

24 October 2011

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### Share Purchase Plan

Enclosed with this announcement is a copy of the letter to shareholders advising details of the Share Purchase Plan (SPP) which entitles eligible shareholders to purchase up to \$15,000 of shares at the lower of \$0.05, or a 15% discount to the average market price for Shares over the last 5 days on which sales are recorded before the day on which the issue is made, per Share.

Eligible shareholders of AnaeCo shares that are registered with an Australian address at the record date of 17<sup>th</sup> October 2011 may participate in the SPP.

The Opening date of the SPP Offer is 1<sup>st</sup> November 2011, and the Closing date is 22<sup>nd</sup> November 2011.

Full terms and conditions of the SPP are enclosed.

Application forms will be personalised to all shareholders and a sample form is not included with this announcement.

ENDS

For further information, please contact:

Patrick Kedemos, Chief Executive Officer  
David Lymburn, Chief Financial Officer

(08) 9361 4777



## About AnaeCo

AnaeCo delivers Alternative Waste Technology (AWT) facilities based on the patented DiCOM™ bioconversion process. The system incorporates advanced sorting, recycling, anaerobic digestion and aerobic composting to recycle municipal solid waste (MSW) into renewable energy from biogas, agricultural grade compost and recyclables such as steel, aluminium, glass and plastics, thus ensuring maximum diversion from landfill and ensuring social, economic and environmentally sustainable management of MSW.

The DiCOM™ process enables resource recovery intervention closer to source, with enhancement of existing waste transfer stations now a viable waste management option. AnaeCo's experienced team provides design, construction, commissioning, operation and maintenance services for DiCOM™ AWT facilities, as well as management of all outputs including renewable energy, compost, recyclable materials and non-recyclable residuals.

For further information go to [www.anaeco.com](http://www.anaeco.com)

24 October 2011

Dear Shareholder

### Invitation to Participate in Shareholder Share Purchase Plan

The Board of Directors of AnaeCo Limited (**AnaeCo** or **Company**) has approved the introduction of a Shareholder Share Purchase Plan (**Plan**). The Plan is being undertaken in conjunction with a placement to raise a combined amount of up to \$5 million (**Placement**). The Placement was completed on 18 October 2011 and raised approximately \$2,500,000. These funds will be used by the Company for ongoing working capital requirements during the WMRC DiCOM Expansion Project, industrialisation of the DiCOM™ technology and business development.

### Shareholders Eligible to Participate in the Plan

The right to participate in the Offer under the Plan is available exclusively to shareholders who are registered as holders of fully paid ordinary shares in the capital of AnaeCo (**Shares**) at 4pm (WST) on the Record Date of **Monday 17th October 2011** and whose registered address is in Australia (**Eligible Shareholders**).

### Share Purchase Plan

The Board is pleased to offer to all Eligible Shareholders an opportunity to participate in the Plan. Details of the Offer are set out in this letter and the enclosed Terms and Conditions together with an Application Form.

The Plan entitles Eligible Shareholders, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of Shares at the lower of the Placement price (\$0.05 per share) or a 15% discount to the average market price for Shares over the last 5 days in which sales were recorded before the day on which the issue is made, per Share.

The Placement price of \$0.05 represented a discount of approximately 16.7% to the last closing price of AnaeCo's shares on the ASX immediately prior to announcement of \$0.06 per Share (**Offer**), and a discount of approximately 12.3% to the volume weighted average market price of the Shares on the Australian Securities Exchange (**ASX**) during the 5 trading days immediately prior to the announcement date of this Offer, which was \$0.057.

The Offer will be free of brokerage and commission.

### Current Activities

Details of the Company's current activities are set out in the announcements made by AnaeCo to the ASX and are available from the ASX or AnaeCo's website at [www.anaeco.com](http://www.anaeco.com)

The funds raised under the Plan will be used by the Company for ongoing working capital requirements during the WMRC DiCOM Expansion Project, industrialisation of the DiCOM™ technology and business development.



### Subscription and Application Procedure

If you would like to participate in the Offer, please return your completed Application Form (enclosed), together with your cheque for the subscription monies for the Shares you wish to acquire to Computershare Investor Services, on or before the **Closing Date of 5pm (WST) on Tuesday 22<sup>nd</sup> November 2011**. Alternatively you can subscribe using BPAY by following the instructions on the Application Form on or before the Closing Date. No late applications will be accepted.

As an Eligible Shareholder you are entitled to subscribe for shares up to a maximum value of \$15,000. You may select one of the following alternatives to subscribe for Shares under the Plan.

Offer	Subscription Amount \$	Number of Shares (based on issue price of \$0.05)
A	\$2,000	40,000
B	\$5,000	100,000
C	\$7,500	150,000
D	\$10,000	200,000
E	\$15,000	300,000

If the issue price of Shares under the Offer is a 15% discount to the average market price for Shares over the last 5 days in which sales were recorded before the day on which the issue is made, the number of Shares to be issued will differ from those indicated in the table above.

