

INTERMOCO SECURES LONG TERM FUNDING

Melbourne 4 October 2011 - The Board of Intermoco Limited (**ASX: INT**) is pleased to announce that the Company has finalised negotiations for more accessible long-term funding to support its growth initiatives. The company has entered into a convertible note facility with La Jolla Cove Investors, Inc. ("La Jolla") to provide up to AUD\$4.5 million in funding, with a further AUD\$1.5m available at the option of Intermoco.

The key terms of the convertible note facility are as follows:

- The facility comprises up to AUD\$4.5 million in three (3) separate AUD\$1.5 million convertible notes, each with a duration of 4 years from the first drawdown of the relevant convertible note;
- There are no fees, commission or expenses associated with the establishment of the facility;
- The notes bear interest payable at a rate of 4.75% p.a. payable monthly on the outstanding drawn and unconverted principal amount;
- Funds may be drawn down by Intermoco on the basis of between AUD\$100,000 and AUD\$200,000 per month dependent on the share price;
- The notes must be repaid upon maturity unless converted to ordinary shares within the terms of the notes. The notes can be converted into new Intermoco shares at the election of the holder at the lesser of A\$0.03 per share or 85% of the 5 day volume weighted average price calculated at conversion;
- Intermoco has the ability to mandate a conversion in certain circumstances, eg. if the company did not have sufficient funds available for repayment of any unconverted amount;
- The Agreement incorporates a floor Price of AUD\$0.002, below which conversion cannot occur without Intermoco's approval;
- While the convertible note is outstanding, neither La Jolla nor its affiliates may at any time engage in any short sales with respect to Intermoco shares, or sell put options or similar instruments with Intermoco shares;
- The Company will also have the option, but not the obligation, to enter into a fourth note of AUD\$1,500,000 upon completion of funding of the initial three notes; and
- The conversion to shares will require the approval of shareholders if the conversion results in more than 15% of the company's issued stock annually.

"This Facility provides Intermoco with additional working capital to support a number of new initiatives with our Intermoco Connect Model and will also allow us to consider potential acquisition opportunities if they arise," said Ian Kiddle, Intermoco's Chief Executive Officer.



Intermoco Chairman, Mr John Evans said: “La Jolla Cove are excited by our business model and the growth potential of Intermoco. We appreciate the support and confidence in our company given by La Jolla Cove at a time when funds have been difficult to obtain, given the prevailing market conditions. This financing arrangement incurs no upfront fees or expenses, is at a low interest rate, and contains important protections for Intermoco regarding repayment obligations. The agreement provides us with guaranteed working capital to fund future growth pursuant to our new business model. It not only provides us the surety of accessible funds, but also the flexibility we require going forward. Importantly, the calculation of the price at which any conversion into shares occurs is carried out at the time of conversion, not when the draw down of funds occurs, with a maximum conversion price of 3 cents per share.”

Malcolm Thompson, Director of La Jolla Cove Investments, said: “We are extremely excited to be teaming up with Intermoco at such an exciting time in their growth. We look forward to working with the management team to capitalise on current opportunities and identify areas for future expansion to take Intermoco to its next stage of development during the next several years.”

Founded in 1995, La Jolla Cove Investors, Inc. is a private investment firm that has entered into more than \$400 million in financing agreements with publicly-traded companies since its inception. The firm has extensive experience with ASX-listed companies, partnering with more than a dozen in the past two-and-a-half years across a wide variety of industries. The professionals at La Jolla Cove seek partnerships with businesses looking for capital to implement their strategic growth initiatives. La Jolla’s expertise lies in creating flexible financial structures which enable a company to grow without impacting working capital needs, while simultaneously adding value through interaction with management teams.

For further information regarding La Jolla please refer to their website www.ljcinvestors.com.

For further information contact:

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About Intermoco Limited

Intermoco is an Australian public company listed on the Australian Stock Exchange (ASX: INT) based in Melbourne. The company is a leading provider of water, energy voice and data management solutions with a focus on the provision of embedded networks. Intermoco provides a world class end-to-end internet-enabled energy metering and resource management solution to utilities, corporations, local councils and government departments to help them monitor, manage and minimise their consumption of electricity, gas and water.

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