

ASX ANNOUNCEMENT

22 February 2011

Engenco Limited equity raising - Notice of Extraordinary General Meeting

Engenco Limited (**Engenco**) attaches the following documents relating to the extraordinary general meeting of Engenco:

1. Letter from Engenco's Chairman;
2. Notice of Extraordinary General Meeting and Explanatory Statement; and
3. Proxy Form.

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22 February 2011

Dear Shareholder,

Extraordinary General Meeting

On Monday 14 February 2011, Engenco Limited (**Engenco** or the **Company**) announced an equity capital raising (**Capital Raising**) to raise gross proceeds of approximately \$85.2 million, consisting of:

- an unconditional placement of 79,801,636 fully paid ordinary shares in Engenco (**Shares**) at an issue price of \$0.12 per Share to raise approximately \$9.6 million before costs (**Unconditional Placement**);
- a conditional placement, following receipt of shareholder approval at the meeting to be held on Monday 28 March 2011, of up to 86,001,111 Shares at an issue price of \$0.12 per Share to raise approximately \$10.3 million before costs (**Conditional Placement**);

(together, the **Placement**); and

- a non-renounceable pro-rata entitlement offer to existing eligible shareholders (**Entitlement Offer**) on the basis of 8 new Shares (**New Share**) for every 9 Shares (8:9) held at 5.00pm (WST) on the record date of Wednesday 23 February 2011 at the same price of \$0.12 per New Share to raise a further approximately \$65.3 million before costs.

The issue price of \$0.12 per Share under the Capital Raising represents a 36.8% discount to the price of Engenco shares (\$0.19 cents) prior to entering a trading halt while it conducted the Placement.

The Placement and the Entitlement Offer have been fully underwritten by RBS Morgans Corporate Limited.

The proceeds of the Capital Raising will be used to repay bank debt, fund rolling stock for lease, pay tax liabilities, provide working capital to fund growth opportunities and to pay the costs of the Capital Raising. Further details of the use of the proceeds of the Capital Raising are contained in Engenco's presentation lodged with ASX on 10 February 2011.

The Capital Raising will:

- significantly improve the Company's financial flexibility and achieve a sustainable capital structure – net debt reduced from \$97.2m to \$38.6m, reducing gearing (net debt/net debt + equity) from 50.9% to 18.1%; and
- leave Engenco much better positioned to take advantage of organic growth initiatives.

Elph Pty Ltd, Engenco's largest shareholder, has committed to take up its full entitlement (approximately \$25.2m) under the Entitlement Offer. Elph Pty Ltd did not participate in the Placement.

Notice of Extraordinary General Meeting

As detailed in the enclosed Notice of Extraordinary General Meeting, shareholder approval of the following resolutions will be sought at an Extraordinary General Meeting of Engenco to be held on Monday 28 March 2011 at 1.00pm (WST) at the Perth Convention & Exhibition Centre, Level 2, Meeting Room 10, 21 Mounts Bay Road, Perth, WA, 6000 (**EGM**):

- **Resolution 1** – Approval of the issue of Shares under the Unconditional Placement to refresh Engenco's placement capacity; and
- **Resolution 2** - Approval of the proposed issue of Shares under the Conditional Placement.

Resolution 1 - Approval of the issue of Shares under the Unconditional Placement to refresh Engenco's placement capacity

The purpose of Resolution 1 is to refresh Engenco's placement capacity. The resolution is necessary because the Unconditional Placement will fully utilise Engenco's existing placement capacity under the ASX Listing Rules for the next 12 months. The Directors unanimously and strongly recommend that Shareholders vote in favour of the resolution because, although the Directors do not currently propose to issue further equity in the immediate future, such a resolution provides funding flexibility.

Resolution 2 - Approval of the proposed issue of Shares under the Conditional Placement

The Directors unanimously and strongly recommend that Shareholders vote in favour of the resolution approving the proposed issue of Shares under the Conditional Placement for the following reasons:

- the Conditional Placement is an important element of the Capital Raising which is necessary to repay bank debt, fund rolling stock for lease, pay tax liabilities,

provide working capital to fund growth opportunities and to pay the costs of the Capital Raising; and

- if shareholder approval is obtained, the Conditional Placement will be fully underwritten, providing Engenco with a certain further capital injection.

