

CORPORATE GOVERNANCE POLICY

Environmental Clean Technologies Limited's directors and management are committed to conducting the company's business ethically and in accordance with high standards of corporate governance.

This statement describes Environmental Clean Technologies Limited's approach to corporate governance. The Board believes that Environmental Clean Technologies Limited's policies and practices comply in all substantial respects with the ASX Corporate Governance Principles and Recommendations (2007).

INTEGRITY OF REPORTING

The company has controls in place at the Board and operational level that are designed to safeguard the company's interests and ensure the integrity of its reporting. These include accounting, financial reporting, safety, health and environment and other internal control policies and procedures, which are directed at ensuring the company fully complies with all regulatory requirements and community standards.

Both the managing director and chief financial officer are required to state in writing to the Board that the company's financial reports represent a true and fair view, in all material respects, of the group's financial condition and operational results and are in accordance with relevant accounting standards.

Comprehensive practices have been adopted to ensure:

- Capital expenditure and revenue commitments above a certain size obtain prior Board approval.
- Financial exposures are controlled, including the use of derivatives.
- Safety, health and environment standards and management systems are monitored and reviewed to achieve high standards of performance and compliance.
- Business transactions are properly authorised and executed.

Internal audit has a mandate for reviewing and recommending improvement to controls, processes and procedures used by the company across its corporate and business activities.

The company's financial accounts are subject to an annual audit by an independent, professional auditor who also reviews the company's half yearly financial statements. The Audit and Risk Management Committee oversees this process on behalf of the Board.

RISK IDENTIFICATION AND MANAGEMENT

The Board has in place integrated risk management programs aimed at ensuring the company conducts its operations in a manner that allows risks to be identified, assessed and appropriately managed. Businesses have the responsibility and accountability for implementing and managing the standards processes required by the program.

THE BOARD

Role

The primary role of the Environmental Clean Technologies Limited Board is the protection and enhancement of long term shareholder value. The Board is accountable to shareholders for the performance of the company. It directs and monitors the business and affairs of the company on behalf of shareholders and is responsible for the company's overall corporate governance.

The Board responsibilities include: appointing the chief executive officer and succession planning, approving major strategic plans, monitoring the integrity and consistency of management's control of risk, agreeing

business plans and budgets, approving major capital expenditure, acquisitions and divestments, approving funding plans and capital raisings, agreeing corporate goals and reviewing performance against approved plans.

Responsibility for managing, directing and promoting the profitable operation and development of the company, consistent with the primary objective of enhancing long term shareholder value, is delegated to the managing director, who is accountable to the Board.

The Board recognises the respective roles and responsibilities of the Board and management in the charters prepared for the Board, managing director and chairman and in the company's reserved authorities approved by the Board.

Composition

The Board considers that its structure, size, focus, experience and use of committees enables it to operate effectively and add value to the company.

Environmental Clean Technologies Limited maintains a majority of non-executive directors on its Board and separates the role of chair and managing director. The Board currently comprises 4 directors: 3 independent non-executive directors, including the chairman, and 1 executive director, who is the managing director. The constitution of the Company provides for a minimum of 3 directors and a maximum of 9 directors.

The composition of the Board seeks to provide an appropriate range of experience, skills, knowledge and perspective to enable it to carry out its obligations and responsibilities. In reviewing the Board's composition and in assessing nominations for appointment as non-executive directors, the Board uses external professional advice as well as its own resources to identify candidates for appointment as directors.

The balance of skills and experience of the Board is critically and regularly reviewed by the Corporate Governance and Nominations Committee.

Independence

The Board recognises the special responsibility of non-executive directors for monitoring executive management and the importance of independent views. The chairman and all non-executive directors are independent of executive management and are free from any business or other relationship that could compromise their ability to act in the best interests of the company.

If a conflict of interest arises, the director is not present at the meeting whilst the item is considered. Directors must keep the Board advised, on an ongoing basis of any interests that could potentially conflict with those of the company. Directors are required to promptly disclose to the Board interests in contracts, other directorships or offices held, possible related party transactions and sales or purchases of the company's shares.

Selection and Appointment of directors

The directors are conscious of the need to ensure that Board members possess the diversity of skill and experience required to fulfill the obligations of the Board. In considering membership of the Board, directors take into account the appropriate characteristics needed by the Board to maximise its effectiveness and the blend of skills, knowledge and experience necessary for the present and future needs of the company.

