

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Coote Industrial Limited ("Coote")

ABN

99 120 432 144

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares in the capital of Coote (" Ordinary Shares "). |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 266,438,788 Ordinary Shares (assuming no options are exercised before the record date). |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | The same as the terms of existing Ordinary Shares. |

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes.</p>						
<p>5 Issue price or consideration</p>	<p>\$0.16 per Ordinary Share.</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The Ordinary Shares are being issued as part of a fully underwritten non-renounceable pro rata issue. This offer will be conducted to raise a total of approximately \$42.6 million before costs. The funds raised will be used to provide additional working capital, repay Elph Pty Ltd's 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), pay down debt on terms previously agreed with the company's bankers and to meet the costs of the entitlement issue</p>						
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>On or before 14 July 2010.</p>						
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="695 1693 991 1738">Number</th> <th data-bbox="991 1693 1292 1738">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1738 991 1962">532,877,576</td> <td data-bbox="991 1738 1292 1962">Ordinary Shares</td> </tr> <tr> <th data-bbox="695 1962 991 2000">Number</th> <th data-bbox="991 1962 1292 2000">+Class</th> </tr> </tbody> </table>	Number	+Class	532,877,576	Ordinary Shares	Number	+Class
Number	+Class						
532,877,576	Ordinary Shares						
Number	+Class						

+ See chapter 19 for defined terms.

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	3,000,000	Options (exercisable at exercise prices of between \$3.00 and \$4.00, with an expiry date ranging from 29 August 2011 to 29 August 2013)
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	As per existing Ordinary Shares.	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No.	
12	Is the issue renounceable or non-renounceable?	Non-renounceable.	
13	Ratio in which the ⁺ securities will be offered	One new Ordinary Share for every Ordinary Share held.	
14	⁺ Class of ⁺ securities to which the offer relates	Ordinary Shares.	
15	⁺ Record date to determine entitlements	5.00 pm Perth time on 16 June 2010.	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No.	
17	Policy for deciding entitlements in relation to fractions	Given that the ratio is 1:1, no fractions will arise.	
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents	Only security holders with registered addresses in Australia and New Zealand will be eligible to participate.	
	Note: Security holders must be told how their entitlements are to be dealt with.		
	Cross reference: rule 7.7.		
19	Closing date for receipt of acceptances or renunciations	5.00 pm Perth time on 6 July 2010.	
20	Names of any underwriters	Elph Pty Ltd	

21	Amount of any underwriting fee or commission	5% of the offer price per share on all of the offer shares (except for offer shares which the underwriter subscribes for pursuant to its entitlement as a shareholder of Coote under the offer) and reasonable costs and expenses incurred by the underwriter in respect of the offer.
22	Names of any brokers to the issue	Not applicable.
23	Fee or commission payable to the broker to the issue	Not applicable.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Coote will pay a broker handling fee of 1% (capped at \$250 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.
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable.
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	No prospectus will be issued, but an Offer Booklet and acceptance form will be despatched to eligible shareholders by no later than 22 June 2010.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	7 June 2010
28	Date rights trading will begin (if applicable)	Not applicable.
29	Date rights trading will end (if applicable)	Not applicable.
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Not applicable.

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- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance? Not applicable.
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)? Not applicable.
- 33 +Despatch date On or before 14 July 2010.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

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39 Class of +securities for which
quotation is sought

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40 Do the +securities rank equally in
all respects from the date of
allotment with an existing +class
of quoted +securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next
dividend, (in the case of a
trust, distribution) or interest
payment
- the extent to which they do
not rank equally, other than in
relation to the next dividend,
distribution or interest
payment

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41 Reason for request for quotation
now

Example: In the case of restricted securities, end
of restriction period

(if issued upon conversion of
another security, clearly identify
that other security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



(~~Director~~/Company secretary)

Date: 7 June 2010

Print name: Roland Stampalia

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