

MASTERMYNE GROUP LIMITED

CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

Company Performance

Our first full year's performance as a listed entity was particularly gratifying but still left room for improvement. Safety performance was mixed with most project sites showing excellent results; other sites unfortunately underperformed. The response to this was on a number of fronts and included a refocussing of effort and the engagement of some additional expertise. In that context I would like to welcome and repeat my acknowledgement of Beth Jooste who now heads up our safety support and policy area.

As noted in my report last year, the level of tender opportunities ended up being above that expected when we made our forecasts for the IPO prospectus. Additional work won resulted in materially higher revenues than expected but some of these gains were mitigated by loss of margin through the conscious decision of management to retain the use of more subcontractors than planned.

Although a lot of global and domestic changes have occurred in the past 12 months, little has changed in the context of our business sector and the opportunities it presents.

Demand for your Company's services remains strong and is in fact increasing.

Our response has been measured to ensure that we target manageable projects and do not over extend ourselves. Within this context, our last year's results demonstrated what is possible in a buoyant market. The first few months of this year has been used to consolidate the business while taking on some additional work in our existing projects; the second half of the current year holds the prospect of additional growth.

People

As noted last year, one of the most significant challenges has been in the skilled and experienced labour area. The **Myne Start** training centre, commissioned last year, complemented other HR strategies and in combination with these contributed significantly to filling gaps in labour requirements. We have had some excellent people join us through the 4 week programme run at the centre. Consideration is being given to

duplicating the training facility and utilising our training material at another location.

Obtaining additional senior management personnel has also been a key aspect of growing the business and your Managing Director will address this in his presentation. It is important that we grow management skills along with other people resources.

On behalf of the Board, thank you to all employees who contributed to our results.

Strategy

Europe and the USA are in a state of flux while China and India continue to demand coal for their burgeoning power and metallurgical industries. The USA appears to be experiencing a mild recovery across its business sectors, while some questions exist in the short term regarding China's banking sector. Risks to growth in our customers' key markets are real but, on balance, we still see significant medium and longer term upside in demand for our customers' products and therefore our services given their need to fuel domestic demand. Risks in second tier markets may be somewhat higher and reduction in steel production and processing in

those areas may create additional supply availability of metallurgical coal for first tier markets which could have some impact on coal prices but not on demand in the short term.

Bearing these factors in mind, our main focus will continue to be on underground coal mining services and closely related activities.

Financial Resources

In the past 12 months we spent considerably more capital on equipment than originally planned but this enabled us to stay ahead of the curve with respect to lead times and cost escalation for underground equipment. Going forward, we don't currently envisage any requirements for capital that can't be financed from internal resources. Working capital has recovered substantially from the effects of the large growth in the business last financial year and this will assist our ability to finance further growth internally. I would like to acknowledge the efforts of Chris Kneipp and his finance team in the management of this area of our business.

Management

Before handing over to your MD to provide you with more detail on the business, I want to make a special note of the

way in which he has led the organisation since it became a public company. We are particularly fortunate to have someone of Tony Caruso's calibre and drive in the Managing Director's role. There is no doubt in my mind that he brings that extra something in undertaking his role daily, weekly and monthly. I think it also appropriate to note the strong support provided by Andrew Watts, one of the co-founders of Mastermyne. Without Andrew's ongoing input, we would not have achieved our goals in NSW or some other business activities. It would have been easy for Andrew to step away from an active role after the Company was listed; instead he has shown continued enthusiasm and commitment to making your Company a success.

I would like to express my thanks to my fellow non-executive directors and Bill Lyne our Company Secretary since listing for their support and commitment during the past year.

It is now my pleasure to ask your Managing Director and CEO, Tony Caruso, to address the meeting.

Peter Slaughter, Chairman

29 November 2011