Capral Limited
ABN 78 004 213 692

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8 October 2009

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
Sydney
NSW 2000

Dear Sir/Madam

Capral Limited (ASX Code: CAA)
Notification under section 708AA(2)(f) of the *Corporations Act* 2001 (Cth)

As announced on 28 August 2009, Capral Limited (ABN 78 004 213 692) (**Capral**) is making a non-renounceable rights issue of ordinary shares (**Shares**). Shareholders with registered addresses in Australia and New Zealand (**Qualifying Shareholders**) are being offered the opportunity to apply for 1 new share for every 1 Capral share held at 7pm (Sydney time) on the record date of 16 October, at an offer price of 2.5 cents per share (**Rights Issue**).

The offer price is on a pre consolidation basis, and Shares issued under the Rights Issue will be consolidated on a 10 to 1 ratio on the consolidation record date of 23 November 2009 (assuming the Share Consolidation is approved by Shareholders at the 9 October 2009 general meeting (**General Meeting**)). The offer price is therefore the same as the issue price of the Shares to be issued under the Placement and GPG Debt Conversion, each as detailed in the Explanatory Memorandum and Notice of Meeting released to the ASX on 4 September 2009 (**EGM Document**).

The Rights Issue is not underwritten.

In addition, Qualifying Shareholders who take up their full Entitlement will be eligible to apply for any Rights Issue shortfall Shares under a shortfall facility (**Shortfall Facility**), which is detailed in the offer document for the Rights Issue which accompanies this announcement. Capral's directors have a discretion as to how much (if any) of the shortfall will be made available, and the scaling back policy in the event of over-subscriptions.

Capral gives notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) that:

1. Capral will offer Shares in Capral for issue (**Offer Shares**) pursuant to the Rights Issue and Shortfall Facility and will issue those Offer Shares without disclosure to investors under Part 6D.2 of the Corporations Act.

2. As at the date of this notice:

    (a) Capral has complied with the provisions of Chapter 2M of the Corporations Act as they apply to Capral; and

    (b) Capral has complied with section 674 of the Corporations Act.

3. As at the date of this notice, there is no "excluded information" within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act that is required to be disclosed under section 708AA(7)(d) of the Corporations Act.

4. The potential effect that the Rights Issue and Shortfall Facility will have on control of Capral is as follows. The following calculations are based on a starting point which assumes completion of the GPG Debt Conversion and the Placement (which are expected to occur on or around 16 October 2009, assuming Shareholders pass the relevant resolutions at the General Meeting), completion of the Share Consolidation on the consolidation record date of 23 November 2009 (assuming Shareholders pass the relevant resolution at the General Meeting) and 100% acceptance of (or compulsory acquisition under) the Convertible Notes Takeover (which is expected to occur following the takeover offer closing date of 15 October 2009):

   (a) if all Shareholders take up their entitlements under the offer, the Rights Issue will have an effect on control of Capral in that the relevant interest of Guinness Peat Group plc and its related bodies corporate (**GPG**) will increase from the starting point of 40.9% to 44.4%; and

   (b) if GPG takes up its full entitlement, but no other Qualifying Shareholders take up their entitlements and no Shares are issued under the Shortfall Facility, then GPG's relevant interest will increase from the starting point of 40.9% to 45.5%. GPG has committed to participate in Rights Issue for its full 75.6% entitlement. GPG is not eligible to participate in the Shortfall Facility.

Please note that GPG Debt Conversion, the Placement and the Convertible Notes Takeover are defined terms in the EGM Document and we refer you to that document for further details.

Yours faithfully

Richard Rolfe
Company Secretary
Capral Limited