

MASTERMYNE GROUP LIMITED

ACN 142 490 579

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 5th Annual General Meeting of the shareholders of Mastermyne Group Limited (**Company** or **Mastermyne**) will be held at the Company's Registered Office, Level 1, 45 River Street, Mackay, Queensland on Tuesday 25 November 2014, 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 2014.

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

2 RESOLUTION 1 – 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 2014.”

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

This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

3 **RESOLUTION 2 – RE-ELECTION OF MR ANDREW WATTS AS A DIRECTOR**

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

“That Andrew Dominic Watts, 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 Watts appears in the Explanatory Statement.

4 **RESOLUTION 3 – ELECTION OF MR COLIN BLOOMFIELD AS A DIRECTOR**

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

“That Colin John Bloomfield, 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 Bloomfield appears in the Explanatory Statement.

5 **RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY**

To consider and, if thought fit, to pass the following resolution, as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the number of Shares on issue (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."

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
24 October 2014

VOTING EXCLUSIONS

The Corporations Act 2001 (Cth) and the ASX Listing Rules require that certain persons must not vote, and the Company must disregard any votes cast by certain persons, on at one of the resolutions to be considered at the meeting. These voting exclusions are described below.

Resolution 1 - Remuneration Report

Except to the extent otherwise permitted by law, the following persons may not vote, and the Company will disregard any votes cast (personally or as proxy) by or on behalf of the following persons, on Resolution 1:

- (a) A member of the key management personnel for the Mastermyne consolidated group whose remuneration details are included in the Remuneration Report, or a closely related party of any such member, unless:
 - (i) that person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or
 - (ii) that person does so as a proxy, the proxy is the Chair of the meeting at which Resolution 1 is voted on and the proxy appointment does not specify the way the proxy is to vote and expressly authorises the Chair to exercise the proxy on that resolution even though it is connected directly or indirectly with the remuneration of a member of the key management personnel for the Mastermyne consolidated group.
- (b) A member of the key management personnel for the Mastermyne consolidated group whose remuneration details are not included in the Remuneration Report, or a closely related party of any such member, that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on Resolution 1, unless:

- (i) the proxy is the Chair of the meeting at which Resolution 1 is voted on; and
- (ii) the proxy appointment expressly authorises the Chair to exercise the proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the key management personnel for the Mastermyne consolidated group.

For the purposes of the above voting exclusions -

- (a) The **"key management personnel for the Mastermyne consolidated group"** are the directors (whether executive or otherwise) of Mastermyne (including the Chairman) and other employees having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the key management personnel for the Mastermyne consolidated group for the financial year ended 30 June 2014. Their "closely related parties" are defined in the Corporations Act 2001 (Cth), and include certain of their family members, dependants and companies they control.
- (b) The Company will also apply these voting exclusions to persons appointed as attorney by an excluded shareholder to attend and vote at the meeting under a power of attorney – on the basis that references to persons attending and voting as proxy are read as references to persons attending and voting as attorney and references to an instrument under which the proxy is appointed are read as references to the power of attorney under which the attorney is appointed.
- (c) Where a shareholder has indicated on the proxy form that the Chairman of the Meeting may exercise undirected proxy votes and the Chairman is entitled to do so, it is the intention of the Chairman of the Meeting to vote undirected proxies in favour of all Resolutions contemplated in this Notice of Meeting.

Resolution 4 – Approval of 10% Placement Facility

The Company will disregard any votes cast on this Resolution 4 by a person (and any associates of such a person) who:

- (1) may participate in the 10% Placement Facility; or
- (2) might obtain a benefit, except a benefit solely in their capacity as Shareholder if this Resolution is passed.

However, the Company will not disregard a vote if:

- (1) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (2) it is cast by the Chairman 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.

At the date of this Notice, it is not known who will participate in the proposed issue of Equity Securities the subject of this special resolution and the Company has not

approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. Therefore, no existing Shareholder votes will be excluded under the voting exclusion in this Notice.

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 online;
- 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 online.

Note:

- A.** If you choose to use **direct voting** - mark the box under Step 1, 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 is available under the "Investors" tab at www.mastermyne.com.au.
- B.** If you choose to **appoint a proxy** - mark the box under Step 1, 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, it is the intention of the Chairman to vote undirected proxies in favour of all Resolutions contemplated in this Notice of Meeting.

