

## MASTERMYNE GROUP LIMITED

ACN 142 490 579

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Shareholders of Mastermyne Group Limited (**Company or Mastermyne**) will be held in the Flinders Room, Mackay Grande Suites, 9 Gregory Street, Mackay, Queensland on Tuesday 23 November 2010, commencing at 11:00 am (Queensland time).

### AGENDA

#### ORDINARY BUSINESS

##### 1 **FINANCIAL STATEMENTS AND REPORTS**

To receive and consider the Company's Annual Financial Report comprising the Directors' Report, Balance Sheet, Statements of Comprehensive Income, Changes in Equity, Cash Flows and Notes to the Financial Statements, Directors' Declaration and Auditor's Report for the financial year ended 30 June 2010.

**Note: A resolution of shareholders is not required for this item of business.**

##### 2 **REMUNERATION REPORT**

To consider and, if thought fit, pass the following non-binding resolution as an ordinary resolution, under section 250R(2) of the Corporations Act 2001 (Cth):

*“To adopt the Remuneration Report of the Company (as set out in section 5 of the Directors' Report) for the financial year ended 30 June 2010.”*

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

3 **RE-ELECTION OF MR DARREN HAMBLIN AS A DIRECTOR**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That Darren William Hamblin, a Non-executive Director who retires by rotation in accordance with the ASX Listing Rules and Article 47(b) of the Company’s Constitution and being eligible, offers himself for re-election, be and is hereby re-elected as a Director of the Company.”*

Note: Information about Mr Hamblin appears in the Explanatory Statement.

4 **ELECTION OF MR PETER SLAUGHTER AS A DIRECTOR**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That Peter John Slaughter, the Non-executive Chairman who was appointed by the Board as an additional Director and who retires in accordance with Article 47(d) of the Company’s Constitution and being eligible, offers himself for re-election, be and is hereby re-elected as a Director of the Company.”*

Note: Information about Mr Slaughter appears in the Explanatory Statement.

5 **ELECTION OF MR IAN HALL AS A DIRECTOR**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That Ian Richard Hall, a Non-Executive Director who was appointed by the Board as an additional Director and who retires in accordance with Article 47(d) of the Company’s Constitution and being eligible, offers himself for re-election, be and is hereby re-elected as a Director of the Company.”*

Note: Information about Mr Hall appears in the Explanatory Statement.

## **SPECIAL BUSINESS**

### **6 ISSUE OF PERFORMANCE RIGHTS TO MR TONY CARUSO, MANAGING DIRECTOR OR HIS NOMINEE**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That in accordance with ASX Listing Rule 10.14 and for all other purposes, the Company be authorised to issue to Mr Tony Caruso, Managing Director or his nominee, 1,050,000 performance rights under the Mastermyne Group Limited Employee Performance Rights Plan, on the terms described in the Explanatory Statement which forms part of the Notice of Meeting."*

Note: A summary of the proposed terms of the Managing Director's Performance Rights is contained in the Explanatory Statement.

### **VOTING EXCLUSION**

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on this ordinary resolution by Mr Tony Caruso and his associates or any other Director of the Company who is eligible to participate in any employee incentive scheme in relation to the Company and their associates.

However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7 **APPOINTMENT OF AUDITOR**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

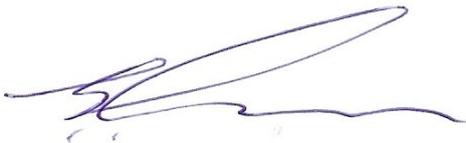
*“That, for the purposes of section 327B of the Corporations Act 2001 (Cth) and for all other purposes, KPMG, having been nominated by a Shareholder and consenting in writing to act in the capacity of Auditor of the Company, be appointed as Auditor of the Company and that the Directors be authorised to fix the remuneration of the Auditor.”*

Note: Further comments appear in the Explanatory Statement. Also, in accordance with section 328B(3) of the Corporations Act 2001 (Cth) a copy of the notice of nomination of Auditor accompanies this Notice of Meeting.