The maximum investment any Eligible Shareholder may apply for will remain \$15,000 even if an Eligible Shareholder receives more than one Offer (whether in respect of a joint holding or because the Eligible Shareholder has more than one holding under a separate account).

### Calculation of the Purchase Price and Acceptance of Risk Factors

The Shares under the Offer will be offered at the lower of \$0.05 or a 15% discount to the average market price for Shares over the last 5 days in which sales were recorded before the day on which the issue is made, per Share.

The Company will announce the final issue price to ASX as soon as it is able to be calculated. The issue price will not be more than the maximum price of \$0.05 per share.

The number of new shares to be issued to each applicant will be calculated by dividing the amount subscribed by you by the final issue price as announced to ASX. Fractions will be rounded to the nearest whole share. For example, all fractions from 0 up to 0.5 of a new share will be rounded down to the nearest whole new share, whilst all fractions of 0.5 and above of a new share will be rounded up to the nearest whole new share.

By accepting the Offer and applying for Shares under the Plan, each Eligible Shareholder will be acknowledging that although the purchase price is at a discount to the historic market price, Shares are a speculative investment and the price of Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of Shares under that Offer, and that the value of the Shares received under the Plan may rise or fall accordingly.

The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to accepting this Offer.



### **Additional Information and Important Dates**

The Offer cannot be transferred and the Directors of the Company reserve the right to reject any application over \$15,000. Shares allotted under the Plan will be issued no later than 5 business days after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The total number of Shares to be issued under the Plan shall not be greater than 30% of the number of Shares on issue.

The Company presently intends to limit the amount raised pursuant to the Plan to \$2,500,000 but reserves the right, to accept oversubscriptions, although in the event that oversubscriptions are received, the Directors may, in their absolute discretion, scale-back all applications on a pro-rata basis.

Based on the limit of \$2,500,000 the maximum number of Shares that may be issued pursuant to this Offer is 50,000,000 (based on an issue price of \$0.05).

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

### **Stamping Fees**

A stamping fee of 1.5% (plus GST) of the value of new shares issued under the Offer ('Broker Stamping Fee') will be paid by Bizzell Capital Partners Pty Ltd ('BCP') to stockbrokers (being those entities recognised as full service brokers or non-advisory brokers by ASX) who submit a valid claim for a Broker Stamping Fee on successful applications. If AnaeCo undertakes a scale back or otherwise issues a lesser number of new shares than applied for, the Broker Stamping Fee will only be payable on the value of the shares issued.

### **Shortfall Placement**

In the event that less than maximum number of Shares are applied for pursuant to this Offer based on the Plan limit of \$2,500,000, the shortfall may be placed at the discretion of the directors.

The Company intends to seek shareholder approval for the placement of the shortfall in order to retain its 15% annual placement capacity following completion of the Offer. Therefore, any Shares issued pursuant to the shortfall will be placed within 3 months of the date of shareholder approval.

### **Indicative Timetable**

Announcement Date of Plan	18 October 2011
Record Date (4.00pm WST)	17 October 2011
Opening Date of Offer	1 November 2011
Closing Date of Offer	22 November 2011
Issue of Shares under the Plan	28 November 2011
Dispatch date for holding statements	30 November 2011
Quotation of Shares on ASX	30 November 2011

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, Eligible Shareholders are encouraged to submit their Application Forms as early as possible.



Should you wish to discuss any information contained in this letter further, do not hesitate to contact the Company Secretary on 9361 4777.

Yours faithfully

**Patrick Kedemos**  
**Chief Executive Officer**  
**AnaeCo Limited**



**ANAECO LIMITED**  
**ABN 36 087 244 228**  
**Shareholder Share Purchase Plan - Terms and Conditions**

**Purpose**

The purpose of the Shareholder Share Purchase Plan (**the Plan**) is to offer eligible shareholders of AnaeCo the opportunity to acquire additional fully paid ordinary shares in the Company (**AnaeCo Shares or Shares**) up to a maximum of \$15,000 (when combined with any Shares issued under any share purchase plan in the 12 months preceding the date of the Plan) at the lower of \$0.05 or a 15% discount to the 5 day average market price for AnaeCo Shares over the last 5 days in which sales were recorded before the day on which the issue is made, per Share, being a 12.3% discount to the 5 day volume weighted average market price of AnaeCo Shares on the financial market operated by ASX Limited (ASX) prior to announcement of the Plan (assuming the issue price is \$0.05), without the need to pay brokerage costs and without the need for AnaeCo to issue a Prospectus, upon such terms and conditions as the board of directors of AnaeCo, in its absolute discretion, sees fit.

**Shareholders eligible to participate**

Eligible shareholders of AnaeCo Shares that are registered with an Australian address at the relevant record date may participate in the Plan. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are non-renounceable (i.e. eligible shareholders may not transfer their rights to any AnaeCo Shares offered under the Plan).

