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SHAREHOLDER UPDATE

The Board of Coote Industrial Ltd (“Coote”) (ASX: CXG) provides the following update in relation to settlement of the Greentrains Put Option, the proportional takeover offer by Elph Pty Ltd (“Elph”) for 35% of the shares in Coote (“Elph Offer”), and discussions with Elph.

Greentrains Put Option

Elphinstone Holdings Pty Ltd and Coote have agreed to further extend the date for settlement of the Greentrains Put Option (by which time Coote is required to pay \$6.5 million) until 2 June 2010.

Elph Offer

Elph announced on 26 May 2010 that it had extended the closing date of the Elph Offer until 2 June 2010. It has declared the 26 cents offer price final.

As announced to the ASX on 21 May 2010, the Directors of Coote have now recommended Coote Shareholders accept the Elph Offer.

Discussions with Elph

The Board of Coote is continuing discussions with Elph in relation to funding support. These discussions are focused on a recapitalisation of Coote through a discounted rights issue. However, discussions are not complete and there can be no assurance that any binding transaction will be entered into.

Coote will keep its shareholders informed of material developments as they occur.

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