



ENVIRONMENTAL SOLUTIONS INTERNATIONAL LTD



ABN 28 009 120 405

5 September 2006

Company Announcements Office
Australian Stock Exchange Limited

Dear Sir / Madam,

**By e-Lodgement
2 Pages**

PLACEMENT OF SECURITIES

The Directors of Environmental Solutions International Limited ("ESI") are pleased to announce that the Company has arranged a placement of 555,555 ordinary fully paid shares (to rank equally in all respects with existing shares) at 45 cents per share to raise net proceeds of \$250,000.

The placement has been made to a sophisticated and professional investor. The placement is being undertaken within the Company's 15% share issue capacity pursuant to the ASX Listing Rules and accordingly, shareholder approval will not be sought.

Funds raised from the placement will be applied to general working capital purposes.

The Board has a minimum dilution policy in place. This placement is made within the framework of that policy and the current share price level.

It is intended that the placement will be completed and shares issued by no later than 14 September 2006.

We enclose an Appendix 3B relating to the proposed issue referred to above.

For and on behalf of the Board.

SEAN HENBURY

Company Secretary
Environmental Solutions International Limited

For further information please contact:

Mr. Murray d'Almeida (Chairman): 0401 691 514 or
Mr. Sachlan Fraval (Director): 0408 574 252

Environmental Solutions International Limited

C/- FJH Solutions Pty Ltd, 21 Teddington Road, Burswood WA 6100 PO Box 6918, East Perth WA 6892
T: (08) 9486 2333 F: (08) 9355 4580



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About Environmental Solutions International Ltd:

ESI is a publicly listed environmental technology company which via its wholly owned subsidiary Asia Pacific Coal & Steel Pty Ltd ("APCS") has an exclusive right under a Participants Agreement with the technology owners, subject to achieving technology and production milestones under that agreement, to licence, subject to paying royalties, the Coldry process (producing commercially saleable brown coal pellets from high moisture brown coal), and the Matmor process (producing high grade carbon steel from high moisture content brown coal). APCS was formed to commercialise and license these technologies.

The patented Coldry Process® is a unique process that dewateres brown coal and similar materials by as much as 85% in a mechanically simple and economic way, creating an equivalent high energy value feedstock equal to black coal. The Matmor Process® mixes wet brown coal with low grade un-marketable ores such as iron and nickel and produces high quality steel and nickel via a low cost, low emission retort.

The Company also holds patents to the ENERSLUDGE™ technology. The key to this patented technology is the molecular rearrangement by a process of slow pyrolysis plus intimate contacting of the product streams in the main conversion reactor to obtain the optimum quality of products. A series of lower cost and more flexible 'second-generation' designs are now ready for market. The ENERSLUDGE™ technology provides enormous environmental and operational flexibility. The variety of potential uses for the ENERSLUDGE™ output products from a particular sludge or waste give the technology considerable market and commercial flexibility.

Ends.

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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

ENVIRONMENTAL SOLUTIONS INTERNATIONAL LIMITED

ABN

28 009 120 405

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|------------------|
| 1 | +Class of +securities issued or to be issued | ORDINARY |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 555,555 ORDINARY |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | N/A |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes					
5 Issue price or consideration	45 cents per share					
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	To raise working capital					
7 Dates of entering +securities into uncertificated holdings or despatch of certificates	tba					
8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> </tr> </thead> <tbody> <tr> <td>232,865,700</td> </tr> </tbody> </table>	Number	232,865,700	<table border="1"> <thead> <tr> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>Ordinary Shares</td> </tr> </tbody> </table>	+Class	Ordinary Shares
Number						
232,865,700						
+Class						
Ordinary Shares						

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	Number	*Class
9 Number and *class of all *securities not quoted on ASX (including the securities in clause 2 if applicable)	196,500	Unlisted Options – 19/03/2007, \$3.25 exercise price
	196,500	Unlisted Options – 20/03/2007, \$3.75 exercise price
	27,067,857	Unlisted Options – 01/11/2008, 1c exercise price
	14,256,503	Fully Paid Ordinary Restricted Shares – (Restriction ceases 25/05/2007)
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company does not currently have a dividend policy	

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	N/A
12 Is the issue renounceable or non-renounceable?	N/A
13 Ratio in which the *securities will be offered	N/A
14 *Class of *securities to which the offer relates	N/A
15 *Record date to determine entitlements	N/A
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17 Policy for deciding entitlements in relation to fractions	N/A

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 18 Names of countries in which the entity has ⁺security holders who will not be sent new issue documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.

N/A

- 19 Closing date for receipt of acceptances or renunciations

N/A

⁺ See chapter 19 for defined terms.

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 ⁺Despatch date N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) ☒ Securities described in Part 1
- (b) ☐ All other securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
- 1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	N/A				
39	Class of +securities for which quotation is sought	N/A				
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	N/A				
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	N/A				
42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> <tr> <td style="height: 100px; vertical-align: top; padding: 5px;">N/A</td> <td></td> </tr> </table>	Number	+Class	N/A	
Number	+Class					
N/A						

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

+ See chapter 19 for defined terms.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Print name: SEAN HENBURY
Company Secretary

Dated: 5 September 2006
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+ See chapter 19 for defined terms.