Engenco

ASX ANNOUNCEMENT

2 May 2011

Extension of CBA debt facilities

Engenco Limited (**Company**) is pleased to announce that it has accepted an offer from the Commonwealth Bank of Australia (**CBA** or **Bank**) to refinance the Company's existing debt facilities for a term of two years.

The new facilities (**Facilities**) will be available upon the satisfaction of certain conditions precedent and the two year term will commence when these conditions are satisfied.

The Bank has also agreed to extend the current facilities until 31 July 2011 to allow sufficient time for the conditions precedent to be satisfied and for formal loan documentation to be finalised. The Company is confident the conditions precedent will be satisfied and the new Facilities finalised before 31 July 2011.

The new Facilities do not include the loan from the CBA to Greentrains Limited which is a separate facility that does not currently mature until July 2012.

Details of Facilities

Following the repayment of various loans to the CBA using part of the proceeds from the recent $85.2 million equity raising, the new Facilities will comprise a Revolving Cash Advance Facility ($20.2 million) and a Multi Option Facility ($12.5 million) which the Company can elect to use between cash advances, issuance of bank guarantees, letters of credit and other trade products and a business cards facility. The revolving nature of the Revolving Cash Advance Facility together with the interchangeably of the Multi Option Facility are expected to enhance the flexibility and efficiency of the Company's banking arrangements.

In addition, the Bank has also agreed to make available foreign exchange and interest rate risk management products to manage foreign exchange and interest rate risks as required.

Covenants

Key financial covenants of the new Facilities will consist of the following:

- Minimum Net Worth (Total Assets less Total External Liabilities) of at least $100 million for the quarters ending 31 March 2012 and thereafter $125 million;
- Gearing Ratio (Total Debt to EDITDA) of no more than three times for the quarters ending 31 March 2012 and then no more than 2.75 times.
- Interest Coverage Ratio (EBITDA to gross interest) to be greater than three times.

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The Company foresees no reason why it will not comply with these amended covenants. Importantly, there are no covenants based on the market price of the Company's securities as traded on ASX.

Interest Margins & Amortisation of the Revolving Cash Advance

Margins and line fees on the various components of the Facilities will remain the same as the current facilities however a pricing grid has been negotiated which will see the margins reduce with improvements in the Gearing Ratio.

While the Gearing Ratio remains above 1.20 times (measured at the end of each quarter), the Revolving Cash Advance facility will be amortised at the rate of $1 million per quarter which is half the rate at which the current facilities are amortised. At 1.20 times or less, there will be no amortisation.

Security & Fees

The Bank will receive a facilities extension fee and the new Facilities will continue to be fully secured over the Company's assets and undertaking.

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