

**ASX RELEASE**

**SOLCO LIMITED**

**16th March 2007**

**Solco Settles Two Contractual Issues**

Solco Ltd (ASX: SOO): Solco Limited has signed agreements to settle two matters previously highlighted as actual and contingent liabilities in its accounts.

**Acquisition of Solco Industries**

In August 2004, Solco (formerly SES Limited) acquired Solco Industries Pty Ltd and Poly Tuff Pty Ltd. Initial consideration was paid in the form of shares in Solco. There were additional payments potentially due under a Net Proceeds calculation for each sale of an SMS license up until 30th June 2006 as defined in the Sale Agreement.

In late June 2006, an interim settlement was reached for payments due under the sale of the Malta license which was to form the basis for subsequent payments for the Malaysia, Tunisia and Ghana transactions which were being progressed but have yet to be completed. Solco has now reached a final settlement on these transactions with the previous owners of Solco Industries Pty Ltd. The full and final settlement involves the re-payment of funds loaned to Solco under a convertible note of \$200k and additional payments of \$168k by 30<sup>th</sup> May 2007.

**Possible Legal Action**

The inventor of the original Sun Mill pump that Solco sells submitted a claim against Solco when it operated as Solar Energy Systems Pty Ltd (SES). The matter has now been settled at no significant cost or future liability to the Company.

For further information on Solco visit [www.solco.com.au](http://www.solco.com.au).

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For further information, contact Mr. David Richardson on +61 8 9334 8102 or Mr. John Beech 0400 10 3675