

Shareholder Update

Thursday, 18 August 2011: Environmental Clean Technologies Limited (ECT) (ASX:ESI) wishes to provide an update on the following areas;

- Executive team
- Non-Renounceable Rights Issue
- Private Placement

EXECUTIVE TEAM

Managing Director

The Board of ECT is pleased to announce the appointment of Mr Michael Davies as the Managing Director and Executive Chairman. Mr Davies joined the Board of ECT on July 7, 2011

Mr Davies is a trained Civil Engineer and has completed postgraduate qualifications from Macquarie University.

Mr Davies has over 30 years experience in the mining and mining services sectors, complete with international responsibility for market development and sales growth.

Mr Davies said, "It is a great privilege to be offered this opportunity. Having spoken to a number of shareholders and strategic partners over the past month I appreciate that there are a variety of views as to the progress of the Company and queries regarding our immediate plans.

The ECT team is focussed on the delivery of the following:

1. Completing the 2000 tonnes of Coldry product for delivery to Datang for the test burn.
2. This program will provide critical data sets for the first stage of the proposed Design for Tender (DFT) program to be undertaken by Arup.
3. Establishing the schedule with Arup for the completion of the DFT.
4. A comprehensive review of all expenditure, contracts and market opportunities.
5. Recapitalising the Company.

I have recently travelled with Mr Ashley Moore to Asia and can assure shareholders that there is real interest in Coldry and a critical need for viable alternate energy sources. The completion of the DFT will allow the Company to further develop critical relationships throughout the region and present a completed, independent engineering report pertaining to the viability and cost of the process."

Chief Operating Officer

The Board is also pleased to announce the appointment of Mr Ashley Moore as Chief Operating Officer and as an Executive Director of the Company.

Mr Moore is a graduate of Melbourne University in Chemical Engineering and has extensive industry experience in all facets of supply chain management, sales and marketing and major project delivery.

Mr Moore has been an employee of ECT since October 2009 and during that time has displayed exemplary leadership and team building skills. Mr Moore's expanded responsibilities and seat on the Board will allow him to further shape the future of the Company.

NON-RENOUNCABLE RIGHTS ISSUE

As advised to the market, the Company is currently finalising a Prospectus in support of its intention to raise approximately \$3.6 million in order to deliver the Datang test burn, complete Stage One of the DFT and support ongoing operations. It is anticipated that the Prospectus will be lodged with the Australian Securities and Investments Commission and ASX by the end of August 2011.

Given recent market volatility, Directors wish to advise that the offer will be based on:

1. ECT offering approximately 600 million new shares at \$0.006 per new share to raise approximately \$3.6 million before expenses under the Prospectus, on the basis of 2 new shares for every 3 fully paid ordinary shares in ECT.
2. Subscribers for new shares receiving 1 new option (ESIO), at no additional cost, for every 2 new shares issued to them.
3. Shareholders will have the opportunity of applying for an allotment of any shortfall.

PRIVATE PLACEMENT

In order to support ongoing operations ECT accepted an offer from Menzies Securities Pty Ltd to place approximately 43.8 million fully paid ordinary shares (ESI) at \$0.006 per share to raise \$262,500 from sophisticated investors. With each 2 new shares subscribed for, the investors received one new listed option (ESIO) being a total of approximately 21.9 million new options. Full details of the new shares and options are shown in the Appendix 3B lodged following this announcement.

REQUEST TO LIFT TRADING HALT

The Company requests ASX lifts the trading halt be lifted to enable the Company's securities to resume trading on ASX at the commencement of trade on Thursday, 18 August 2011.

For Further Information Contact:

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About ECT

ECT is in the business of commercialising and selling disruptive, leading-edge technologies that have game-changing potential within the energy and resources sector that are capable of delivering environmental and commercial benefits.

We are focused on advancing a portfolio of such technologies that have attractive market potential. This potential is largely informed by global markets that exhibit significant potential for growth and enable us to secure sustainable profits through licensing royalties or other commercial mechanisms.

About Coldry

When applied to lignite and some sub-bituminous coals, the mechanically simple Coldry process produces a black coal equivalent (BCE) in the form of pellets that are stable, easily stored, can be transported and which can be of equal or better energy value than many black coals, whilst significantly reducing CO2 emissions.

About Matmor

The Matmor process is positioned to revolutionise primary iron making thanks to the design of our simple, low cost, low emission, patented Matmor retort using cheaper, alternative raw materials.
