

17 November 2009

## Coote Industrial Limited (CXG) Announcement

### A\$40 Million Capital Raising

Coote Industrial is pleased to announce it has successfully completed a A\$30 million Share Placement (subject to shareholder approval) and is undertaking a Share Purchase Plan to raise up to a further A\$10 million.

The Share Placement has been made to institutional and sophisticated investors, while the Share Purchase Plan will be offered to existing eligible shareholders.

Both the Share Placement and the Share Purchase Plan will be undertaken at a price of A\$0.26, representing a discount of approximately 25% on the price at which Coote Industrial shares were being traded, immediately prior to when the Company went into a voluntary trading halt on Thursday, 12 November 2009.

Funds raised from the capital raising will be used to pay down debt, improve liquidity and provide working capital for increasing volumes of forward orders and contracted work. The new capital will also enable Coote Industrial to concentrate on a number of new growth opportunities while completing the two remaining key objectives determined for FY10, being settlement of the second tranche of locomotives sold to Greentrains and the divestment of the logistics businesses.

Commenting on the capital raising, Managing Director, Mike Coote said “The placement was well supported by institutional investors and high net worth shareholders, both new and existing, who have demonstrated their support and underlying confidence in the business.”

RBS Morgans Corporate Limited and Patersons Securities Limited act as Joint Lead Managers in relation to the capital raising.

#### A\$30 million Share Placement

The Share Placement to institutional and sophisticated investors will consist of two tranches:

1. Tranche 1 – an unconditional placement consisting of 18,461,271 shares at A\$0.26 per share, to raise \$5 million and settling on Monday, 23 November 2009; and
2. Tranche 2 - a placement of 96,923,344 shares at A\$0.26 per share to raise a further A\$25 million, which is subject to shareholder approval at an Extraordinary General Meeting to be held on Monday, 21 December 2009.

#### A\$10 million Share Purchase Plan

Existing eligible shareholders will be offered an opportunity to increase their investment in Coote Industrial by way of participation in a Share Purchase Plan. Each shareholder will be eligible to participate in the Share Purchase Plan if they are registered as a holder of shares in Coote Industrial at 5:00 pm WST on Tuesday, 17 November 2009 with a registered address in Australia or New Zealand. Under the Share Purchase Plan, each eligible shareholder will have the opportunity to subscribe for up to A\$15,000 of new shares at the Share Placement offer price of A\$0.26 per share, free of brokerage or other transaction costs.



The Share Purchase Plan is targeting a maximum of A\$10 million, with Coote Industrial reserving the right to scale back applications if they exceed A\$10 million in aggregate. The issue of shares under the Share Purchase Plan will occur after the Extraordinary General Meeting on Monday 21 December 2009.

The Share Purchase Plan will be released to shareholders on Wednesday, 18 November 2009.

### **About Coote Industrial**

Coote Industrial is a unique Australian company providing broad-based technical services to customers who rely upon heavy / complex plant and machinery or specialised rolling-stock to meet their power, propulsion and infrastructure needs.

The company is comprised of five key businesses:

- **Convair** – bulk storage and transportation tankers for specialised road and rail rollingstock
- **Drivetrain Power and Propulsion** – power and propulsion systems and ancillary equipment for marine, rail, road, off-highway and stationary power applications
- **Gemco Rail** – railroad rollingstock (locomotives, wagons, hi-rail) design, manufacture and servicing for freight-rail and mine-rail operators
- **Industrial Powertrain** – powertrain and drive-line servicing for heavy engines and mobile plant utilised in marine, rail and mining applications
- **Total Momentum** – below-rail infrastructure construction and maintenance, recruitment, training and workforce solutions

Each of these discrete technical services companies possesses distinctive core competencies which address specific industry demand. Collectively they form a compelling technical capability with application across industry sectors including aerospace, agriculture, construction, defence, maritime, rail, resources and power generation.

Coote Industrial operates from 54 locations in 6 countries and employs approximately 900 personnel.

### **Contacts:**

#### **Mike Coote**

Managing Director

T: +61 (0)8 9251 8000

E: mike.coote@coote.com.au

#### **Kevin Pallas**

Chief Operations Officer / Company Secretary

T: +61 (0)8 9251 8000

E: kevin.pallas@coote.com.au