



Solco Limited

ACN 084656691

Re-invigoration to drive Solco's Future

Solco Ltd (ASX: SOO) The Directors of Solco are pleased to report to the market on the progress of its phased corporate re-invigoration.

Phase 1 (Addressing the Past)

The Company believes the significant negative operational performance has now been substantially arrested through systematic remedial action since late August 2006 under Managing Director (and major shareholder) David Richardson.

This program of remedial work to resolve the underlying problems of the past is not complete, and has lead to a revenue reduction, as underperforming lines of operation have been rationalised. However, the Directors believe that Solco now presents as a sound base from which to leverage the future potential of the Company.

Phase 2 (New Board)

From 18 April 2007 the Board of Solco is to comprise:-

Steven Cole (Chairman)

John Beech (Non-executive Director and Company Secretary)

David Richardson (Managing Director)

Mr Robin Forbes has retired from his position as Non Executive Chairman of Solco Limited effective from 18th April 2007 although he will remain temporarily as an alternate director to Mr Richardson.

Mr Forbes' retirement was foreshadowed during the final quarter of 2006 as part of the re-structuring of Solco when it was agreed he would step down as a director when a new appointment was made. The Board would like to acknowledge Mr Forbes' contribution to the Company through some very challenging times and his stewardship over the recent period of transition.

Mr Cole brings high level commercial skills in the areas of corporate governance, capital and financial markets, and mergers and acquisitions expertise. In addition, Mr Cole's experience in strategic and business planning, and financial and risk management will be important as Solco develops and executes its growth strategy for the future.

Mr Richardson said he was pleased that Solco prospects are now such that it can attract the commitment of someone of Mr Cole's calibre to the Board.

Mr Cole said he believes that the world is only now beginning to realise the potential of the sustainable energy sector. "The opportunities for Solco, as an emerging participant in this dynamic sector, are significant. I am also delighted to be working with Managing Director, Mr David Richardson, and the team with strong commercial and engineering disciplines he is assembling at Solco."

Mr Cole has 30 plus years of professional, corporate and business experience, through his legal training, as well as a range of other non-executive and executive corporate appointments. Steven is a senior partner of leading national law firm Allens Arthur Robinson, Deputy Chairman of the Professional Standards Councils of Australia, Vice President of the Australian Institute of Company Directors (WA Division) and Chairman of two investment companies with over \$20 million under management.

Phase 3 (Capital Raising)

Solco announces an initial capital raising program of \$2.95 million for development and working capital to allow Solco to build its human and strategic infrastructure requirements pending refinement of its strategic pathway forward. These funds are to be raised as follows:-

1. \$2.45 million (approx) from a 1:4 renounceable pro rata rights issue at 7 cents per share to existing shareholders (as at a Record Date, yet to be set, but anticipated to be in June) following preparation and lodgement of a prospectus with ASIC and ASX.
2. Subject to shareholder approval in EGM (anticipated to be held in June), and in compliance with applicable ASIC and ASX requirements, \$0.5 million by the placement of 7,142,857 shares at 7 cents each to interests associated with Steven Cole (representing approximately 4% of Solco's fully diluted share capital base).

Phase 4 (Strategic Pathway Forward)

In anticipation of completion of the Phase 3 capital raising initiatives, the new Board, in conjunction with executive management, are actively developing Solco's future strategic pathway in the growth driven sustainable energy and water sectors, and will report to the market and its shareholders as these plans are finalised.

It is foreshadowed that in addition to organic growth, this pathway will include strategic acquisitions of complementary businesses in target sectors to assist Solco in achieving the economies of scale and scope necessary for it to drive shareholder value as a public listed corporation.

To allow the Board to respond quickly to strategic acquisition opportunities as they may arise, at the proposed June EGM, approval will also be sought from shareholders to authorise the Board to issue up to 35% of Solco's share capital base for such purposes.

The new Board has great confidence in the future prospects of Solco as displayed by their commitment to the Company including personal financial investment.

Indicative Timetable

An indicative timetable for the capital raising and EGM is set out below (subject to fine tuning):-

- mid/late May - prepare and dispatch notice of EGM
- early June - lodge prospectus with ASIC/ASX
- mid June - Record Date for rights and dispatch of rights issue offer to shareholders
- mid/late June - hold EGM and complete share placement
- early July - close rights issue offer
- mid July - issue securities under rights issue

Solco will keep the market progressively informed of material developments as and when they may arise. For further information, contact John Beech 0400 103 675.

John Beech
Company Secretary
18th April 2007