Voting in person - individuals and corporate representatives

Shareholders who plan to attend the Annual General Meeting are asked to arrive at the venue 15~30 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 and produce suitable identification.

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 that 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 or from the addresses specified below.

Direct voting - use Step 1, option A on the shareholder voting form **or** vote online

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 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 23 November 2014, 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, 1A Homebush Bay Drive, Rhodes NSW 2138 or 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, 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 online direct votes to be effective, you will need to complete the electronic lodgement by 11:00am (Queensland time) on 23 November 2014, or if the Annual General Meeting is adjourned, at least 48 hours before its resumption in relation to the adjourned part of the meeting.

Voting by proxy - use Step 1, option B on the shareholder voting form **or** lodge online.

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

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.

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 11:00 am (Queensland time) on Sunday 23 November 2014, 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 ways noted above.

Alternatively, you can lodge your proxy online by visiting the Company's share registry's website at 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 online appointment of your proxy to be effective, you will need to complete the electronic lodgement by 11:00 am (Queensland time) on 23 November 2014, or if the Annual General Meeting is adjourned, at least 48 hours before its resumption in relation to the adjourned part of the meeting.

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 11:00 am (Queensland time) on 23 November 2014, 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.

Revocation of proxies

Any revocation 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 Company's Registered Office from 10.30 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 7:00 pm (Queensland time) on Sunday 23 November 2014. 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.

The Question Form should be delivered to the Company, or received by post, facsimile or email, at least 5 business days prior to the Annual General Meeting (i.e. by no later than 5:00 pm on Tuesday 18 November 2014) or any adjournment. This will 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 Company's Annual General Meeting (**AGM**) to be held on Tuesday 25 November 2014.

Item 1 - Financial Statements and Reports

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

The Annual Financial Report will be tabled and discussed at the AGM 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 2014 has been sent to shareholders who requested a copy and is available on the Company's website at www.mastermyne.com.au.

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

Item 2 - Adoption of Remuneration Report (Resolution 1)

The Corporations Act 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 AGM.

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.

Pursuant to amendments made to the Corporations Act with effect from 1 July 2011, if 25% or more of votes that are cast on Resolution 1 are cast against the adoption of the Remuneration Report at two consecutive Annual General Meetings, shareholders will be required to vote at the second of those Annual General Meetings on a resolution ("a spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Chief Executive Officer) must be put forward for re-election. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting

Recommendation: As Resolution 1 relates to matters including the remuneration of the Directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act, make no recommendation regarding this resolution.

Item 3 – Re-election of Mr Andrew Watts as a Director (Resolution 2)

ASX Listing Rule 14.4 and Article 47(a) of the Company's Constitution require Directors to retire no later than 3 years after appointment or at the third AGM following appointment, whichever is the longer, and ASX Listing Rule 14.5 and Article 47(b) require that there must be an election of Directors each year. In accordance with this procedure, Mr Andrew Watts retires from office by rotation and submits himself for re-election.

Mr Watts was appointed an executive Director of the Company on 10 March 2010.

Mr Watts has been involved in contracting within the mining industry since 1994 and co-founded Mastermyne in 1996. He was responsible for all aspects of Mastermyne's operations until the appointment of Mr Tony Caruso as CEO in 2005. He relocated to Sydney in early 2010 to focus on the New South Wales market and on business development and acquisitions.

On 29 July 2014 Mr Watts stepped down from his executive role but remained on the Board as a non-executive Director, although he is not independent and has significant shareholding interests in the Company. He has also become a member of the Remuneration & Nomination Committee as he has a special interest in this area, particularly as he has worked closely with the HR team in overseeing the Company's industrial relations activities which have maintained Mastermyne's competitiveness during the current coal cycle.

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

Item 4 – Election of Mr Colin Bloomfield as a Director (Resolution 3)

Mr Bloomfield was appointed by the Board on 6 March 2014, pursuant to Article 46(b) of the Company's Constitution, as an additional independent non-executive Director of the

Company. 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 Colin Bloomfield retires from office and submits himself for election.

Mr Bloomfield is also a member of the Company's Audit & Risk Management Committee and a member of the Remuneration & Nomination Committee.