**GENERAL BUSINESS**

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

**By Order of the Board**



Bill Lyne  
Company Secretary  
22 October 2010

## **HOW TO VOTE**

Shareholders can vote in one of five ways:

- by attending the Annual General Meeting and voting either in person or by attorney or, in the case of corporate shareholders, by corporate representative;
- by lodging a direct vote, using the shareholder voting form enclosed with this Notice of Meeting;
- by lodging a direct vote electronically;
- by appointing a proxy to attend and vote on their behalf, using the shareholder voting form enclosed with this Notice of Meeting; or
- by lodging a proxy vote electronically.

Note: If you choose to use direct voting - mark the box under Option A on the shareholder voting form. If you use direct voting you agree to be bound by the direct voting rules adopted by the Board. A copy of the Mastermyne Group Limited - Rules for Direct Voting at General Meetings are available at [www.mastermyne.com.au](http://www.mastermyne.com.au) under the "Investors" tab. If you choose to appoint a proxy - mark the box under Option B on the shareholder voting form and then choose who you would like to appoint as your proxy. If you appoint the chairman of the Annual General Meeting as your proxy, please note that the chairman of the Annual General Meeting intends to use any undirected proxies the chairman holds to vote in favour of all of the resolutions.

### **Voting in person** - individuals and corporate representatives

Shareholders who plan to attend the Annual General Meeting are asked to arrive at the venue 30 minutes prior to the time designated for the Annual General Meeting, if possible, so that their shareholding may be checked against the share register and attendance noted. Shareholders attending in person must register their attendance upon arrival.

If a share is held jointly, only one joint holder may vote. If more than one joint shareholder votes, only the vote of the first person named on the Company's shareholder register counts.

To vote in person at the meeting, a company which is a shareholder may appoint an individual to act as its representative. The representative should bring to the meeting a letter or certificate evidencing their appointment unless it has previously been provided to the Company or its share registry. A form of certificate may be obtained from the Company's share registry at [www.linkmarketservices.com.au/public/forms/general.html](http://www.linkmarketservices.com.au/public/forms/general.html) or from the addresses specified below.

### **Direct voting** - use Option A on the shareholder voting form

In accordance the Company's constitution the Directors have also established a postal voting system which gives shareholders the choice of casting "direct votes" in advance

of the Annual General Meeting, as an alternative to appointing a proxy to cast their votes.

If a shareholder is entitled to cast two or more votes at the meeting, the shareholder may specify the proportion or number of direct votes that they wish to cast "For" or "Against" an item. Fractions of votes will be disregarded. However on a show of hands, direct votes are not counted and unless a poll is demanded in accordance with the Constitution and that demand is not withdrawn, a resolution put to vote at the Annual General Meeting must be decided on a show of hands. If a shareholder specifies that they will "Abstain" from voting on an item, the shares that are the subject of the direct vote will not be counted in calculating the required majority.

To lodge direct votes, a shareholder should follow the instructions and notes on the shareholder voting form enclosed with this Notice of Meeting as well as read the Mastermyne Group Limited - Rules for Direct Voting at General Meetings which are available at [www.mastermyne.com.au](http://www.mastermyne.com.au) under the "Investors" tab.

For direct votes to be effective, the shareholder voting form must be received by the Company's share registry by no later than 11:00am (Queensland time) on 21 November 2010, or if the Annual General Meeting is adjourned, at least 48 hours before its resumption in relation to the adjourned part of the meeting. Shareholder voting forms received after this time will be invalid.

The shareholder voting form may be given to the Company in any of the following ways:

- **by hand:** delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000
- **by mail:** Mastermyne Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia
- **by fax:** +61 2 9287 0309

A shareholder may also deliver the shareholder voting form to the Company's registered office, Level 1, 45 River Street, Mackay, Qld 4740.

Alternatively, you can lodge your direct votes online by visiting the Company's share registry's website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), going to the online voting page and following the prompts and instructions on the website. To use the online lodgements facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the shareholder voting form.

For direct votes to be effective, you will need to complete the online lodgement by 11:00am (Queensland time) on 21 November 2010, or if the Annual General Meeting is

adjourned, at least 48 hours before its resumption in relation to the adjourned part of the meeting. Shareholder voting forms lodged after this time will be invalid.

