



ASX ANNOUNCEMENT

16 February 2011

Letter sent to Engenco shareholders

Engenco Limited attaches a letter sent to its shareholders today.

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Company Secretary

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16 February 2011

Dear Shareholder,

Information for shareholders – Pro-rata non-renounceable entitlement offer

Engenco Limited (ASX:EGN) ("**Company**") will shortly be offering eligible shareholders an opportunity to acquire more shares in the Company pursuant to a fully underwritten pro-rata non-renounceable entitlement offer to shareholders of fully paid ordinary shares ("**Shares**") on the basis of eight Shares for every nine Shares (8:9) held at 5.00pm (WST) on Wednesday, 23 February 2011, at an issue price of \$0.12 per Share, to raise approximately \$65.3 million before costs ("**Entitlement Offer**").

The Entitlement Offer will be conducted together with a placement to institutional and sophisticated investors to raise a total of approximately \$85.2 million before costs.

The placement will consist of:

- an unconditional placement of approximately 79.8 million Shares at a price of \$0.12 per Share to raise approximately \$9.6 million before costs (**Unconditional Placement**); and
- a further placement, following receipt of shareholder approval at the meeting to be held on Monday 28 March 2011, of up to approximately 86.0 million Shares at a price of \$0.12 per Share to raise approximately \$10.3 million before costs (**Conditional Placement**);

Placees under the Unconditional Placement will be eligible to participate in the Entitlement Offer in respect of the Shares issued under the Unconditional Placement.

The Entitlement Offer will be made pursuant to an offer document ("**Offer Document**") and if you are eligible and wish to participate in the Entitlement Offer, you will need to complete the Entitlement and Acceptance Form that will accompany that Offer Document.

A copy of the Offer Document will be lodged with ASX on Thursday, 24 February 2011 and will be available on the ASX website (www.asx.com.au) on that date. The Offer Document will be despatched to shareholders with registered addresses in Australia and New Zealand who hold Shares as at the record date of 5.00pm (WST) on Wednesday, 23 February 2011.

Pursuant to the Listing Rules of the ASX Limited ("**Listing Rules**"), the Company is required to provide you with certain information before proceeding with the Entitlement Offer. This letter contains all the information required by Appendix 3B of the Listing Rules.

1. A maximum of 543,848,189 Shares will be issued pursuant to the Entitlement Offer (assuming no options are exercised before the record date).
2. The Shares will rank equally in all respects from the date of issue with the existing class of quoted Shares.
3. The issue price of the Shares will be \$0.12 each.
4. The Company will apply for quotation of the Shares issued pursuant to the Entitlement Offer on the official list of the ASX.
5. The funds will be used to repay bank debt, fund rolling stock for lease, pay tax liabilities, provide working capital to fund growth opportunities and fund the costs of the capital raising.
6. It is anticipated the securities will be entered into uncertificated holdings on or before Tuesday, 22 March 2011.
7. The total number and class of all securities quoted on ASX (including the Shares to be issued under the Unconditional Placement and the maximum number of Shares to be issued under the Entitlement Offer (assuming no options are exercised before the record date)) is as follows:

Class	Number
Existing ordinary shares	532,027,576
Unconditional Placement shares	79,801,636
Entitlement Offer	543,848,189
TOTAL	1,155,677,401

8. The following are the securities of the Company not quoted on ASX:

Class	Number
Options (exercisable at exercise prices of between \$3.00 and \$4.00, with expiry dates ranging from 29 August 2011 to 29 August 2012)	3,000,000

9. All Shares issued pursuant to the Entitlement Offer will have the same dividend entitlements as existing Shares.
10. No shareholder approval for the Entitlement Offer is required.
11. The Entitlement Offer is non-renounceable. This means that the Company's shareholders who do not take up their entitlements to participate in the Entitlement Offer will not be able to transfer or receive any value for those entitlements and their equity interest in the Company will be diluted.

12. The Shares in the Entitlement Offer will be offered on the basis of eight (8) Shares for every nine (9) Shares held by the shareholder at 5.00pm (WST) on Wednesday, 23 February 2011.
13. The offer under the Entitlement Offer relates to fully paid ordinary shares in the capital of the Company.
14. The record date to determine entitlements is 5.00pm (WST) on Wednesday, 23 February 2011.
15. Only shareholders with registered addresses in Australia and New Zealand will be sent the Offer Document. In compliance with Listing Rule 7.7.1, the Company has decided that it is unreasonable to make the offer to shareholders with registered addresses outside Australia and New Zealand having regard to each of the following:
 - the number of security holders registered outside of Australia and New Zealand;
 - the number and value of the securities that would have been offered to security holders outside of Australia and New Zealand; and
 - the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.
16. The closing date for receipt of acceptances is 5.00pm (WST) on Friday, 11 March 2011.
17. The Entitlement Offer is fully underwritten by RBS Morgans Corporate Limited (“**Underwriter**”). The Company will pay the Underwriter:
 - an offer management fee of 0.6% of the gross amount raised under the Entitlement Offer; and
 - an underwriting fee of 4% of the underwritten amount (being the product of the number of securities offered and the offer price).
18. There is no broker to the Entitlement Offer.
20. The Offer Document for the Entitlement Offer and the accompanying Entitlement and Acceptance Form will be despatched to eligible shareholders on Thursday, 24 February 2011.
21. Existing option holders may participate in the Entitlement Offer upon exercise of their options (if they are entitled to exercise their options at this time). The Company sent a notice to option holders on 14 February 2011 to notify option holders of their right to participate in the Entitlement Offer upon exercise of their options.
22. The latest date for despatch of certificates or entry of the securities into your security holdings is Tuesday, 22 March 2011.

The above information was provided to the ASX on 14 February 2011.

If you have any queries regarding your entitlement or participation in the upcoming Entitlement Offer, please contact Mr Roland Stampalia, Chief Financial Officer/Company Secretary, on +61 8 9251 8000.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'R Stampalia', written in a cursive style.

Roland Stampalia
Chief Financial Officer/Company Secretary
ENGENCO LIMITED