



Capral Limited
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9 October 2009

Dear Shareholder

**Capral Limited (ASX Code: CAA)
Non Renounceable Rights Issue**

The Directors are pleased to advise you that Capral Limited (**Capral**) lodged a Cleansing Notice and Offer Summary with ASX on 8 October 2009 for a 1 for 1 non-renounceable rights issue of ordinary fully paid shares in Capral at 2.5 cents per share to all shareholders with registered addresses in Australia and New Zealand (**Qualifying Shareholders**) as at the Record Date (being 7pm on 16 October 2009) (**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). 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 Summary.

This offer is being made to investors in accordance with section 708AA of the Corporations Act.

The Offer Summary is currently available for inspection on the ASX website at www.asx.com and is also available on Capral's website at www.capral.com.au.

A copy of the Cleansing Notice and Offer Summary together with the Entitlement and Acceptance Form will be mailed to all shareholders no later than 22 October 2009. **The closing date for acceptance and payment is 5.00pm (Sydney time) on 6 November 2009.**

Potential Effect on Share Capital

The structure of Capral's ordinary shares on completion of the Rights Issue will be as follows:

Shares (Quoted - CAA)	Number
Total Shares on issue	389,262,072
Pre-Share Consolidation	
Total Shares to be issued to Noteholders under the Convertible Notes Takeover Offer (assuming 100% acceptance or compulsory acquisition)	1,060,000,000
Total Shares to be issued under the Share Placement (assuming \$37.5 million raised)	1,500,000,000
Total Shares to be issued to GPG on GPG Loan Conversion (based on the assumptions detailed in section 10.12 of the Bidder's Statement)	540,430,830
Total Shares to be issued under the Rights Issue (subject to rounding)	389,262,070
Share Consolidation (10:1 ratio)	
Total Shares on completion of the Recapitalisation Program and Rights Issue (post Share Consolidation)	387,895,497

No other class of Capral securities on issue will be issued under the Rights Issue.

Proposed Timetable

The proposed timetable for the Rights Issue is as follows:

Event	Date
Lodgement of Appendix 3B, Notice and Offer Summary with ASX	8 October 2009
Record Date	7pm 16 October 2009
Offer Summary & Entitlement & Acceptance Forms mailing date	22 October 2009
Rights Issue and Shortfall facility closes	5pm 6 November 2009
Notify ASX of under subscriptions	11 November 2009
Allotment of New Shares	11 November 2009
Holding statements for New Shares despatched	13 November 2009
New Shares begin trading on ASX	16 November 2009

Further Information

Full details of the Rights Issue and Shortfall Facility are included in the Offer Summary that will be mailed to all Capral shareholders who are registered on the Record Date. Qualifying Shareholders should complete the Entitlement and Acceptance Form accompanying the Offer Summary and return it to our Share Registry on or before **6 November 2009**. All shareholders should read the Offer Summary carefully before deciding to invest in New Shares.

If you have any queries, please contact our Share Registry on **1300 026 580** or **+613 9415 4048**.

Yours faithfully,



Phil Arnall
Chairman
Capral Limited