**Voting by proxy** - use Option B on the shareholder voting form

A shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a person as a proxy to attend and vote for them. If a shareholder is entitled to cast two or more votes, that shareholder may appoint up to two individuals to act as proxies to attend and vote on the shareholder's behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half. Fractions of votes will be disregarded. However, if both proxies are present at the Annual General Meeting, neither may vote on a show of hands.

To appoint a proxy, a shareholder should follow the instructions and notes on the shareholder voting form enclosed with this Notice of Meeting.

For the appointment of a proxy to be effective, the shareholder voting form must be received by the Company's share registry by no later than 11:00am (Queensland time) on 21 November 2010, or if the Annual General Meeting is adjourned, at least 48 hours before its resumption in relation to the adjourned part of the meeting. Shareholder voting forms received after this time will be invalid.

The shareholder voting form may be given to the Company in any of the following ways:

- **by hand:** delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000
- **by mail:** Mastermyne Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia
- **by fax:** +61 2 9287 0309

A shareholder may also deliver the shareholder voting form to the Company's registered office, Level 1, 45 River Street, Mackay, Qld 4740.

Alternatively, you can lodge your proxy online by visiting the Company's share registry's website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), going to the online voting page and following the prompts and instructions on the website. To use the online lodgements facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the shareholder voting form.

For the appointment of your proxy to be effective, you will need to complete the online lodgement by 11:00am (Queensland time) on 21 November 2010, or if the Annual General Meeting is adjourned, at least 48 hours before its resumption in relation to the adjourned part of the meeting. Shareholder voting forms lodged after this time will be invalid.

Additional shareholder voting forms will be supplied by the Company's share registry (Link Market Services Limited) on request.

The shareholder voting form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act 2001 (Cth) or other applicable corporate legislation. In the case of shares jointly held by two or more persons, all joint holders must sign the shareholder voting form.

The proxy may, but need not, be a shareholder of the Company.

### **Using powers of attorney**

If a shareholder has appointed one or more attorneys to attend and vote at the Annual General Meeting, or if the shareholder voting form is signed by one or more attorneys, the power of attorney (or a certified copy of the power of attorney) must be received by the Company's share registry at its addresses or facsimile or the Company's registered office address as set out above by no later than 11:00am (Queensland time) on 21 November 2010, or if the Annual General Meeting is adjourned, at least 48 hours before its resumption in relation to the adjourned part of the meeting, unless the power of attorney has been previously lodged for notation with the Company's share registry. The attorney(s) must declare that a notice of revocation of appointment has not been received.

### **Revocations of proxies**

Any revocations of proxies (including online proxies) or powers of attorney must be received by the Company's share registry at its addresses or facsimile or the Company's registered office address as set out above before the commencement of the Annual General Meeting, or at the registration desk for the Annual General Meeting at the Mackay Grande Suites from 10.00 am (Queensland time) on the day of the Annual General Meeting until the commencement of the Annual General Meeting.

### ***VOTING ENTITLEMENT***

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), for the purposes of determining voting entitlements at the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7:00pm (Queensland time) on Sunday 21 November 2010. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

## ***QUESTIONS FROM SHAREHOLDERS***

If you have a question to put to the Directors or Auditor please complete the Question Form which is attached to this Notice of Meeting.

Either the original or a facsimile transmission of the Question Form must be received at least 5 business days prior to the Annual General Meeting (i.e. by no later than 5:00pm on Monday 15 November 2010) or any adjournment. This is to allow time to collate questions and to prepare answers.

## EXPLANATORY STATEMENT

This Explanatory Statement is intended to assist shareholders of Mastermyne Group Limited (**Company or Mastermyne**) to better understand the resolutions to be put before shareholders at the Annual General Meeting to be held on Tuesday 23 November 2010.

### Item 1 - Financial Statements and Reports

The Corporations Act 2001 (Cth) requires that the report of the Directors, the report of the Auditor and the financial reports be presented to the Annual General Meeting. Apart from the matters involving remuneration which are required to be voted upon, the Corporations Act 2001 (Cth) does not require a vote of shareholders at the Annual General Meeting on such reports or statements, however shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting.

