

## **ECSI LIMITED**

ABN 68 004 240 313

### **Company Update**

#### **Proposed Acquisition**

ECSI Limited (ASX:ECS) is pleased to announce it is continuing to progress the proposed transaction announced on 27 January 2012.

The Company has prepared share sale agreements which have been reviewed by local counsel in both Namibia and Hungary and it is expected these will be signed by all parties shortly.

The Company is pleased with the results and progress of the transaction so far and believes the proposed transaction will provide a great result for shareholders.

The Company is currently finalising a draft Notice of Meeting (NOM), including an independent expert's report that will opine on whether the African transaction is fair and reasonable when considered from the perspective of shareholders.

The board is currently reviewing the documents and expects to have them lodged with the Australian Securities and Investment Commission (ASIC) and the Australian Stock Exchange (ASX) by 19 May 2012, with a proposed meeting of shareholders to take place on June 29 2012. Further information will be given to shareholders in due course.

#### **Coal**

During this time, Synclean PLC has continued to work and develop the assets that will increase the value of them to ECS.

In particular, during this period, Synclean has:

1. Acquired extensive data, digitisation and data modelling that will assist in developing the project.
2. Started a drilling programme with a target of obtaining a JORC resource by 31 December 2012.
3. Ensured conformation of TOP's by payment of guarantees.

Also, the Company has been advised that recent changes to the mining law in Hungary have altered the way exploration/mining companies apply for mineral rights. Granting of permits by regional Mining Bureaus has ceased. Exploration and/or mining concessions can now only be granted by the Central Government. This results in a more restrictive and expensive process.

Synclean's permits were the last to be granted under the previous system thus increasing the value of the permits.

### **Uranium**

Africa Uranium Limited has successfully renewed both permits in Namibia until 2013. This gives ECS the opportunity and time to continue developing the assets with a view of obtaining a JORC resource within twelve (12) months.

ECS has developed, with the assistance of a uranium expert, a detailed drilling plan that will assist the Company in achieving its objectives.

### **Placement**

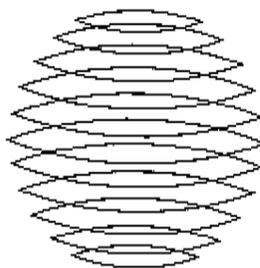
Further to the announcements on 3 April 2012 and 8 May 2012, placements made to sophisticated investors give ECS the confidence and resources to complete the proposed transaction.

ECS is appreciative of the confidence the investors have shown in the board in taking the Company forward.

### **Attachment**

The Company has attached a brief overview of the proposed acquisition announced on 27 January 2012.

The board believes the direction the Company is taking will bring long lasting value to ECS and more importantly the shareholders.



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**ECSI Limited (ECS) has entered into agreement to acquire seven Underground Coal Gas (UCG) permits in Hungary and 2 Uranium permits in Namibia, subject to the finalisation of formal legal documentation which is expected to occur by 11 May 2012.**

### **Highlights**

#### **1. Coal**

- Seven (7) permits consisting of an area of 730 km<sup>2</sup> in Hungary
- In an established area for coal basins with good rail and road network
- Coal reserves ideal for the UCG process
- UCG enables coal to be converted into gas without it being mined

#### **2. Uranium**

- Two (2) permits in Western Namibia
- Project is located within a well-endowed Uranium bearing region
- Sample Tests have yielded impressive results of up to 11,712 ppm eU<sub>3</sub>O<sub>8</sub>.

### **Overview**

ECSI Limited is an ASX listed company (ASX: ECS), which proposes to enter into agreements with Synclean PLC and Africa Uranium Limited to obtain assets in the resources of Underground Coal Gas and Uranium.

These particular resources are in high demand and such demand is expected to continue in the future as they provide access to power sources that are regarded as more environmentally friendly than traditional power sources.

Hungary has banned all new coal mining permits. Given that Hungary imports over 80% of its power needs, this presents ECSI Limited with a unique opportunity to exploit the UCG assets it intends to acquire.

UCG enables coal to be converted into gas without it being mined, thereby reducing the impact on the environment. Further more, the process eliminates CO2 being emitted into the environment.

Hungary also has an extensive gas pipeline grid that allows for the easy transfer of the gas to Western Europe and the assets are located in close proximity to existing Power Stations.

The uranium assets are located in one of the world's largest known Uranium reserves, found in Western Namibia. Some of the largest Uranium Companies are in the area including Paladin, Rio Tinto, Areva and Extract Resources. Namibia is a politically and economically stable country where the government actively encourages foreign investment. ECS considers this acquisition will mean it is well positioned to take advantage of expected high demand for Uranium from China and India.