



Coote Industrial Ltd
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8 June 2010

Letter sent to Coote Shareholders

Please find attached a copy of the letter sent to Coote Industrial Limited shareholders today.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'R. Stampalia'.

Roland Stampalia

Company Secretary

T: +61 (0)8 9251 8000

E: roland.stampalia@coote.com.au

8 June 2010

Dear Shareholder,

Information for Shareholders

Pro-rata Non-renounceable Entitlement Issue

Coote Industrial Limited (ASX:CXG) ("**Company**") will shortly be offering to eligible shareholders an opportunity to acquire more shares in the Company pursuant to a fully underwritten pro-rata non-renounceable entitlement issue to shareholders of fully paid ordinary shares ("**Shares**") on the basis of one (1) Share for every one (1) Share held at 5.00pm Perth time on Wednesday, 16 June 2010, at an issue price of \$0.16 per Share, to raise approximately \$42.6 million before costs ("**Entitlement Issue**").

The Entitlement Issue will be made pursuant to an offer document ("**Offer Document**") and if you are eligible and wish to participate in the Entitlement Issue, you will need to complete the Entitlement and Acceptance Form that will accompany that Offer Document.

A copy of the Offer Document will be lodged with ASX on or before Tuesday, 22 June 2010 and will be available on the ASX website (www.asx.com.au) and the Company's website (www.coote.com.au) on that date. The Offer Document will be despatched to shareholders with registered address in Australia and New Zealand who hold Shares as at the record date of 5.00pm Perth time on Wednesday, 16 June 2010.

Pursuant to the Listing Rules of the ASX Limited ("**Listing Rules**"), the Company is required to provide you with certain information before proceeding with the Entitlement Issue. This letter contains all the information required by Appendix 3B of the Listing Rules.

1. A maximum of 266,438,788 Shares will be issued pursuant to the Entitlement Issue (assuming no options are exercised before the record date).
2. The Shares will rank equally in all respects from the date of allotment with the existing class of quoted Shares.
3. The issue price of the Shares will be \$0.16 each.
4. The Company will apply for quotation of the Shares issued pursuant to the Entitlement Issue on the official list of the ASX.
5. The funds raised by the Entitlement Issue will be used to provide additional working capital, repay Elph Pty Ltd's ("**Elph**") subordinated loan, satisfy outstanding tax liabilities, meet the obligation of Coote to pay \$6.5 million to Elphinstone Holdings Pty Ltd arising under the terms of the Greentrains put option (see ASX announcement dated 21 April 2010), to pay down debt on terms previously agreed with the company's bankers and to meet the costs of the entitlement issue.

6. It is anticipated the securities will be entered into uncertificated holdings on or before Wednesday, 14 July 2010.
7. The total number and class of all securities quoted on ASX (including the maximum number of Shares to be issued under the Entitlement Issue (assuming no options are exercised before the record date) is as follows:

Class	Number
Existing ordinary shares	266,438,788
Entitlement Issue	266,438,788
Total	532,877,576

8. The following are the securities of the Company not quoted on ASX:

Class	Number
Options (Exercisable at exercise prices of between \$3.00 and \$4.00, with expiry dates ranging from 29 August 2011 to 29 August 2013)	3,000,000

9. All Shares issued pursuant to the Entitlement Issue will have the same dividend entitlements as existing Shares.
10. No shareholder approval for the Entitlements Issue is required.
11. The Entitlements Issue is non-renounceable. This means that Coote shareholders who do not take up their entitlements to participate in the Entitlement Issue will not be able to transfer or receive any value for those entitlements and their equity interest in the Company will be diluted.
12. The Shares in the Entitlement Issue will be offered on the basis of one (1) Share for every one (1) Share held by the shareholder at 5.00pm Perth time on Wednesday, 16 June 2010.
13. The offer under the Entitlement Issue relates to fully paid ordinary shares in the capital of the Company.
14. The record date to determine entitlements is 5.00pm Perth time on Wednesday, 16 June 2010.
15. Only shareholders with registered addresses in Australia and New Zealand will be sent the Offer Document. In compliance with Listing Rule 7.7.1, the Company has decided that it is unreasonable to make the offer to shareholders with registered addresses outside Australia and New Zealand having regard to each of the following:
 - the number of security holders registered outside of Australia and New Zealand;

- the number and value of the securities that would have been offered to security holders outside of Australia and New Zealand; and
 - the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.
16. The closing date for receipt of acceptances is 5.00pm Perth time on Tuesday, 6 July 2010.
 17. The Entitlement Issue is fully underwritten by Elph. The Company will pay Elph an underwriting commission of 5% of the offer price per share on all of the new shares (except for the new shares which Elph subscribes for pursuant to its entitlement) and reasonable costs and expenses incurred by Elph in respect of the Entitlement Issue. Elph will be responsible for any sub-underwriting fees.
 18. There is no broker to the Entitlement Issue.
 19. The Company will pay a broker handling fee of 1% (capped at \$100 per application) on successful applications under the entitlement issue. Brokers must be ASX participants and complete a claim form to be eligible for this fee.
 20. The Offer Document for the Entitlement Issue and the accompanying Entitlement and Acceptance Form will be despatched to eligible shareholders by no later than Tuesday, 22 June 2010.
 21. Existing option holders may participate in the Entitlement Issue upon exercise of their options (if they are entitled to exercise their options at this time). The Company sent a notice to option holders on 7 June 2010 to notify option holders of their right to participate in the Entitlement Issue upon exercise of their options.
 22. The latest date for despatch of certificates or entry of the securities into your security holdings is Wednesday 14 July 2010.

The above information was provided to the ASX on 7 June 2010.

If you have any queries regarding your entitlement or participation in the upcoming Entitlement Issue, please contact Mr Roland Stampalia, Company Secretary on +61 8 9251 8000.

Yours faithfully,



Roland Stampalia

Company Secretary

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