The Annual Financial Report will be tabled and discussed at the Annual General Meeting and the Directors will be available to answer questions from shareholders. In addition, a representative of the Company's auditors, KPMG, will be present to answer any questions about the conduct of the audit or the preparation and content of the auditor's report.

The Company's Annual Financial Report for the year ended 30 June 2010 has been sent to shareholders who requested a copy and is available on the Company's website at [www.mastermyne.com.au](http://www.mastermyne.com.au).

A shareholder resolution is not required in respect to the Annual Financial Report.

### Item 2 - Adoption of Remuneration Report

The Corporations Act 2001 (Cth) requires that the section of the Directors' Report dealing with the remuneration of key management personnel including the Directors (Remuneration Report) be put to Shareholders for consideration and adoption by way of a non-binding ordinary resolution.

The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each director of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

The vote on this resolution is advisory only and the outcome will not be binding on the Board or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company. Whilst there is no legal requirement to abstain from voting, Mastermyne believes it appropriate that neither the Directors nor Senior Executives named in the Remuneration Report nor their associates should vote on this advisory resolution, except as directed by any proxies.

*Recommendation:* The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

### **Item 3 – Re-Election of Mr Darren Hamblin as a Director**

ASX Listing Rule 14.4 and Article 47(a) of the Company's Constitution require one third of the Directors to retire by rotation at each AGM. In accordance with this procedure for the re-election of Directors, Mr Darren Hamblin retires from office by rotation and submits himself for re-election.

Mr Hamblin was appointed a Director of the Company on 10 March 2010 and is a member of the Audit & Risk Management Committee and the Remuneration & Nomination Committee.

Mr Hamblin has been involved in the mining industry since graduating in 1991 with a Bachelor of Engineering (Mechanical) degree. He has worked directly for mine owners as well as contractors in operations, planning and maintenance roles. Mr Hamblin co-founded Mastermyne in 1996. Following the appointment of Mr Tony Caruso as CEO in 2005, he focused on developing Mastermyne's long term business strategies and systems as well as implemented Pronto throughout the business during 2007.

*Recommendation:* The Board (with Mr Hamblin abstaining) unanimously recommends that Shareholders vote in favour of re-electing Mr Darren Hamblin as a Director of the Company.

### **Item 4 – Election of Mr Peter Slaughter as a Director**

Mr Slaughter was appointed by the Board as an additional Director of the Company pursuant to Article 46(a) of the Company's Constitution. However, a Director so appointed must, under Article 47(d), retire at the next following AGM but is eligible for election. In accordance with this procedure Mr Peter Slaughter retires from office and submits himself for election.

He was appointed as the independent non-executive Chairman of the Company on 22 March 2010 and chair of the Remuneration & Nomination Committee and a member of the Audit & Risk Management Committee.

Mr Slaughter holds a Bachelor of Engineering (Metallurgical) (Hons) degree and a Graduate Diploma Company Directors Course. He has significant Australian and

international experience in the non-ferrous, iron ore, nickel, coal and precious metals sectors, spanning over 40 years, initially with M.I.M. Holdings Limited and more recently as a director and consultant. He has served on various public boards in Australia, Europe and Canada. He has also been involved in waste recycling, manufacturing, the service sector and research and development companies at a senior level in Australia and internationally. He is a Fellow of the Australasian Institute of Mining & Metallurgy, the Australian Institute of Company Directors and the Institute of Directors in the United Kingdom; he is also a Fellow and Hon Life Member of the Australian Institute of Management. He is currently also a non-executive director of Nomad Building Solutions Limited and was a previous non-executive director of Sunshine Gas Limited and non-executive Chairman of Childcare Centres of Australia Limited and Monto Minerals Limited.

*Recommendation:* The Board (with Mr Slaughter abstaining) unanimously recommends that Shareholders vote in favour of electing Mr Peter Slaughter as a Director of the Company.

