



Shareholder Update: Capital Raising

Thursday, 19 July 2012: Environmental Clean Technologies Limited (ASX: ESI) (ECT or Company) provides the following update on capital raising activities.

Status of Monash Capital Share Placement Settlement

The 'Monash Capital transaction' approved under resolution 4 at the general meeting on 27 April 2012 has experienced some delays.

In correspondence received from Monash Capital on 18 July 2012, the Company has been advised that Monash Capital remains confident that the transaction can be finalised by 26 July 2012.

In the event there are delays beyond 26 July 2012, Monash Capital has proposed a contingency program comprising the issuance of up to 300,000,000 Fully Paid Ordinary Shares (ESI) at \$0.02, with 300,000,000 Options (ESIO). If the revised program is required and endorsed by the Board, funds would be provided to the Company as a Convertible Loan subject to Shareholder approval at an EGM.

In the correspondence Mr. Youren states "We are still very committed to the ECT investment and are including the company in a number of additional projects that we have underway. We can confirm that the funding that we have organised in conjunction with our partners IMFA includes funds for the development of Coldry, Matmor and EL5119."

Interim Funding Measures

In the meantime, the Board has accepted a "FAST Finance" loan through Greenard Willing which will effectively provide a \$1 million advance against the expected R&D tax concession due in October-November 2012.

The Board believes that this is a reasonable source of short-term finance and an appropriate arrangement.

The terms of the FAST Finance loan are as follows:

Term	6 months
Repayment	Cash in full from the R&D tax rebate refund
Interest Rate	15% p.a. payable upfront
Distribution Fee:	5%

Mr Michael Davies, Executive Chairman said "We appreciate the candid and responsible approach adopted by Monash Capital. The contingency offer contained in the correspondence of 18 July 2012 is indicative of their genuine interest in the Company. Naturally, the Board is keen to resolve our longer term funding requirements and trust that the contingency plan is not required. In the meantime, the Interim Funding Measures will allow the continuation of the Design for Tender program – a critical objective for the company."

For Further Information Contact:

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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.