An offer may, at the discretion of the directors of AnaeCo, be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12 month period, is A\$15,000. The directors of AnaeCo may also determine in their discretion the minimum amount for participation, the multiple of AnaeCo Shares to be offered under the Plan and the period the offer is available to eligible shareholders.

*Single Holders*

If you are the only registered holder of a holding of Shares, but you receive more than one offer under the Plan (for example, due to multiple registered holdings), you may only apply for one maximum parcel of Shares.

*Joint Holders*

If you are recorded with one or more other persons as the joint holder of a holding of Shares, that joint holding is considered to be a single registered holding for the purpose of the Plan, and the joint holders are entitled to participate in the Plan in respect of that that single holding only. If the same joint holders receive more than one offer under the Plan due to multiple registered holdings, the joint holders may only apply for one maximum parcel of Shares.

*Custodians Trustees and Nominees*

If you are the custodian, trustee or nominee within the definition of "custodian" in ASIC Class Order [CO 09/425] (**Custodian**) and hold Shares on behalf of one or more persons (each a **Participating Beneficiary**), you may apply for up to a maximum of A\$15,000 worth of Shares for each Participating Beneficiary, subject to providing a notice in writing to AnaeCo (**Custodian Certificate**) verifying the following:

- (a) That you hold Shares on behalf of Participating Beneficiaries who have instructed you to apply for the Shares on their behalf under the Plan;
- (b) The number of Participating Beneficiaries;
- (c) The name and address of each Participating Beneficiary;
- (d) The number of Shares in the class that the Custodian holds on behalf of each Participating Beneficiary;
- (e) The number and dollar amount of Shares which each Participating Beneficiary has instructed you to apply for on their behalf;
- (f) That there are no Participating Beneficiaries in respect of which the total of the application price exceeds A\$15,000 worth of Shares, calculated by reference to Shares applied for by you as Custodian on their behalf under:
  - (i) the Plan; and
  - (ii) any other Shares issued to you as Custodian in the 12 months before your application under an arrangement similar to the Plan,

in each case, as a result of an instruction given by them to you as Custodian to apply for Shares on their behalf.

For the purposes of ASIC Class Order [CO 09/425] you are a "custodian" if you are a registered holder that:

- (a) Holds an Australian financial services license that:
  - (i) covers the provisions of a "custodial or depository service" (as defined in section 766E of the Corporations Act); or
  - (ii) includes a condition requiring the holder to comply with ASIC Class Order [CO 02/294],
- (b) Is exempt under:



- (i) paragraph 7.6.01(1)k of the Corporations Regulations 2001; or
- (ii) under ASIC Class Order [CO 05/1270] to the extent that it related to ASIC Class Order [CO 03/184],

from the requirement to hold an Australian financial services license for the provision of a custodial or depository service.

If you hold Shares as a trustee or nominee for another person, but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you like further information on how to apply, you should contact the Company Secretary on 08 9361 4777 (within Australia) or +61 8 9361 4777 (from outside Australia) between 8.30am and 5.00pm Perth time Monday to Friday.

## Price of AnaeCo Shares

The price of AnaeCo Shares to be issued under the Plan is the lower of \$0.05 or a 15% discount to the 5 day average market price for AnaeCo Shares over the last 5 days in which sales were recorded before the day on which the issue is made, per Share.

This represents a 12.3% discount to the 5 day volume weighted average market price of AnaeCo Shares on the financial market operated by ASX Limited (ASX) prior to announcement of the Plan (assuming the issue price is \$0.05).

## Applications and Notices

At the discretion of the directors of the Company, AnaeCo will send eligible shareholders a letter of offer and acceptance procedures, inviting them to subscribe for AnaeCo Shares under the Plan, and accompanied by the terms and conditions of the Plan and an application form. Applications will not be accepted after the closing date of an offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by AnaeCo to participants may be given in any manner prescribed by its Constitution.

## Underwriting

An Offer may be underwritten and the underwriters and/or sub-underwriters may be issued with Shares where the maximum number of Shares available under the Plan are not subscribed for. The Directors may pay a broker's fee to Underwriters.

## Issue of AnaeCo Shares

AnaeCo Shares to be issued under the Plan will be issued no later than 5 business days after the closing date specified by the Directors of AnaeCo in the relevant offer.

AnaeCo Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in AnaeCo from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all AnaeCo Shares issued under the Plan. The Company will, promptly after the issue of AnaeCo Shares under the Plan, make application for those AnaeCo Shares to be listed for quotation on the official list of ASX.

## Modification and Termination of the Plan

AnaeCo may modify or terminate the Plan at any time.

AnaeCo will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, AnaeCo may issue to any person fewer AnaeCo Shares than the person applied for under the Plan if the issue of the AnaeCo Shares applied for would contravene any applicable law or the Listing Rules of ASX.

## Dispute Resolution

AnaeCo may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or AnaeCo Shares. The decision of AnaeCo in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.