ECSI limited

8 July 2011

Further to the announcement by ECSI Limited (**Company**) on 13 April 2011 regarding the placement of shares and proposed acquisitions (**April Announcement**), the Company wishes to update shareholders on the outcome of its due diligence investigations and the progress of ongoing negotiations.

1. Acquisition of African mining assets

As foreshadowed in the April Announcement, the Company has been conducting due diligence investigations in relation to the acquisition of certain interests in uranium tenements in Africa (**African Sale Assets**). The Company's due diligence investigations are well progressed.

As a result of the due diligence investigations completed to date, the Board has resolved to progress the proposed acquisition of the African Sale Assets by commencing the preparation of the legal documentation necessary to give effect to the proposed transaction including sale agreements, notice for general meeting of shareholders and a draft prospectus.

The Company expects to execute the sale agreements after the completion of due diligence unless due diligence investigations identify any unforeseen issue that would have a material adverse impact on the value of the assets.

1.1 Mauritania Acquisition

The Company had previously advised that the four uranium permits in Bir Moghrein, Mauritania, being permit nos. 477, 478, 982 and 983 (**Mauritania Permits**), were owned by Resource Investments (International) Pty Ltd (**RII**).

RII has subsequently transferred its interest in the Mauritania Permits to Maadin Natural Resources (**MNR**), a company incorporated in Mauritania, to hold on trust until such time as RII requests that the Mauritania Permits be transferred.

MNR will therefore be party to any sale agreement with the Company regarding the sale of the Mauritania Permits and the new ordinary shares in the capital of the Company (**New Shares**) to be issued as consideration will be issued to MNR (as trustee).

1.2 Namibia Acquisition

As set out in the April Announcement, the Hoasib Project located in Swakopmund, Namibia (**Hoasib Project**) is wholly owned by Green Mineral Resources Pty Ltd (**GMR**).

The Company had previously advised that it intended to acquire 70% of the issued shares of GMR which were held by Africa Uranium Limited (**AUL**).

The Company has entered into an agreement with Bastos Foundation (Pty) Ltd (**Bastos**) to acquire its 30% interest in GMR. In exchange, the Company will issue to Bastos a number of New Shares calculated as follows:

A = $500,000 / (B x C)

where:

A	=	the number of New Shares to be issued to Bastos
B	=	$0.02 being the agreed value of the Company's shares as at the date on which the term sheet was signed by the parties
C	=	the consolidation ratio being the total number of issued ordinary shares in the capital of the Company immediately prior to the consolidation divided by the total number of issued ordinary shares in the capital of the Company immediately following the consolidation (**Consolidation Ratio**)

Bastos is not entitled to receive from the Company any earn out amount after completion of the sale of its interest in GMR.

The acquisition of Bastos' interest in GMR is conditional on the Company being satisfied with the outcome of its due diligence investigations.

2. Acquisition of Aus Décor Pty Ltd and Green Décor Pty Ltd

The Company has not completed its due diligence investigations regarding the acquisition of all the shares in the capital of Aus Decor Pty Ltd and all the shares in the capital of Green Decor Pty Ltd (collectively, the **Decor Sale Assets**).

The Company wishes to advise that, based on time constraints and the opportunity to acquire the Uranium assets, it has decided not to proceed with the acquisition of the Decor Sale Assets.

3. Acquisition of Pubsolar Pty Ltd

The Company has not completed its due diligence investigations regarding the acquisition of all the shares in the capital of Pubsolar Pty Ltd (**Pubsolar Sale Assets**).

The Company wishes to advise that, based on time constraints and the opportunity to acquire the Uranium assets, it has decided not to proceed with the acquisition of the Pubsolar Sale Assets.

4. Financial position of merger entity

The Company has prepared an updated pro forma balance sheet of the merged entity which is attached to this announcement. The pro forma balance sheet assumes that all of the proposed transactions described in the April Announcement, but varied as described in this announcement, are completed.

The pro forma balance sheet is based on the negotiated purchase price for the African Sale Assets. The Company will conduct due diligence investigations in relation to this proposed acquisition. If the proposed acquisition proceeds, the Company will commission an independent expert's report to accompany the notice of general meeting in which the expert will opine on whether the proposed acquisition is fair and reasonable to the Company's shareholders. As part of its report, the independent expert will consider the value of the assets proposed to be acquired.

5. Impact on capital structure

An updated pro forma post-completion capital structure is attached which illustrates the impact of all proposed transactions and consolidation. The attached capital structure assumes a Consolidation Ratio of 28:1 based on the current market and issue price of 0.7 cents per share. If the Consolidation Ratio changes, then the pro forma capital structure will change.