#### **Item 5 – Election of Mr Ian Hall as a Director**

Mr Hall was appointed by the Board as an additional Director of the Company pursuant to Article 46(a) of the Company's Constitution. However, a Director so appointed must, under Article 47(d), retire at the next following AGM but is eligible for election. In accordance with this procedure Mr Ian Hall retires from office and submits himself for election.

He was appointed as an independent non-executive Director on 22 March 2010 and chair of the Audit & Risk Management Committee and a member of the Remuneration & Nomination Committee.

Mr Hall holds a Bachelor of Business (Accountancy) degree, a Graduate Certificate in Management and a Diploma of Financial Services. He was, in his former career, one of Brisbane's and Australia's leading insolvency practitioners. He brings 25 years experience in the insolvency industry with the last 17 years as a Partner at PricewaterhouseCoopers ("PwC"). Whilst at PwC, his clients included most of Australia's largest financiers, legal practices, State and Federal Government Departments and Regulators and large corporates. He has experience in a diverse range of industries including mining, manufacturing, wholesaling, retailing, hospitality, property and construction and brings a deep commercial experience with a pragmatic approach to the Board.

*Recommendation:* The Board (with Mr Hall abstaining) unanimously recommends that Shareholders vote in favour of electing Mr Hall as a Director of the Company.

## Item 6 – Issue of Performance Rights to Mr Tony Caruso, Managing Director or his Nominee

Shareholder approval of the issue to Mr Caruso or his nominee of performance rights under the Mastermyne Group Limited Employee Performance Rights Plan is sought for all purposes, including under ASX Listing Rule 10.14. Under ASX Listing Rule 10.14, the Company must seek shareholder approval to issue securities to Directors under an employee incentive scheme. The Company has issued performance rights to acquire ordinary shares in the Company to Mr Caruso, Managing Director or his nominee, subject to shareholder approval.

The proposed issue is in accordance with the Mastermyne Group Limited Employee Performance Rights Plan rules (which are available at [www.mastermyne.com.au](http://www.mastermyne.com.au) under the "Investors" tab) and the specific offer to Mr Caruso is summarised below.

The issue of performance rights to Mr Caruso as detailed in this Notice of Meeting and Explanatory Statement forms, in the opinion of the other Directors of the Company, part of the reasonable remuneration of Mr Caruso by the Company.

Specific information which must be provided to shareholders in accordance with ASX Listing Rule 10.15 is set out below.

### Issue of performance rights to Mr Caruso under the Mastermyne Group Limited Employee Performance Rights Plan

<b>Type of Securities</b>	Performance rights - a right to acquire per performance right on payment of the exercise price and subject to vesting 1 fully paid ordinary share in Mastermyne Group Limited ACN 142 490 579.
<b>Plan</b>	Mastermyne Group Limited Employee Performance Rights Plan.
<b>Numbers of Rights Granted Subject to Shareholder Approval</b>	<p><b>FY 2012 Performance Rights:</b></p> <ul style="list-style-type: none"> <li>- 105,000 FY2012 TSR Rights</li> <li>- 45,000 FY2012 EPS Rights</li> </ul> <p><b>FY 2013 Performance Rights:</b></p> <ul style="list-style-type: none"> <li>- 630,000 FY2013 TSR Rights</li> <li>- 270,000 FY2013 EPS Rights</li> </ul>
<b>Amount payable for the Rights</b>	Nil consideration will be sought in relation to the rights granted.
<b>Exercise Price of the Rights</b>	<p>In respect of:</p> <ul style="list-style-type: none"> <li>- each vested TSR Right: VWAP x 1.05; and</li> <li>- each vested EPS Right: 75% x (VWAP x 1.05)</li> </ul> <p>VWAP means the volume weighted average price of the Company's shares in the trading day period commencing on 7 May 2010 and ending on 30 June 2010.</p>
<b>Issue Date of Rights</b>	The rights will be issued no later than 23 November 2011.
<b>Term of the Rights</b>	Expire 12 months after the vesting date.
<b>Vesting of Rights</b>	Vesting of the rights will be subject to achievement of the performance measures set out below and the eligible participant being employed at the vesting date.

