



NEWS ANNOUNCEMENT

FOR IMMEDIATE RELEASE

Napier Completes Financing

Vancouver, British Columbia, Canada

July 14, 2005

Napier Environmental Technologies Inc. (TSX:NIR) ("Napier") today announces that it has entered into loan agreements in an aggregate amount not to exceed \$5 million, pursuant to a transaction involving a combination of secured debt and share purchase warrants.

On July 5, 2005, Napier's unsecured creditors, subject to judicial approval, accepted a proposal whereby \$3 million of the above loan transaction would be used to satisfy all of the liabilities of Napier. On July 8, 2005, such approval was granted by the Supreme Court of British Columbia in Bankruptcy ("Court"). The \$3 million will be used to pay all fees and related costs and to satisfy all amounts owing by Napier to its secured, preferred, unsecured and post-filing creditors as of the closing date and as approved by the Court. The balance of the loans will be used as working capital.

The loans will have a first and only registered charge on all of the assets of Napier and are a combination of \$1.5 million term loans and \$3.5 million revolving working capital loans, subject to the applicable margin calculations provided for therein. Both of the term loans and both of the revolving loans will bear interest at prime plus 10% and will each initially involve a 364-day term, which terms are extendable in accordance with the governing loan agreements. The term loans are each extendable for an additional 4 years, subject to the applicable extension requirements provided for therein. The revolving loans are extendable for successive 364-day terms, subject to Napier's written request of the lenders for subsequent 364-day term extensions at least 90 days prior to the expiry of the then applicable term expiry dates and the consent of the lenders. As additional consideration for the granting of these loans, Napier has agreed to grant to the lenders, subject to approval by the Toronto Stock Exchange, warrants entitling the lenders to purchase, from treasury, up to 60% of the shares of Napier, calculated on a fully-diluted basis upon payment of \$0.01 per share at any time up to August 31, 2010. Should such warrants be granted, the interest rate on the loans will immediately be adjusted to prime plus 2%.

As the aggregate number of common shares issuable in connection with these loan transactions will exceed the maximum number of securities issuable without security holder approval under the rules of the Toronto Stock Exchange, Napier is relying on an exemption from the security holder approval requirements provided for under subsection 604(e) of the Toronto Stock Exchange Company Manual on the basis of its serious

financial difficulty. The board of directors of Napier has determined that Napier is in serious financial difficulty, that the transaction is designed to improve its financial situation and is reasonable in the circumstances, and has authorized Napier to make the application to the Toronto Stock Exchange.

Effective today, Steve Balmer, Anthony Traub and Marc Mercier have been appointed to the Napier board and each of Lionel Dodd, Sue Anne Linde and Peter Jeffrey have resigned from the board.

The financing enables Napier to complete its restructuring under the provisions of the *Bankruptcy and Insolvency Act* (Canada). This positions the company to move forward with the objective of being a major supplier of environmentally friendly “green” products. Napier develop, manufacture and distribute a wide range of surface preparation products for stripping paint and coatings as well as a complete line of wood restoration products that are distributed through major paint companies and retailers. These products are protected by a portfolio of patents and trademarks, including the *Bio-wash and RemovALL* labels. Napier is well recognized in the consumer, institutional and industrial markets and have a strong following of distributors and retailers.

For further information, please contact Steve Balmer at sbalmer@napiere.com.

This press release contains statements that are forward-looking in nature. Such statements involve known and unknown risks and uncertainties that may cause the actual results of Napier to be materially different from those expressed or implied by those forward-looking statements. Such risks and uncertainties include, among others: Napier’s status under the Bankruptcy and Insolvency Act, general economic and business conditions, product selling prices, raw material and operating costs, changes in foreign-currency exchange rates and other factors referenced herein and in Napier’s financial statements for the period ending September 30, 2004, within the Management Discussion and Analysis, under the heading “Risk Factors and Financial Management”.