets of Manufacturing, Supply Chain, Sales and Industrial Marketing.

Chris Closter
Coldry Plant Manager since 2004; instrumental in the hands-on R&D efforts which have seen Coldry progress from a batch process in 2004 to a refined continuous process today.

Keith Henley-Smith
Matmor Research Manager; extensive global iron and steel making experience along with a deep understanding of the chemistry underpinning the Matmor process.

Zerlinda Buesnel-May
Executive Assistant; appointed July 2009, extensive senior EA roles across State, Federal and Private sector covering financial, engineering and technology related fields.

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