<p><b>Performance Measures</b></p>	<p>In respect of TSR Rights the Company achieving the following Total Shareholder Return (TSR) ranking relative to the S&amp;P/ASX 300 Accumulation Index for the period of 1 July 2010 to the end of the period:</p> <ul style="list-style-type: none"> <li>o 30 June 2012 in respect to FY2012 TSR Rights; and</li> <li>o 30 June 2013 for FY2013 TSR Rights:</li> </ul> <table border="1" data-bbox="624 495 1174 647"> <thead> <tr> <th>Hurdle</th> <th>TSR ranking</th> <th>Percentage of TSR Rights vesting</th> </tr> </thead> <tbody> <tr> <td>Hurdle 1</td> <td>Top 40th percentile</td> <td>50%</td> </tr> <tr> <td>Hurdle 2</td> <td>Top 20th percentile</td> <td>100%</td> </tr> </tbody> </table> <p>Where Hurdle 1 has been met but Hurdle 2 has not been met, the Board may, in its sole discretion, waive or modify Hurdle 2, such that up to 100% of the FY2012 or FY2013 Performance Rights (which ever is relevant) may vest on a pro rata basis.</p> <p>In respect of EPS rights the Company achieving the following Earnings per Share (EPS) growth ranking relative to the S&amp;P/ASX 300 Accumulation Index for the period of 1 July 2010 to end of the period:</p> <ul style="list-style-type: none"> <li>o 30 June 2012 for FY2012 EPS Rights; and</li> <li>o 30 June 2013 for FY2013 EPS Rights:</li> </ul> <table border="1" data-bbox="624 1055 1174 1207"> <thead> <tr> <th>Hurdle</th> <th>Earnings per Share Growth Ranking</th> <th>Percentage of EPS Rights vesting</th> </tr> </thead> <tbody> <tr> <td>Hurdle 1</td> <td>15%</td> <td>50%</td> </tr> <tr> <td>Hurdle 2</td> <td>20%</td> <td>100%</td> </tr> </tbody> </table> <p>Where Hurdle 1 has been met but Hurdle 2 has not been met, the Board may, in its sole discretion, waive or modify Hurdle 2, such that up to 100% of the FY2012 or FY2013 Performance Rights (which ever is relevant) may vest on a pro rata basis.</p>	Hurdle	TSR ranking	Percentage of TSR Rights vesting	Hurdle 1	Top 40th percentile	50%	Hurdle 2	Top 20th percentile	100%	Hurdle	Earnings per Share Growth Ranking	Percentage of EPS Rights vesting	Hurdle 1	15%	50%	Hurdle 2	20%	100%
Hurdle	TSR ranking	Percentage of TSR Rights vesting																	
Hurdle 1	Top 40th percentile	50%																	
Hurdle 2	Top 20th percentile	100%																	
Hurdle	Earnings per Share Growth Ranking	Percentage of EPS Rights vesting																	
Hurdle 1	15%	50%																	
Hurdle 2	20%	100%																	
<p><b>Total Shareholder Return (TSR)</b></p>	<p>TSR is the total return on shares to investors calculated as income and capital gain over the period commencing on the first day of a financial year and ending on the final day of financial year.</p> <p>TSR will be calculated on the basis of a fully diluted Company share price and any Company share price component of the TSR as at 30 June 2012 or 30 June 2013 will be calculated as the volume weighted average price of the Company's shares in the 20 trading period ending on 30 June 2012 or 30 June 2013 (which ever is relevant).</p>																		
<p><b>Earnings Per Share (EPS)</b></p>	<p>EPS is the amount calculated by using the method for calculating basic earnings per share in accordance with Accounting Standard AASB 133 Earnings Per Share.</p> <p>For the purposes of calculating the Company's EPS Growth ranking EPS will be calculated on the basis of a fully diluted Company share price.</p>																		
<p><b>Performance Measurement Period</b></p>	<p><b>FY 2012 Performance Rights:</b> 2 years ending on 30 June 2012.  <b>FY 2013 Performance Rights:</b> 3 years ending on 30 June 2013.</p>																		

