ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Shareholder Update: Capital Raising

Thursday, 26 July 2012: Environmental Clean Technologies Limited (ASX: ESI) (ECT or Company) provides the following update on capital raising activities.

Status of Monash Capital Share Placement Settlement

The Company has received $500,000 to date in part satisfaction of the $4 million placement as approved at the General Meeting on 27 April 2012.

The Directors of ECT have received correspondence from Monash Capital advising that the balance of the placement will be delayed beyond todays 'resolution 4' deadline.

Therefore the timeframe to settle the remaining balance of the $4 million placement under the terms of resolution 4 will expire at 5pm today, triggering the contingency offer outlined in the announcement on 19 July 2012.

The contingency offer from Monash will take the form of a Converting Loan totalling $6 million instead of $4 million for the same quantity of shares, effectively achieving a 50% premium over the terms previously approved by shareholders. The Converting Loan is be subject to shareholder approval.

In the correspondence received from Monash Capital, Mr Neil Youren states, "We are naturally frustrated by the delays experienced in finalising our funding package. However, we reiterate our commitment to ECT and our written offer of 18 July 2012 to subscribe for up to 300 million Fully Paid Ordinary Shares (ESI) at $0.02 and 300 million Listed Options (ESIO)"

Executive Chairman Mr Michael Davies commented "The ECT Board has worked closely with Monash Capital over the past three months and appreciates the tremendous frustration experienced in the course of finalising the funding package. Monash's offer to acquire up to 300 million each of shares and options at $0.02 per share, demonstrates their serious intent to invest in ECT and the broader energy sector. Accordingly, the ECT Board remains optimistic that Monash can fulfil its obligations"

Mr Davies added, "Whilst the ECT Board is satisfied that Monash Capital is working diligently to finalise its funding arrangements, the Company reserves all of its rights in regards to the outstanding balance of funds. The recently announced 'Fast Financing' allows the Company to meet all of its short-term obligations and to explore a number of funding alternatives".

The process and timing around Monash's Converting Loan offer will be the subject of further announcements.

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.