Documents enclosed

It is my pleasure to provide you with the enclosed documents relating to the EGM:

Document enclosed	Action
Notice of EGM and Explanatory Statement	Read the Notice of EGM and Explanatory Statement carefully and decide whether, and if so how, you wish to vote at the EGM, either by lodging a proxy or attending in person.
Proxy form	Use this form if you wish to lodge a proxy for the EGM. Please ensure the proxy is returned to Security Transfer Registrars Pty Ltd in accordance with the instructions set out in the proxy form.

Engenco shareholders eligible to participate in the Entitlement Offer will shortly receive an offer booklet and a personalised entitlement and acceptance form which will provide further details of how to participate. Further details relating to the Entitlement Offer and a timetable for the Capital Raising are set out in the announcement dated 14 February 2011.

On behalf of the Directors, I thank you for your continued support of Engenco and encourage you to support the resolutions.

Yours faithfully



Dale Elphinstone
Chairman
ENGECO LIMITED



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of shareholders of Engenco Limited ABN 99 120 432 144 (**Engenco** or the **Company**) will be held on Monday 28 March 2011 at 1.00pm (WST) at the Perth Convention & Exhibition Centre, Level 2, Meeting Room 10, 21 Mounts Bay Road, Perth, WA, 6000 (**EGM**).

The attached Explanatory Statement accompanies and forms part of this Notice of EGM.

Agenda

Ordinary Business

To consider and if thought fit to pass the following ordinary resolutions:

RESOLUTION 1 – APPROVAL OF THE ISSUE OF SHARES UNDER THE UNCONDITIONAL PLACEMENT

“THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve the prior issue by the Company of 79,801,636 fully paid ordinary shares in the capital of the Company (**Unconditional Placement Shares**) to the Unconditional Placement Investors at an issue price of \$0.12 per Share and otherwise on the terms and conditions set out in the Explanatory Statement”.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by any person who participated in the placement of the Unconditional Placement Shares and any associate of any such person. However, the Company need not disregard a vote if:

1. it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
2. it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2 – APPROVAL OF THE PROPOSED ISSUE OF SHARES UNDER THE CONDITIONAL PLACEMENT

“THAT, for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the issue by the Company of up to 86,001,111 fully paid ordinary shares in the capital of the Company (**Conditional Placement Shares**) to the Conditional Placement Investors at an issue price of \$0.12 per Share on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 2 by any person who may participate in the placement of the Conditional Placement Shares and by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares in the Company, if Resolution 2 is passed, and any of their associates. However, the Company need not disregard a vote if:

1. it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
2. it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting entitlements

For the purposes of the Corporations Act 2001 (Cwlth), the Company has determined that all securities of the Company that are quoted securities at 1.00pm (WST) on Saturday 26 March 2011 will be taken, for the purpose of the EGM, to be held by the persons who held them at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the EGM.

By order of the Board of Directors

Roland Stampalia
Chief Financial Officer/Company Secretary

Dated: 22 February 2011



EXPLANATORY STATEMENT

INTRODUCTION

These explanatory notes accompany and form part of the Notice of EGM and should be read in conjunction with the Notice and enclosed proxy form. These documents are important and you should read them carefully. If you have any queries regarding the matters set out in these documents you should contact the Company Secretary of Engenco, or consult your professional adviser.

BACKGROUND

On 14 February 2011, the Company announced an equity capital raising (**Capital Raising**) to raise gross proceeds of approximately \$85.2 million, consisting of:

- an unconditional placement of 79,801,636 fully paid ordinary shares in Engenco (**Shares**) at an issue price of \$0.12 per Share to raise approximately \$9.6 million before costs (**Unconditional Placement**). The Shares issued under the Unconditional Placement were issued without prior shareholder approval using the Company's existing placement capacity under ASX Listing Rule 7.1;
- a conditional placement, following receipt of shareholder approval at the EGM, of up to 86,001,111 Shares at an issue price of \$0.12 per Share to raise approximately \$10.3 million before costs (**Conditional Placement**);

(together, the **Placement**); and

- a non-renounceable pro-rata entitlement offer to existing eligible shareholders (**Entitlement Offer**) on the basis of 8 new Shares (**New Share**) for every 9 Shares (8:9) held at 5.00pm (WST) on the record date of Wednesday 23 February 2011 at the same price of \$0.12 per New Share to raise a further approximately \$65.3 million before costs.

