

CONECO LIMITED

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The directors of Coneco Limited (**Coneco**) are pleased to announce the signing today of a Share Sale Agreement for the acquisition of all of the issued shares in World Wide Entertainment Production and Sales Pty Ltd (**World Wide Entertainment**). This agreement, conditional upon receiving Coneco shareholder approval at a general meeting to be held on 5 January 2009, will move the company into the business of television and media program production.

First established in 1997 by Bill Farrow, World Wide Entertainment specialises in light entertainment and documentary programming over a wide variety of general interest, educational and sporting genres. The company does not shoot footage, but rather has access to library footage from a number of key suppliers, and compiles and edits the footage into television programming to suit customer requirements and demands. Customers are mainly international, with content sold in over 140 countries to date, having established first production in 1998.

The key commercial terms of the Share Sale Agreement involve an Initial Consideration component of \$7.6m, made up of \$1.0m cash; \$1.75m notes; and \$4.85m in equity to be issued at an agreed price of 9.94 cents per share (based on Coneco's current share capital). In addition to this, an Earn Out Consideration of up to \$3.05m is possible upon Coneco (combined with World Wide Entertainment) achieving certain performance hurdles through to 2011. This component is payable in either cash or equity at the discretion of Coneco.

Jonathan Hutchings is currently the managing director of World Wide Entertainment. On completion of the acquisition, Jonathan Hutchings will be appointed managing director of Coneco. As part of his remuneration and incentive package, he will be entitled to be issued 1,500,000 options to acquire 1,500,000 ordinary shares in Coneco at 40 cents each, subject to meeting certain performance conditions. It is also a condition of the Share Sale Agreement that the founder of World Wide Entertainment, Bill Farrow, be engaged by Coneco as a consultant for at least 5 years to assist in the further development the company's international business.

The acquisition by Coneco of World Wide Entertainment, if approved by shareholders and completed, will result in a significant change to the nature and scale of Coneco's activities. As a consequence, ASX requires Coneco to get the approval of its shareholders to the acquisition. ASX also requires Coneco to meet the requirements in chapters 1 and 2 of the ASX Listing Rules as if Coneco were applying for admission to the official list, if the acquisition is approved by shareholders. Trading will be suspended following shareholder approval until the requirements of chapters 1 and 2 have been satisfied.

It is a requirement of chapter 2 that the issue price or sale price of shares for which quotation is sought must be at least 20 cents in cash.

The value of each ordinary share in Coneco that has been agreed with the shareholders of World Wide Entertainment for the purpose of the share component of the Initial Consideration is 9.94 cents, based on Coneco's current share capital structure.

In the circumstances, the directors of Coneco feel that in order to be reasonably confident of ensuring an issue price or sale price of Coneco's fully paid ordinary shares will be at a margin above 20 cents following the World Wide Entertainment acquisition, the total number of issued shares in the company should be consolidated on a 1 for 4 basis.

The share component of the Initial Consideration will, therefore, be issued to the World Wide Entertainment shareholders at an agreed post consolidation price of 39.76 cents per share.

It is a requirement of chapter 1 of the ASX Listing Rules for a company seeking admission to the official list to lodge a prospectus with ASIC and to have at least 400 shareholders each having a parcel of fully paid ordinary shares in the company with a value of at least \$2,000.

On completion of the acquisition of World Wide Entertainment, Coneco is expected to have approximately 120 shareholders having this minimum parcel. Therefore, in order to comply with the spread requirement, Coneco proposes to attract new investors through an offer of up to 2 million ordinary shares at 40 cents each under a prospectus. Copies of the prospectus are expected to be made available by Coneco in early December 2008 by contacting the company secretary on 0409 021 320.

Although the directors of Coneco are reasonably confident of being able to attract new investors in order to meet the spread requirement, there is no certainty about this outcome. Completion of the acquisition of World Wide Entertainment is not conditional on Coneco actually satisfying the spread requirement or any of the other admission or quotation conditions set out in chapters 1 and 2 of the ASX Listing Rules and, therefore, if shareholders approve the acquisition, it is possible that following completion of the acquisition the spread requirement is not able to be satisfied and trading in the Company's shares remains suspended and ASX removes the Company from the official list. In that circumstance, shareholders will not be able to sell their shares on the ASX stock market, and the ability for them to sell their shares generally is likely to be materially diminished.

It has been agreed that following completion of the acquisition, the board of directors of Coneco will be restructured to include 3 new directors nominated by the shareholders of World Wide Entertainment and approved by the Coneco board. The new directors currently proposed are John Bertrand, Andrew Balaam and Jonathan Hutchings (who will be Coneco's managing director).

It has also been agreed that 2 of the 4 current directors of Coneco will resign - Stuart James (who is the chairman of the company) and Edgar Hung. The other 2 - Bill Conn and Chris Newman - will continue on as non-executive directors. In view of these changes, and due to other commitments, Stuart James has decided to resign as chairman of the board and as a director of Coneco with immediate effect and the board has resolved to appoint Bill Conn as chairman in his place. The other directors of Coneco wish to formally record their gratitude to Stuart for his tremendous contribution and guidance during the difficulties experienced by the company in establishing its mortgage broking business and since then as

the company has endeavoured to re-position itself. Stuart is entirely supportive of the World Wide Entertainment acquisition and, as a shareholder, intends to vote his shares in favour of it (unless precluded from doing so by the Corporations Act or ASX Listing Rules).

A Notice of Meeting and Information Memorandum containing a detailed explanation of the acquisition of World Wide Entertainment is being prepared and is scheduled to be sent to shareholders around 28 November 2008, for the purpose of convening a general meeting of Coneco to vote on the acquisition and related matters to be held on 5 January, 2009.

Below is an indicative timetable for the proposed transaction. Coneco reserves the right to change these dates at any time.

| Event | Target date |
|--|--------------------|
| Despatch notice of meeting and information memorandum to shareholders | 28 November 2008 |
| Trading halt request | 5 January 2009 |
| Hold general meeting | 5 January 2009 |
| Record date for determining shareholdings to effect consolidation of shares | 12 January 2009 |
| Completion of acquisition and issue of shares to World Wide Entertainment shareholders (as well as the provision of the remaining initial consideration) | 13 January 2009 |
| Issue of options to Jonathan Hutchings | 13 January 2009 |
| Issue shares to meet ASX spread requirement and satisfy all remaining ASX admission and quotation conditions | 13 January 2009 |
| Resumption of trading in shares | 13 January 2009 |

As previously announced, Coneco and ASX had agreed that unless Coneco entered into a transaction to acquire a new business before 31 December 2008, Coneco's shares would be automatically suspended from quotation with effect from the start of trading on 2 January 2009. ASX has confirmed that execution of the Share Sale Agreement satisfies this condition to avoid automatic suspension.

Peter Lockie
Company Secretary