



Proposed Placement and Project Funding

Thursday, 15 March 2012: Environmental Clean Technologies Limited (ECT or Company and ASX code: ESI) advises it is in negotiations with Monash Capital Group Pty Ltd (Monash Capital) in respect of short term funding for completion of the Design for Tender, the on-going development of the Company's technologies and working capital requirements and long term funding for the construction of a Coldry Commercial Demonstration plant to prove the commercial viability of the Coldry technology.

The Directors of ECT have agreed in-principle with Monash Capital to make a placement of 300 million fully paid ordinary shares (ESI) and 300 million listed options (ESIO) exercisable at 2.0¢ on or before 16 January 2014 for consideration of \$4.0 million. ECT will seek shareholder approval for this placement at a general meeting of shareholders, which is expected to be convened late April / early May 2012.

The Company has also agreed with Monash Capital to enter into good faith negotiations to conclude an agreement whereby Monash Capital will provide project financing for the construction of a single module Coldry Commercial Demonstration plant of 150,000 to 200,000 tonnes per annum capacity in the Latrobe Valley to prove the economics of Coldry production in Victoria. The Company will offer to Monash Capital participation in joint ventures in respect of the commercial exploitation of the Coldry and Matmor technologies and other commercial opportunities as they emerge. These negotiations will be complex but are expected to be concluded within three months and the Company will announce details when the key terms of the proposed deal are agreed.

The proposed placement provides a solid foundation for the on-going funding to take to the next stage the commercialisation of ECT's core technologies.

ECT Managing Director Mike Davies commented "The Company's board and management have been working diligently to progress its commercialisation plans for both Coldry and Matmor technologies and, as part of this, to identify partners to assist with the provision of funding. The first elements of these commercialisation plans include the timely completion of Phases 2 and 3 of the Design for Tender program and construction of the Coldry Commercial Demonstration plant in Victoria. Financial support from Monash Capital will enable ECT to progress these plans expediently and with greater confidence. In providing this financial support, which is expected to extend to project funding for the Demonstration plant, Monash becomes the cornerstone investor the Company has been seeking.

I want to acknowledge the efforts and contribution to these negotiations by the ECT board members and the Company's management team. Furthermore I acknowledge the assistance provided to the Company by Greenard Willing Pty Ltd in facilitating discussions with Monash.

Most importantly I want to thank our shareholders for their patience and support of the board and management as we re-focussed the Company on achieving tangible progress in commercialising ECT's valuable technologies".

Neil Youren, Director of Monash Capital made the statement "ECT's expertise in commercialising technology is an excellent fit with Monash Capital's experience in infrastructure projects and extensive global partnerships in Europe, Asia and the Middle East."

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.