Mr Bloomfield brings to the Company over 27 years of mining experience in technical, operations, management and corporate roles. His most recent previous position was with BHP Billiton's Illawarra Coal Group as President Illawarra Coal, a role he was appointed to in 2004. During his time as President Illawarra Coal, Mr Bloomfield oversaw a marked improvement in safety performance, steered Illawarra Coal towards growth and secured, with his team, a number of critically important approvals. He holds a First Class Certificate of Competency in Mine Management and has managed underground coal mines in Australia.

Mr Bloomfield's former roles include Vice President Health, Safety and Environment for BHP Billiton where he had global responsibility for the function. Previously he was Project Director for the BHP Billiton merger integration and a member of the BHP deal team for that transaction. In total he spent over five years working in various roles in BHP Billiton's corporate office.

Mr Bloomfield has previous experience as a Director at the NSW Minerals Council for almost nine years including three as Chairman. He was also Chairman of Port Kembla Coal Terminal for over eight years.

Recommendation: The Board (with Mr Bloomfield abstaining) unanimously recommends that shareholders vote in favour of electing Mr Colin Bloomfield as a Director of the Company.

Item 5 – Approval of 10% Placement Facility (Resolution 4)

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity is eligible for the purposes of Listing Rule 7.1A if the entity is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. As required under the Listing Rules, the Company's market capitalisation will be based on the closing price on the Trading day before the Meeting. For illustrative purposes only, it is noted that on 22 October 2014 the Company's market capitalisation is \$39.3 million based on the Trading Price at closing on that date. The Company is not included in the S&P/ASX300 Index on the date of the Notice of Meeting and the Company does not anticipate that it will be included in the S&P/ASX300 Index on the date of the Meeting. On this basis, the Company anticipates being an eligible entity on the date of the Meeting.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact

number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

As the Company continues to execute on its growth strategy it will actively pursue opportunities across all three operating divisions of the business. The Company may rely on the 10% Placement Facility to acquire new assets or investments to support the growth strategy by issuing Shares for consideration or non-cash consideration.

Description of Listing Rule 7.1A

a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at the Meeting.

b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, being Shares quoted on the ASX and unlisted Performance Rights.

c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of ordinary securities on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (iii) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without ordinary security holder approval;
- (iv) less the number of fully paid ordinary securities cancelled in the 12 months.

Note: 'A' is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

Listing Rule 7.1 and Listing Rule 7.1A

The ability of a company to issue Equity Securities under Listing Rule 7.1A is in addition to the company's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 75,517,514 Shares and therefore has a capacity to issue:

- (a) 11,327,627 Equity Securities under the 15% placement capacity in Listing Rule 7.1; and
- (b) subject to Shareholder approval being granted under Resolution 4, 7,551,751 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 1.c) above).

Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Meeting at which the approval is obtained and expires on the earlier to occur of:

- (a) the date that is 12 months after the date of the Meeting at which the approval is obtained; or
- (b) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (**10% Placement Period**).

Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, certain information must be provided in relation to the approval of the 10% Placement Facility:

- (1) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for that class of the Company's Equity Securities over the 15 Trading Days immediately before:
 - (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.
- (2) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Performance Rights, only if Shares in relation to those Performance Rights vest). There is a risk that:
 - (a) the market price for the Company's Equity Securities in the relevant class may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (b) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

The table below provides details of the quoted and unquoted classes of Equity Securities which the Company has on issue at the date of the Notice.

Equity Security	Number on issue
Quoted Shares	75,517,514
Unquoted Performance Rights with a range of vesting dates and Share prices, having maximum expiry 30/06/17	1,050,000

As required by Listing Rule 7.3A.2, the table below shows the potential dilution of existing Shareholders on the basis of the number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice (**Current Variable "A"**) and where variable "A" is 50% and 100% greater than Current Variable "A".

The table also shows the funds raised from an issue of an additional 10% of issued capital under Listing Rule 7.1A, based on:

- (a) the Current Variable "A" and where variable "A" has increased by 50% and 100%; and
- (b) the Share price as at the date of this Notice and where the Share price has fallen by 50% and increased by 100%.

