



Debt Swap & Shortfall Application Update

Thursday, 27 October 2011: The Board of ECT wishes to advise that it has secured Converting Loans facilitated by Menzies Securities Pty Ltd (**Menzies Securities**) in order to assist the restructuring of ECT's capital base and the cash payment of current Conversion Notices payable to La Jolla Cove Investors Inc (**LJCI**).

Shareholders will be asked at the 2011 Annual General Meeting on Wednesday 30 November 2011 to approve repayment of the Converting Loans by the issue of Convertible Notes pursuant to ASX Listing Rule 7.1.

Menzies Securities offered ECT favourable terms including:

- A moratorium on conversion until 31 December 2011
- Ability to redeem the notes with cash, without dilution of existing shareholders

Mr. Michael Davies, Executive Chairman noted "The new Convertible Loans offer advantageous terms and provides ECT with the capacity, to satisfy, where permitted by contract, convertible notes by way of cash redemption. ECT is seeking formal discussions with LJCI for a commercial settlement of the outstanding balance of the existing LJCI Convertible Notes."

The key terms of the new Converting Loans are:

Term

6 months.

Interest Rate

0% p.a. subject to the floor and interest triggers

Total amount

Up to AU\$400,000

Tranches

All funds must be drawn down by 31 October 2011.

Repayments

The Converting Loans are repayable in 6 months but if approved by shareholders, by the immediate issue of a Convertible Note with a face value equal to the total Converting Loan drawn. If approved the Convertible Notes will be repayable in full or in part by the way of ECT shares, at the Conversion Price, within 2 working days after a conversion notice has been submitted to the company. The Convertible Notes have a 2 year maturity date.

ECT has the option to repay the Convertible Loans with cash.

Conversion Price

The Convertible Notes, if approved, shall be converted at the note holders' election, at 80% of the lowest daily VWAP of ECT shares for the preceding 10 trading days prior to conversion or at \$0.006. If a note holder elects to convert part of the Convertible Notes at \$0.006, the note holder will be issued 1 free option (on the same terms as the 2011 rights issue) for every 2 shares issued on conversion.

Conversion Restrictions

The note holders agree to be subject to a conversion moratorium up to 31 December 2011.

Security

Repayment of the loan and Convertible Notes issued in satisfaction of the loan will be secured by charges issued to Menzies Securities or its clients who have provided the funds.

Floor Price and Interest Triggers

Any unconverted notes will incur an interest rate of 300 basis points above the Australian 90 day BBSW should the price of ECT's fully paid ordinary shares stay at or below \$0.003 per share for 10 consecutive trading days.

Shortfall Application Website

ECT is also pleased to advise that a dedicated web page has been established on our website to provide existing and prospective new investors access to a shortfall application form and Prospectus. The web page can be found at www.ectltd.com.au/shortfall-registration.

Mr Davies stated "I wish to thank the ECT team and our legal, financial and corporate advisors for an exceptional effort in delivering the Non-renounceable Rights Issue Prospectus, the Convertible Loan and the progress on the Shortfall program. These initiatives are demanding for any organisation and in our case this has been exacerbated by a number of additional challenges. It is a testament to the resolve and tenacity of the team that we have delivered these outcomes.

We will now apply the same resolve and tenacity in completing the Shortfall program and the balance of five key issues. I trust that shareholders will continue to support our efforts".

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.