6. Timetable

The Company wishes to advise that, in light of the changes to the proposed transaction detailed above, the indicative timetable set out in the April Announcement has been revised.

The Company is continuing to negotiate transaction documentation with the relevant parties and will provide a further update once a revised timetable has been agreed.

In the meantime, the Company is also progressing preparation of the notice of general meeting and prospectus in anticipation of requiring shareholder approval for the proposed transaction and satisfying the listing requirements under Chapters 1 and 2 of the ASX Listing Rules.

For further information, please contact the Company.

George Karafotias
Director – 0421 086 550

Pro forma capital structure

ECSI Ltd	**Starting capital**		**441,536,387**
Placement	Placement @ 0.7 cents		65,000,000
	Expanded capital following placement		**506,536,387**
Consolidation	Consolidation at 28:1 (by way of illustration based on current market & issue) Price of 0.7 cents per share)		
	Capital post-consolidation		**18,090,585**
African assets	Total vendor shares $40.5m @ 20 cents		202,500,000
	Expanded capital post-transaction and pre-consolidation		**220,590,585**
		Ownership structure post-transaction	
		Initial shareholders	*7.15%*
		Placee	*1.05%*
		African_vendors	*91.80%*
		Total	*100.00%*
IPO	IPO raises $2m @ 20 cents		10,000,000
	Expanded capital post-IPO		**230,590,585**
		Ownership structure post-transaction	
		IPO subscribers	*4.34%*
		Initial shareholders	*6.84%*
		Placee	*1.01%*
		African_vendors	*87.82%*
		Total	*100.00%*
Earn out	Total earn out amount to African vendors $30m @ 20 cents		150,000,000
	Consisting of:		
	African vendors		80,000,000
	Promoters		70,000,000
	Expanded capital post-earn out		**380,590,585**
		Ownership structure post-transaction	
		IPO subscribers	*2.63%*
		Initial shareholders	*4.14%*
		Placee)	*0.61%*
		African vendors	*74.23%*
		Promoter	*18.39%*
		Total	*100.00%*

ECSI limited

ECSI Limited
Pro-forma Balance Sheet
Post Transaction

			1	*2*	*3*	*4*	
	ECS	**Uranium**	**Capital Raising net of Costs**	**Purchase of Assets**	**Earn Out**	**Eliminations**	**Pro-forma**
ASSETS	**A$**	**A$**	**A$**	**A$**	**A$**	**A$**	**A$**
Current Assets							
Cash	350,000	884	1,650,000	-	-	-	2,000,884
Financial Assets	200,000	-	-	-	-	-	200,000
Total Current Assets	**550,000**	**884**	**1,650,000**	**-**	**-**	**-**	**2,200,884**
Non-Current Assets							
Fixed Assets	550	11,126	-	-	-	-	11,676
Intangible Assets	-	2,178,239	-	-	-	67,809,751	69,987,990
Investment in Sub-Uranium	-	-	-	40,000,000	30,000,000	(70,000,000)	-
Total Non-Current Assets	550	2,189,365		40,000,000	30,000,000	(2,190,249)	69,999,666
Total Assets	**550,550**	**2,190,249**	**1,650,000**	**40,000,000**	**30,000,000**	**(2,190,249)**	**72,200,550**
LIABILITIES							
Current Liabilities							
Trade and Other Payable	35,000	-	-	-	-	-	35,000
Total Current Liabilities	**35,000**	**-**	**-**	**-**	**-**	**-**	**35,000**
Total Liabilities	**35,000**	**-**	**-**	**-**	**-**	**-**	**35,000**
Net Assets	**515,550**	**2,190,249**	**1,650,000**	**40,000,000**	**30,000,000**	**(2,190,249)**	**72,165,550**

ECSI Limited
Pro-forma Balance Sheet
Post Transaction

	ECS	**Uranium**	***1*** **Capital Raising net of Costs**	***2*** **Purchase of Assets**	***3*** **Earn Out**	***4*** **Eliminations**	**Pro-forma**
	A$	**A$**	**A$**	**A$**	**A$**	**A$**	**A$**
EQUITY							
Contributed Equity	92,739,285	2,637,364	2,000,000	40,000,000	30,000,000	(2,637,364)	164,739,285
Retained Earnings	(92,223,735)	(447,115)	(350,000)	-	-	447,115	(92,573,735)
Total Equity	**515,550**	**2,190,249**	**1,650,000**	**40,000,000**	**30,000,000**	**(2,190,249)**	**72,165,550**

Notes

1. Capital raising under prospectus to raise a minimum of $2 million less the cost of the transaction to acquire Uranium Asset estimated at $350,000
2. Purchase of the Uranium Asset
3. Earn out subject to conditions on Uranium Asset.