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23 August 2007

The Manager
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam

Share Placement

Envirozel Limited (ASX: EVZ) is pleased to announce it has raised \$10.0M via the issue of 20,000,000 shares at \$0.50 each, in a placement to assist in funding the acquisition of TSF Engineering.

The company has previously advised the market in recent weeks via two ASX announcements of its intention to acquire the business of TSF Engineering for \$14 million. Settlement is expected to occur on August 31st 2007.

The placement was undertaken by Southern Cross Equities Limited and strong demand was received from a range of new and existing institutional and high net worth investors. The pricing of the issue at a 2% premium to VWAP for the preceding 7 trading days reflects the market's continued enthusiasm for Envirozel's well enunciated acquisition strategy evidenced over the past 18 months.

Envirozel's Executive Chairman, Mr Gordon McKern in commenting on the placement said:

"We appreciate the continued support of Southern Cross Equities and their client base of leading fund managers and sophisticated investors and recognize their importance in the execution of the company's previously articulated acquisition strategy which focuses on profitable companies that service infrastructure, construction and water based industries."

"The new shares issued will represent 10% of the expanded issued capital of Envirozel upon settlement."

Mr McKern further stated:

"This placement underpins the financial strength of the company allowing the company to maintain moderate gearing levels and be well positioned for continued expansion."

Yours faithfully

Ian Wallace
Company Secretary

For further information, please contact:

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About Envirozel Limited

Envirozel is an emerging industrial group with a portfolio of specialist businesses operating in the infrastructure, water and engineering industries. The company's operations currently encompass four successful businesses, Syfon Systems, Brockman Engineering, Danum Engineering and National Engineering. These businesses have strong positions in their respective markets with exceptional growth opportunities. The company's strategy is to grow by acquisition targeting strong, established and profitable strategic businesses where generational change or succession issues have become a constraint on growth.

For further information, please visit: www.envirozel.com.au

About TSF Engineering

Sydney based, TSF Engineering specialise in the design and installation of power generation equipment, communications equipment and marine installations. It operates throughout Australia, Asia and the Pacific region.