

UK MANAGED FUND COMMITS A\$10M TO ESI

Friday, 8 August 2008: Environmental Clean Technologies Limited (ECT) (ASX:ESI) advises that it has agreed terms of a subscription agreement with UK managed Pacific Capital Investment Management Limited (PCIM) for the issue of A\$10M in convertible notes.

The capital will be used to fund the pursuit of ECT's global sales objectives and the establishment of profitable commercial operations.

Under the terms of the agreement, the convertible notes will be unsecured with a zero per cent coupon. The notes will be issued in tranches and will mature 2011. PCIM will consider requests from ECT to accelerate or delay its subscription timing and, subject to payment of a fee, ECT can cancel further subscription at any point. The agreement is dependent on normal approvals including ASX and ECT shareholders, per the announced General Meeting scheduled for 10 September 2008.

While the company's existing \$15M equity line arrangement with Fortrend remains, the PCIM facility shall become the preferred option for ECT.

ECT Chief Executive Kos Galtos said these were exciting times for the company.

"Coldry is commercial and ECT is ready to move now!"

"This investment is a vote of confidence from PCIM in the future of ECT that will enable us to expand our operations to pursue production of 'cleaner' brown coal and black coal substitute," Mr Galtos said.

"Upon shareholder approval of this note, we will immediately move to employ clever people in the roles of Coldry Product Manager, Business Development Manager and sales support."

"With these funds I am confident that we can move swiftly to exploit the timing and product advantages that we have over our competitors."

This additional funding will also allow ECT to commission the necessary preparations for the outright acquisition of the Coldry Intellectual Property and the funding of the construction of its 150,000 tonne commercial demonstration plant.

ECT Chairman Dave Woodall said the PCIM facility was in the best interests of shareholders.

"It delivers working capital as we require it, while minimising dilution of existing shareholders, as gains in share price will be reflected in the issue of fewer shares under the facility," Mr Woodall said.

If you have any queries please contact ECT Chief Executive Kos Galtos on +61 (0)3 96840888.

About Environmental Clean Technologies

ESI is focused on achieving the reduction of carbon emissions and environmental damage through investment and licensing of commercially practical and environmentally clean technologies and processes.

The company's first technology for release is the Coldry process, which is the world's first economic method of dewatering brown coal (to an average of 12% moisture content), to create storable, stable, exportable black coal substitute feedstock.

Coldry pellets deliver higher oil yield per tonne from brown coals and are the ideal front end feedstock solution for coal-to-oil technologies, eliminating the need for costly and energy intensive oil slurry drying.

Subject to funding, ESI seeks to commence construction on its 150,000 tonne per annum commercial demonstration plant in the first half of 2009.

About Pacific Capital Investment Management

Pacific Capital Investment Management Limited is an institutional fund managed out of the UK with investments in the global emerging technology markets. PCIM's subscribers are pension funds and private equity funds.