

7 June 2010

Notice under section 708AA(2)(f) of the Corporations Act

This notice is given by Coote Industrial Limited (“**Coote**”) under section 708AA(2)(f) of the Corporations Act 2001 (Cwlth) (“**Act**”) as modified by Australian Securities and Investments Commission Class Order [CO 08/35] (“**CO 08/35**”).

Coote today announced a fully underwritten non-renounceable rights issue (“**Entitlement Offer**”) of its fully paid ordinary shares (“**New Shares**”) to Coote shareholders who (“**Eligible Shareholders**”):

- (a) are registered as a holder of Coote shares at 5.00pm (Perth time) on the Record Date of Wednesday, 16 June 2010;
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States or a US Person or acting for the account or benefit of such persons; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Eligible Shareholders (other than directors of Coote) may, in addition to taking up their entitlements in full, apply for additional shares in excess of their entitlements at the same price as under the Entitlement Offer. Additional shares will only be available where there is a shortfall between applications received from Eligible Shareholders and the number of new shares proposed to be issued under the Entitlement Offer (“**Top-Up Facility**”).

An offer document for the Entitlement Offer will be dispatched to shareholders with registered addresses in Australia and New Zealand on or before Tuesday, 22 June 2010.

Coote confirms that:

- (a) Coote will offer the New Shares under the Entitlement Offer for issue without disclosure to investors under Part 6D.2 of the Act;
- (b) this notice is given by Coote under section 708AA(2)(f) of the Act, as modified by CO 08/35;

- (c) as at the date of this notice, Coote has complied with:
- (i) the provisions of Chapter 2M of the Act as they apply to Coote; and
 - (ii) section 674 of the Act;
- (d) as at the date of this notice, there is no excluded information of the type referred to in subsections 708AA(8) and (9) of the Act;
- (e) The potential effect of the Entitlement Offer on the control of Coote is as follows:
- (i) If all Eligible Shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of Coote.
 - (ii) If some Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders in Coote will be diluted.
 - (iii) The proportional interests of shareholders with registered addresses outside Australia and New Zealand will be diluted because such shareholders are not entitled to participate in the Entitlement Offer.
 - (iv) The Entitlement Offer is fully underwritten by Elph Pty Ltd ("**Elph**"). Elph is a substantial shareholder of Coote with a relevant interest of 34.61%.
 - (v) Coote has been advised by Elph that the following substantial shareholders have entered into agreements to act as sub-underwriters of some of Elph's underwriting obligations:
 - 1. Thorney Holdings Pty Ltd ("**Thorney**") in relation to 17,444,857 shortfall shares; and
 - 2. Equity Trustees Limited (as responsible entity for SGH Professional Investor Smaller Companies Trust) ("**Equity Trustees**") in relation to 8,579,853 shortfall shares.
- Coote has also been advised by Elph that there are additional sub-underwriting arrangements in place in relation to 72,430,530 shares.
- (vi) If all Eligible Shareholders take up their entitlements under the Entitlement Offer and there is no shortfall under the Entitlement Offer, then Elph will, except for shares it may subscribe for pursuant to its entitlement as a shareholder, not be issued with any Coote shares under the Entitlement Offer as underwriter. However, if there is a shortfall under the Entitlement Offer (including after determination of any applications under the Top-Up Facility), subject to the terms of the underwriting agreement and the sub-underwriting agreements, Elph (and

the sub-underwriters) will subscribe for Coote shares up to a maximum of the shortfall. The issue of Coote shares to Elph (and the sub-underwriters) will dilute the interests of all other shareholders.

Elph currently holds 34.61% of the issued capital of Coote. However, Coote has been advised by Elph that substantial shareholder Equity Trustees has indicated that it intends to accept the Elph Offer and as a consequence Elph's interest will rise to 38.33%. The consequences of the potential effect on the control of Coote at completion of the Entitlement Offer is summarised below:

- (i) If all shareholders are Eligible Shareholders and accept the Entitlement Offer, then Elph's interest will remain at 38.33%.
 - (ii) If only the sub-underwriters accept the Entitlement Offer and no other Coote Shareholders accept and the full shortfall of New Shares is placed with Elph and the sub-underwriters in accordance with the sub-underwriting agreements, Elph's shareholding interest will increase to 44.17%.
- (f) The maximum voting power of all known substantial shareholders of Coote, at the date of this notice (and assuming no change to those shareholdings prior to the close of the Entitlement Offer) both currently and following the Entitlement Offer, is set out in the table below:

Substantial shareholder	Current number of shares over which holder has voting power	Current voting percentage	Maximum possible number of shares over which holder may have voting power	Maximum possible voting percentage
Elph Pty Ltd, Elphinstone Holdings Pty Ltd and Dale Brendon Elphinstone ¹	92,208,588	34.61%	235,353,988	44.17%

¹ Based on substantial shareholder notice lodged by Elph on 2 June 2010, acceptances to the Elph offer received by Elph at 4 June 2010 and assuming that Elph receives no further acceptances under its takeover offer for up to 35% of the shares in Coote which it does not own other than in relation to those held by Equity Trustees who Elph has advised Coote has stated it intends to accept the Elph offer, but at the date of this notice has not yet done so. The maximum voting power is based on the following assumptions: (i) Elph accepts all of its entitlement under the Entitlement Offer (it has indicated it will); (ii) All other Eligible Shareholders (other than the sub-underwriters, who Elph has advised Coote have indicated they will accept their entitlements and other minority shareholders who Elph has advised Coote have confirmed they will take up their entitlements in relation to the 2,525,000 Coote shares they currently hold (referred to below as the "Following Minority Shareholders")) do not accept their entitlements under the Entitlement Offer and (iii)

Michael Coote, Ganesha Nominee Pty Ltd as trustee for the Ganesha Family Trust and Ganesha Nominee Pty Ltd as trustee for the Ganesha Super Fund ²	42,811,184	16.068%	42,811,184	8.03%
Equity Trustees Limited as responsible entity for SGH Professional Investor Smaller Companies Trust ³	28,360,017	10.64%	45,447,875	8.53%
Thorney Holdings Pty Ltd, TIGA Trading Pty Ltd, Thorney Investment Group Australia Pty Ltd ⁴	21,238,682	7.97%%	45,055,143	8.46%

Yours faithfully,



Roland Stampalia
Company Secretary
T: +61 (0)8 9251 8000

Elph, as underwriter, acquires the amount of the shortfall shares pursuant to the underwriting agreement and the sub-underwriting agreements.

² The maximum voting power is based on the assumption that Michael Coote does not accept his entitlement under the Entitlement Offer.

³ The maximum voting power is based on the following assumptions: (i) Equity Trustees accepts the Elph offer and all of its entitlement under the Entitlement Offer (Elph has advised Coote that Equity Trustees has indicated it will); (ii) All other Eligible Shareholders (other than Elph, Thorney and the Following Minority Shareholders, who Elph has advised Coote have indicated they will accept their entitlements) do not accept their entitlements under the Entitlement Offer and (iii) Equity Trustees, as sub-underwriter, acquires 8,579,853 of the shortfall shares pursuant to the sub-underwriting agreement.

⁴ The maximum voting power is based on the following assumptions: (i) Thorney accepts all of its entitlement under the Entitlement Offer (Elph has advised Coote that Thorney has indicated it will); (ii) All other Eligible Shareholders (other than Elph, Equity Trustees and the Following Minority Shareholders who Elph has advised Coote have indicated they will accept their entitlements) do not accept their entitlements under the Entitlement Offer and (iii) Thorney, as sub-underwriter, acquires 17,444,857 of the shortfall shares pursuant to the sub-underwriting agreement.