INTENDED USE OF FUNDS

The proceeds of the Capital Raising will be used to repay bank debt, fund rolling stock for lease, pay tax liabilities, provide working capital to fund growth opportunities and to pay the costs of the Capital Raising. Further details of the use of the proceeds of the Capital Raising are contained in Engenco's presentation lodged with ASX on Thursday 10 February 2011.

UNDERWRITING

Under the Underwriting Agreement and the Placement Management Letter dated 14 February 2011 (together, the **Underwriting Agreements**) between the Company and RBS Morgans Corporate Limited (the **Underwriter**), the Underwriter agreed to fully underwrite the Placement and the Entitlement Offer.

The key terms of the Underwriting Agreements include:

(a) Conditions precedent

The Underwriter's obligations to underwrite the Placement and the Entitlement Offer are subject to satisfaction of a number of conditions precedent. In particular, the Underwriter's obligations to underwrite the Conditional Placement are subject to shareholders of the Company passing Resolution 2. If Resolution 2 is not passed, the Underwriter will have no obligation to underwrite the Conditional Placement.

(b) Termination events

The Underwriter may terminate its underwriting obligations if any specified termination events occur including market fall, disruption in financial markets, material adverse change and certain changes in law or changes in the board of the Company which have a material adverse effect on the Capital Raising.

(c) Representations and warranties

Under the Underwriting Agreements, the Company gives certain representations, warranties and indemnities customary for offers of the kind of the Capital Raising.

RESOLUTION 1 – APPROVAL OF THE ISSUE OF SHARES UNDER THE UNCONDITIONAL PLACEMENT

Resolution 1 asks shareholders to approve, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue by the Company of 79,801,636 Shares (**Unconditional Placement Shares**) to

professional and sophisticated investors to whom disclosure is not required to be given under Chapter 6D of the Corporations Act 2001 (Cwlth) (**Corporations Act**) to whom Shares have been issued under the Unconditional Placement, as determined by the Underwriter and the Company (which may include professional or sophisticated investor clients of the Underwriter and does not include related parties of the Company) (**Unconditional Placement Investors**) at an issue price of \$0.12 per Share and otherwise on the terms and conditions set out in this Explanatory Statement.

ASX Listing Rule 7.4 Approval

ASX Listing Rule 7.1 prohibits a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of its ordinary securities without the approval of holders of its ordinary securities (subject to certain exceptions set out in ASX Listing Rule 7.2).

Equity securities which are issued with the approval of holders of a company's ordinary securities in accordance with ASX Listing Rule 7.1 are not required to be included in the 15% limit imposed by ASX Listing Rule 7.1.

The Company issued the Unconditional Placement Shares without obtaining prior approval of its Shareholders, as the Unconditional Placement Shares could be issued within the 15% limit imposed by ASX Listing Rule 7.1.

ASX Listing Rule 7.4 will treat the issue of the Unconditional Placement Shares as having been made with approval for the purposes of ASX Listing Rule 7.1 if the issue of the Unconditional Placement Shares did not breach ASX

Listing Rule 7.1, and shareholders subsequently approve it. As set out above, the issue of the Unconditional Placement Shares did not breach ASX Listing Rule 7.1.

Under Resolution 1, the Company seeks approval by the shareholders of the issue by the Company of the Unconditional Placement Shares so as to 'refresh' the effect of Listing Rule 7.1 for the purposes of any further issues of securities made by the Company in the next 12 months.

For the purposes of Listing Rule 7.5, the following information is provided to shareholders in relation to the issue by the Company of the Unconditional Placement Shares:

- **Number of Shares issued:** 79,801,636
- **Issue price:** \$0.12 per Share.
- **Terms of the Shares:** The Unconditional Placement Shares are fully paid ordinary shares in the Company and have been issued on the same terms as, and rank pari passu with, all of the existing fully paid ordinary shares in the Company.
- **Allottees:** The Unconditional Placement Investors (as defined above).
- **Use (or intended use) of the funds raised:** The funds raised by the Placement (including the issue of the Unconditional Placement Shares) will be used by the Company for the purposes described above under the heading 'Intended Use of Funds'.