<b>Dealing Restrictions</b>	Rights may not be sold but can be exercised after they vest. Shares provided upon exercise of vested FY2012 Performance Rights are restricted shares for 12 months after the vesting date and shares provided upon exercise of vested FY2013 Performance Rights are restricted shares for 6 months after the vesting date.
<b>Exercise of Vested Rights</b>	Vested rights may be exercised at any time within 12 months of the date of vesting. On exercise the Board will secure the shares via a new issue.
<b>Termination of Employment</b>	The Board will determine the extent, if any, to which unvested rights will vest. Any rights that do not vest will lapse.
<b>Takeover</b>	The Board may in its absolute discretion resolve that: a) any unexercised performance rights (whether vested or not) will be exercisable; or b) any restrictions on trading cease.
<b>Bonus Issues and Capital Reconstructions</b>	In the event of a pro rata bonus issue of Company shares or any reorganisation of the issued capital of the Company the number of rights will be adjusted as determined by the Board to ensure that no advantage or disadvantage accrues to holders of rights from such actions.

*Recommendation:* The Board (with Mr Caruso and any other Director who is eligible to participate in any employee incentive scheme in relation to the Company abstaining) unanimously recommends that Shareholders vote in favour of the performance rights issue to Mr Caruso, Managing Director of the Company or his nominee.

## **Item 7 – Appointment of Auditor**

Following the Company's formation on 10 March 2010 the Board appointed the group's existing auditor, KPMG, as auditor of the Company pursuant to section 327A of the Corporations Act 2001 (Cth). However, an auditor so appointed only holds office until the Company's first annual general meeting.

Section 327B of the Corporations Act 2001 (Cth) requires a public company to appoint an auditor at the first annual general meeting of the public company.

The Directors have considered this matter and now recommend that KPMG continue as auditor of the Company and that shareholders consider this resolution at the Company's first Annual General Meeting. KPMG has consented in writing to its appointment as the Company's auditor pursuant section 328A(1) of the Corporations Act 2001 (Cth) and has not withdrawn its consent.

In accordance with section 328B of the Corporations Act 2001 (Cth), Dugard Pty Ltd ACN 072 812 670 AFT The Hall Family Trust, a shareholder, has nominated KPMG to be appointed as auditor of the Company and a copy of the notice of nomination of KPMG as auditor accompanies the Notice of Meeting.

In the opinion of the Board KPMG is a highly regarded firm of accountants, well-qualified to be auditor of the Company and report to Shareholders.

*Recommendation:* The Board unanimously recommend that Shareholders vote in favour of appointing KPMG as the auditor of the Company.

## QUESTIONS FROM SHAREHOLDERS

Your concerns as shareholders are important to us. Please use this form to submit any questions about Mastermyne Group Limited (**Company or Mastermyne**) that you would like us to respond to at Mastermyne's 2010 Annual General Meeting. Your questions should relate to matters that are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting and Explanatory Statement.

You may also use this form to submit a written question to the Company's auditor if the question is relevant to the content of the auditor's report, or the conduct of the audit of the Company's financial report, for the year ended 30 June 2010. This form must be received by the Company Secretary by no later than 5:00pm on Monday 15 November 2010.

The form may be given to the Company in any of the following ways:

- **by hand:** delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000
- **by mail:** Mastermyne Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia
- **by fax:** +61 2 9287 0309

You may also deliver the form to the Company's registered office, Level 1, 45 River Street, Mackay, Qld 4740.

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised shareholder topics as possible and, where appropriate, will give a representative of KPMG, the Company's auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

In accordance with the Corporations Act 2001 (Cth), Shareholders will also be given a reasonable opportunity, as a whole, to ask:

- questions about, or make comments on, the management of the Company and the remuneration report, at the Annual General Meeting; and
- the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor, at the Annual General Meeting.

Question(s):

**1. Question is for the Chairman, or Auditor**

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**2. Question is for the Chairman, or Auditor**

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**3. Question is for the Chairman, or Auditor**

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# Duguard PTY LTD ATF The Hall Family Trust

ACN 072 812 670

68 Mildura Street Stretton Qld 4116

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11 October 2010

The Directors  
Mastermyne Group Limited  
Level 1  
45 River Street  
Mackay Qld 4740

Sirs,

## **Notice of Nomination of Auditor**

We, Duguard Pty Ltd ATF The Hall Family Trust, being a shareholder of Mastermyne Group Limited ACN 142 490 579 ("the Company"), hereby give written notice pursuant to Section 328B(1) of the *Corporations Act 2001* of the nomination of KPMG for appointment as Auditor of the Company at the forthcoming Annual General Meeting.

