

ASX ANNOUNCEMENT

14 February 2011

Notice under section 708AA(2)(f) of the Corporations Act

This notice is given by Engenco Limited (**Engenco**) under section 708AA(2)(f) of the Corporations Act 2001 (Cwlth) (**Act**) as modified by Australian Securities and Investments Commission Class Order [CO 08/35] (**CO 08/35**).

Engenco today announced a fully underwritten non-renounceable rights issue (**Entitlement Offer**) of its fully paid ordinary shares (**New Shares**) to Engenco shareholders who:

- (a) are registered as a holder of Engenco shares at 5.00pm (Perth time) on the Record Date of Wednesday, 23 February 2011;
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States or a US Person or acting for the account or benefit of such persons; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer, (**Eligible Shareholders**).

Eligible Shareholders may, in addition to taking up their entitlements in full, apply for additional shares in excess of their entitlements at the same price as under the Entitlement Offer. Additional shares will only be available where there is a shortfall between applications received from Eligible Shareholders and the number of new shares proposed to be issued under the Entitlement Offer (**Top-Up Facility**)¹.

An offer document for the Entitlement Offer will be dispatched to shareholders with registered addresses in Australia and New Zealand on Thursday, 24 February 2011.

¹ Even if there is a shortfall, there is no guarantee that additional shares will be available for Eligible Shareholders to take up in addition to their Entitlement under the Entitlement Offer. The underwriter (RBS Morgans Corporate Limited), in consultation with Engenco, reserves the right to satisfy any shortfall by way of the Top-Up Facility or by other means and reserves the right to satisfy applications under the Top-Up Facility at its sole discretion.

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Engenco confirms that:

- (a) Engenco will offer the New Shares under the Entitlement Offer for issue without disclosure to investors under Part 6D.2 of the Act;
- (b) this notice is given by Engenco under section 708AA(2)(f) of the Act, as modified by CO 08/35;
- (c) as at the date of this notice, Engenco has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to Engenco; and
 - (ii) section 674 of the Act;
- (d) as at the date of this notice, there is no excluded information of the type referred to in subsections 708AA(8) and (9) of the Act;
- (e) Elph Pty Ltd (**Elph**), Engenco's largest shareholder, has indicated that it will accept all of its entitlements under the Entitlement Offer and will not participate in the shortfall. Elph did not participate in the Placement. Elph currently holds 44.34% of the share capital of Engenco. Following the Unconditional Placement and the Entitlement Offer, Elph will hold 38.56% of the share capital of Engenco. Elph's holding will reduce to 35.89% following the Conditional Placement, if shareholder approval of the Conditional Placement is obtained.
- (f) The potential effect of the Entitlement Offer on the control of Engenco is as follows:
 - (i) Given that Elph has indicated that it will accept all of its entitlements under the Entitlement Offer and that the Entitlement Offer is underwritten, the Entitlement Offer is not expected to have a significant effect on the control of Engenco.
 - (ii) If some Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders in Engenco will be diluted.
 - (iii) The proportional interests of shareholders with registered addresses outside Australia and New Zealand will be diluted because such shareholders are not entitled to participate in the Entitlement Offer.

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