RESOLUTION 2 – APPROVAL OF THE PROPOSED ISSUE OF SHARES UNDER THE CONDITIONAL PLACEMENT

Resolution 2 asks shareholders to approve, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue by the Company of up to 86,001,111 Shares (**Conditional Placement Shares**) to sophisticated and professional investors to whom disclosure is not required to be given under Chapter 6D of the Corporations Act, and who are proposed to be issued Shares under the Conditional Placement, as determined by the Underwriter and the Company (which may include professional or sophisticated investor clients of the Underwriter and does not include related parties of the Company) (**Conditional Placement Investors**) at an issue price of \$0.12 per Share and otherwise on the terms and conditions set out in this Explanatory Statement. The Conditional Placement Shares will be issued no later than 3 months from the date of this EGM.

Background

As set out above, it is proposed that the Company will issue up to 86,001,111 Shares to sophisticated and professional investors at an issue price of \$0.12 per Share if Shareholders approve this Resolution 2.

As at the date of this Explanatory Statement, the issued shares of the Company after the issue of Shares the subject of this Resolution 2 will be as follows:

	No. shares
Issued shares prior to issue of shares under Unconditional Placement	532,027,576
Shares issued under Unconditional Placement	79,801,636
Shares issued under Entitlement Offer	543,848,189
Shares issued under Conditional Placement	86,001,111
Total issued shares	1,241,678,512

ASX Listing Rule 7.1 Approval

ASX Listing Rule 7.1 prohibits a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of its ordinary securities without the approval of holders of its ordinary securities (subject to certain exemptions not relevant to the Conditional Placement).

Equity securities which are issued with the approval of holders of a company's ordinary securities in accordance with ASX Listing Rule 7.1 are not required to be included in the 15% limit imposed by ASX Listing Rule 7.1.

It is proposed that the Company will issue up to 86,001,111 Shares under the Conditional Placement to the Conditional Placement Investors. The number of Shares proposed to be issued under the Conditional Placement will represent approximately 16.2% of the Company's issued shares prior to the Placement and the Entitlement Offer.

Resolution 2 is necessary because the Unconditional Placement will fully utilise the existing placement capacity under ASX Listing Rule 7.1.

For the purpose of ASX Listing Rule 7.3, the following information is provided to shareholders in relation to the Conditional Placement Shares which are proposed to be issued if this Resolution 2 is approved.

- **Number of Shares to be issued:** 86,001,111.
- **Issue Date:** No later than 3 months after the date of this EGM.
- **Issue Price:** \$0.12 per Share.
- **Allottees:** The Conditional Placement Investors (as defined above).
- **Terms of the Shares:** The Shares to be issued under the Conditional Placement are fully paid ordinary shares in the Company and will be issued on the same terms as, and rank pari passu with, all of the existing fully paid ordinary shares in the Company.
- **Intended use of the funds raised:** The funds raised by the Placement (including the issue of the Conditional Placement Shares) will be used by the Company for the purposes described above under the heading 'Intended Use of Funds'.
- **Date of allotment:** All of the Conditional Placement Shares will be issued on Wednesday 30 March 2011.

PROXIES AND VOTING

Eligibility to vote

You will be eligible to vote at the meeting if you are registered as a holder of Engenco shares at 1.00pm (WST) on Saturday 26 March 2011.

Appointing a proxy

If you are entitled to attend and vote at the meeting, you can appoint a proxy to attend and vote on your behalf. A proxy need not be a shareholder of Engenco and may be an individual or a body corporate. A proxy form is included with this Notice of EGM. If you are entitled to cast two or more votes, you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you do not specify a proportion or number, each proxy may exercise half of the votes. If you require a second proxy form, please contact the Company's share registry, Security Transfer Registrars Pty Ltd, on +61 (0)8 9315 2333 or you may photocopy the proxy form.

How the Chair of the meeting will vote undirected proxies

The Chair of the meeting will vote undirected proxies in favour of both of the resolutions. Engenco encourages all shareholders who submit proxies to direct their proxy how to vote on each item of business.

Corporate shareholders

Corporate shareholders who wish to appoint a representative to attend the meeting on their behalf must provide that person with a properly executed "Certificate of Appointment of Corporate Representative" which

should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A copy of the "Certificate of Appointment of Corporate Representative" may be obtained from the Company's share registry, Security Transfer Registrars Pty Ltd.