Would you please circulate a copy of this Notice as required under the Act.

Yours faithfully,



.....  
Ian Hall - Director



.....  
Lyndal Hall - Director



By mail:  
Mastermyne Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: (02) 8280 7454



X99999999999

SHAREHOLDER VOTING FORM

**STEP 1** Please mark either Box A or Box B

I/We being a member(s) of Mastermyne Group Limited and entitled to attend and vote hereby:

<p><b>A VOTE DIRECTLY</b></p> <p><input type="checkbox"/> elect to lodge my/our vote(s) directly (mark box)</p> <p><b>i</b> in relation to the Annual General Meeting of the Company to be held at 11:00am on Tuesday, 23 November 2010, and at any adjournment or postponement of the meeting. You should mark either "for" or "against" for each item. Do not mark the "abstain" box.</p>	OR	<p><b>B APPOINT A PROXY</b></p> <p>the Chairman of the Meeting <input type="checkbox"/> OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below</p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <p>or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:00am on Tuesday, 23 November 2010, in the Flinders Room, Mackay Grande Suites, 9 Gregory Street, Mackay, Queensland and at any adjournment or postponement of the meeting.</p>
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Voting Directions will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an **X**

**STEP 2** VOTING DIRECTIONS

	For	Against	Proxy Only Abstain*		For	Against	Proxy Only Abstain*
<b>Item 2</b> Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Item 5</b> Election of Mr Ian Hall as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Item 3</b> Re-election of Mr Darren Hamblin as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Item 6</b> Issue of Performance Rights to Mr Tony Caruso, Managing Director or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Item 4</b> Election of Mr Peter Slaughter as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Item 7</b> Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**i** \* If you are voting under Box B and mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**STEP 3** SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

<p>Shareholder 1 (Individual)</p> <div style="border: 1px solid black; height: 30px; width: 100%;"></div> <p>Sole Director and Sole Company Secretary</p>	<p>Joint Shareholder 2 (Individual)</p> <div style="border: 1px solid black; height: 30px; width: 100%;"></div> <p>Director/Company Secretary (Delete one)</p>	<p>Joint Shareholder 3 (Individual)</p> <div style="border: 1px solid black; height: 30px; width: 100%;"></div> <p>Director</p>
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This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).



## HOW TO COMPLETE THIS VOTING FORM

### Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Voting under Box A

If you ticked the box under Box A you are indicating that you wish to vote directly. Please only mark either "for" or "against" for each item. Do not mark the "abstain" box. If you mark the "abstain" box for an item, your vote for that item will be invalid.

If no direction is given on all of the items, or if you complete both Box A and Box B, your vote may be passed to the Chairman of the meeting as your proxy.

Custodians and nominees may, with the Share Registrar's consent, identify on the voting form the total number of votes in each of the categories "for" and "against" and their votes will be valid.

If you lodge a direct vote, it is not revoked if you attend and take part in the meeting, unless you vote at the meeting on the item for which your direct vote was given.

The Chairman's decision as to whether a direct vote is valid is conclusive.

### Voting under Box B - Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Box B. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Box B. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

### Votes on Items of Business - Proxy Appointment

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Voting Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- on each of the first Voting Form and the second Voting Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

## Lodgement of a Voting Form

This Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by 11:00am on Sunday, 21 November 2010, being not later than 48 hours before the commencement of the meeting. Any Voting Form received after that time will not be valid for the scheduled meeting.

Voting Forms may be lodged:



**ONLINE**  [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Select the 'Proxy Voting' option on the top right of the home page. Choose the company you wish to lodge your vote for from the drop down menu, enter your holding details as shown on this form, and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Voting Form).



#### by mail:

Mastermyne Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



#### by fax:

+61 2 9287 0309



#### by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.