ENVIROZEL LIMITED

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8 August 2006

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Placement Positions Envirozel For Growth

Envirozel is pleased to announce that it has raised $2.5M via the issue of 17,875,500 shares @14 cents each, in a placement managed by Southern Cross Equities.

Of the funds raised, $2.1 will be allocated to pay the deferred consideration for the recent acquisition of Brockman Engineering Pty. Ltd. ahead of schedule. The balance will be used for working capital.

The company is now able to restructure its banking facilities, thus providing it with the ability to pursue its strategy of growth by the acquisition of profitable businesses operating in, or providing services to, the water and steel industries.

The main participant in the placement is specialist small cap fund manager Paradice Investment Management, taking up 10M shares, which will equate to 6.4% of the expanded issued capital of Envirozel upon settlement.

The balance has been acquired by high net worth clients and associates of Southern Cross Equities and ABN Amro Morgan, both of which have been strong supporters of the company.

Envirozel expects to announce its full year 2005-06 results on or about 1 August 2006, with expectations that it will come in at the upper end of the forecast announced to the ASX on 6 June 2006.

The outlook for 2006-07 is very positive, with the company able to benefit from a full year ownership of Brockman Engineering, and a continuing excellent performance by Syfon Systems.

Yours sincerely

Gordon McKern
Chairman