Variable "A" in Listing Rule 7.1A.2		\$0.26 50% decrease in Issue Price	\$0.52 Issue Price	\$1.04 100% increase in Issue Price
Current Variable "A" 75,517,514 Shares	10% Voting Dilution	7,551,751 Shares	7,551,751 Shares	7,551,751 Shares
	Funds raised	\$1,963,455	\$3,926,911	\$7,853,821
50% increase in current Variable "A" 113,276,271 Shares	10% Voting Dilution	11,327,627 Shares	11,327,627 Shares	11,327,627 Shares
	Funds raised	\$2,945,183	\$5,890,366	\$11,780,732
100% increase in current Variable "A" 151,035,028 Shares	10% Voting Dilution	15,103,503 Shares	15,103,503 Shares	15,103,503 Shares
	Funds raised	\$3,926,911	\$7,853,822	\$15,707,643

Assumptions relevant to the table above are as follows:

- (1) an additional 10% of the Company's Shares are issued under Listing Rule 7.1A;
- (2) no Options are exercised before the date of the issue under Listing Rule 7.1A. The Company currently has no Options on issue other than the Performance Rights discussed below;

- (3) no Performance Rights vest and are exercised before the date of the issue under Listing Rule 7.1A. The Company currently has 1,050,000 Performance Rights on issue;
- (4) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (5) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that the issue under Listing Rule 7.1A consists only of Shares; and
- (6) The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, and does not consider issues under the 15% placement capacity under ASX Listing Rule 7.1.
- (7) The issue of Equity Securities under the 10% Placement Facility consists only of ordinary shares in the Company. The table does not demonstrate the effect of listed or unlisted options being issued under ASX Listing Rule 7.1A.
- (8) the Issue Price is \$0.52 being the closing price of the Shares on ASX on 22 October 2014. This price is indicative only and does not consider the 25% discount to market that these shares may be issued at.
- (9) 'A' is the current number of fully paid ordinary shares on issue, and assumes full placement capacity available.

The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

The Company may seek to issue the Equity Securities for the following purposes:

- (1) non-cash consideration for the acquisition of new resources, assets or investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (2) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such an acquisition), the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (1) the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing Shareholders can participate;
- (2) the effect of the issue of the Equity Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and
- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include some existing Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of those new assets or investments.

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

Recommendation: The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

QUESTIONS FROM SHAREHOLDERS

Your concerns as shareholders are important to us. Please use the accompanying Question Form to submit any questions about Mastermyne Group Limited (**Company** or **Mastermyne**) that you would like us to respond to at Mastermyne's 2014 Annual General Meeting (**AGM**). 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 Question 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 2014. This Question Form should be received by the Company Secretary by no later than 5:00pm on Tuesday 18 November 2014.

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

- **by hand:** delivering it to the Company's registered office,
Level 1, 45 River Street, Mackay, Queensland
- **by post:** Mastermyne Group Limited
PO Box 1671
Mackay QLD 4740 Australia
- **by fax:** +61 (0)7 4944 0822
- **by email:** agmquestions@mastermyne.com.au

Questions will be collated. During the course of the AGM, 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 AGM; 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 AGM.

Mastermyne Group Limited

Question Form

1. Question is for the Chairman, or Auditor

2. Question is for the Chairman, or Auditor

3. Question is for the Chairman, or Auditor

4. Question is for the Chairman, or Auditor

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



By fax: 02 9287 0309



All enquiries to: Telephone: 1300 554 474



X99999999999

PROXY FORM

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

STEP 1

APPOINT A PROXY

☐

the Chairman
of the Meeting
(mark box)

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.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **11:00am on Tuesday, 25 November 2014 at the Company's Registered Office, Level 1, 45 River Street, Mackay, Queensland** (the Meeting) and at any postponement or adjournment of the Meeting.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies 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 ☒.

STEP 2

VOTING DIRECTIONS

Resolution 1

Remuneration Report

For Against Abstain*

☐ ☐ ☐

Resolution 2

Re-Election of Mr Andrew Watts as a Director

☐ ☐ ☐

Resolution 3

Election of Mr Colin Bloomfield as a Director

☐ ☐ ☐

Resolution 4

Approval of 10% Placement Facility

☐ ☐ ☐


* If you 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

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

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).

MYE PRX401R



HOW TO COMPLETE THIS PROXY 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.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. 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 Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

Votes on Items of Business - Proxy Appointment

You may 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 Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy 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; and
- (b) 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 lodge 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 or online at www.linkmarketservices.com.au.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Sunday, 23 November 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE > www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



by mail:

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



by fax:

02 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**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.**