



Reclaim Industries Limited

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Office of Managing Director

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27th February 2009

Manager Companies
Company Announcements Office
ASX Limited

Dear Sir/Madam

Non-renounceable rights issue

The board of Reclaim Industries Limited (**Reclaim**) has resolved to issue a prospectus for a pro-rata non-renounceable entitlements issue of up to approximately 38,793,982 shares on the basis of 1 new share for every 2 shares held, at an issue price of 7 cents per share which, if fully subscribed, would raise up to \$2,715,578.

It is intended that these funds raised from the issue will be used to:

- Finalise the capital equipment upgrades of Reclaim's WA and SA production facilities.
- Purchase the remaining 30% of Reclaim Collections Pty Ltd and fully integrate this business into the Reclaim Group. This integration along with the recent purchase of Budget Tyre Collections will reinforce Reclaim's position as the largest tyre collection business in SA and WA.
- Provide a core capital component for potential acquisitions.
- Repay existing debt.
- Provide ongoing working capital.

Reclaim also proposes to include in the prospectus a separate offer to shareholders holding less than a marketable parcel of shares (i.e. less than \$500) to top up their shares to a marketable level.

The prospectus will be lodged with ASIC and the ASX next week and shareholders can expect to receive the prospectus in mid March.

Yours faithfully

A handwritten signature in black ink, appearing to read 'J. M. Cooney', written in a cursive style.

**Managing Director
Reclaim industries Ltd**