Nominations for appointment to the Board are considered by the Corporate Governance and Nominations Committee and approved by the Board as a whole. Apart from the managing director, directors are subject to shareholder re-election by rotation at least every [insert number] years. Non-executive directors are appointed for a maximum term of [insert number] years. All directors must obtain the chairman's prior approval before accepting appointment to the Board of a publicly listed company.

An orientation program is offered to new directors.

Board meetings

The Board generally holds monthly meetings. Directors attend such additional meetings as the business of the company may require. Directors receive Board papers in advance.

As well as holding regular Board meetings, the Board sets aside additional time annually to review business plans and company strategy. Directors undertake site visits individually or in small groups to access a wider range of sites each year and to provide greater opportunity for meetings with employees and stakeholders at each of the company's operations.

Access to information and Independent advice

Each director has the right of access to all relevant company information and to the company's executives and, subject to prior consultation with the chairman, may seek independent professional advice at the company's expense. Pursuant to an agreement executed by the company and each director a director also has the right to have access to all documents which have been presented to meetings or made available whilst in office, or made available in relation to their position as director for a term of seven years after ceasing to be a director or such longer period as is necessary to determine relevant legal proceedings that commenced during this term.

Shareholdings of directors and employees

Directors are encouraged to hold shares in Environmental Clean Technologies Limited.

The Board has approved guidelines for dealing in securities. Directors and employees must not, directly or indirectly, buy or sell the shares or other securities of any company, including Environmental Clean Technologies Limited, when in possession of unpublished price sensitive information which could materially affect the value of those securities. Subject to this restriction, directors and employees may buy or sell Environmental Clean Technologies Limited shares;

- in the 28 day period commencing 24 hours after the announcement of the Environmental Clean Technologies Limited half-year results; and
- in the period commencing 24 hours after the announcement of the full-year results and ending 31 January, approximately 6 weeks after the company's Annual General Meeting.

Directors, employees and contractors must not engage in short-term dealing in Environmental Clean Technologies Limited's shares or those of any related company.

Directors and Group Executive members must receive clearance from the chairman or company secretary for any proposed dealing in Environmental Clean Technologies Limited shares.

Any transaction conducted by directors in shares of the company is notified to the Australian Stock Exchange. Each director has entered into an agreement with the company to provide information to allow the company to notify the ASX of any share transaction within 3 business days.

Directors' fees

Total remuneration for non-executive directors is determined by resolution of shareholders. Non-executive directors do not participate in any incentive schemes.

BOARD COMMITTEES

The Board has established an Audit and Risk Management Committee and a Remuneration and Nomination Committee.

Audit and Risk Management Committee

The Audit and Risk Management Committee comprises three independent non-executive directors with relevant financial, commercial and risk management experience. The chairman of the Audit and Risk Management Committee is separate from the chairman of the Board. John Hutchinson is the current chair of the Audit and Risk Management Committee. The committee is charged with assessing the adequacy of the company's financial and operating and environmental risk management controls, compliance with legal requirements and ethical guidelines affecting the company. The committee plans to meet at least four times per year.

The committee assesses and reviews audits and any material issues arising from these audits. It also assesses and reviews the accounting policies and practices of the group as an integral part of reviewing the half yearly and full year accounts for recommendation to the Board. It also makes recommendations to the Board regarding the appointment of external auditors and the level of their fees and provides a facility, if necessary, to convey any concerns raised by the auditors independently of management influence.

The auditors attend committee meetings and meet privately with the committee at least twice per year.

The company's external audit firm was most recently appointed in 2007.

Remuneration and Nomination Committee

The Remuneration & Appointments Committee, which comprises all the non-executive directors, is chaired by John McMullan. It reviews the performance and remuneration of senior management including executive directors. Remuneration is set by reference to independent data, external professional advice, the company's circumstances and the requirement to attract and retain high-calibre management. It also has responsibility for overseeing the appointment and succession of the executive directors.

Continuous Disclosure and Keeping Shareholders Informed

The company seeks to provide relevant and timely information to its shareholders and is committed to fulfilling its obligations to the broader market for continuous disclosure. We aim to ensure timely provision of equal access to material information about the company.

The Board has approved a continuous disclosure policy to ensure that the procedures for identifying and disclosing material and price sensitive information in accordance with the Corporations Act and ASX Listing Rules are clearly articulated. This policy sets out the obligations of employees and guidelines relating to the type of information that must be disclosed.

Information provided to and discussions with analysts are subject to the continuous disclosure policy. Material information must not be selectively disclosed prior to being announced to the Australian Stock Exchange. The Company Secretary is the person responsible for communication with the Australian Stock Exchange.