

MASTERMYNE GROUP LIMITED

ACN 142 490 579

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 6th 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 Monday 16 November 2015, 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 2015.

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 the Directors' Report) for the financial year ended 30 June 2015.”

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 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 RESOLUTION 3 – ELECTION OF MR GABRIEL MEENA AS A DIRECTOR

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

“That Gabriel George Meena, 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 Meena appears in the Explanatory Statement.

SPECIAL BUSINESS

5 RESOLUTION 4 – APPROVAL OF THE EMPLOYEE PERFORMANCE RIGHTS PLAN

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

“That for the purposes of Exception 9(b) in ASX Listing Rule 7.2 and for all other purposes, the Company be authorised to issue securities under the Mastermyne Group Limited Employee Performance Rights Plan and the plan be otherwise approved.”

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

6 RESOLUTION 5 – 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, 347,436 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.

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

7 RESOLUTION 6 – PROPORTIONAL TAKEOVER APPROVAL PROVISIONS

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

"That, in accordance with section 648G of the Corporations Act 2001 (Cth), the proportional takeover approval provisions under Articles 79 and 80 of the Company's Constitution be renewed with immediate effect for a period of 3 years from this resolution being passed."

8 RESOLUTION 7 – 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



Chris Kneipp
Company Secretary
13 October 2015

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.

Resolution 4 - Approval of the Employee Performance Rights Plan

The Company will disregard any votes cast on Resolution 4 by:

- a Director of the Company who is eligible to participate in any employee incentive scheme in relation to the Company; and
- any associate of that Director of the Company.

However, the Company need 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 the direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast on Resolution 4 by a member of the key management personnel for the Mastermyne consolidated group, 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 4, unless:

- the proxy is the Chair of the meeting at which Resolution 4 is voted on; and
- the proxy appointment expressly authorises the Chair to exercise the proxy even though Resolution 4 is connected directly or indirectly with the remuneration of a member of the key management personnel for the Mastermyne consolidated group.

Resolution 5 - Issue of Performance Rights to Mr Tony Caruso, Managing Director or his nominee

The Company will disregard any votes cast on Resolution 5 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.

The Company will also disregard any votes cast on Resolution 5 by a member of the key management personnel for the Mastermyne consolidated group, 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 5, unless:

- the proxy is the Chair of the meeting at which Resolution 5 is voted on; and
- the proxy appointment expressly authorises the Chair to exercise the proxy even though Resolution 5 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 2015. 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 7 – Approval of 10% Placement Facility

The Company will disregard any votes cast on this Resolution 7 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 14 November 2015, 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 14 November 2015, 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. A proxy need not be a shareholder of the Company. 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 Saturday 14 November 2015, 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 14 November 2015, 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 14 November 2015, 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 Saturday 14 November 2015. 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 Friday 6 November 2015) 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 Monday 16 November 2015.

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 2015 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 Darren Hamblin 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 Darren Hamblin retires from office by rotation and submits himself for re-election.

Mr Hamblin was appointed a Non-executive Director of the Company on 10 March 2010 and is a member of both the Audit & Risk Management Committee and the Remuneration & Nomination Committee. He was Chairman of the Company from November 2013 until February 2015.

Mr Hamblin has been involved in the mining industry since graduating with a Bachelor of Engineering (Mechanical) degree in 1991. 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 longer term business strategies and systems. He became a non-executive Director in 2008 and remains on the board of all group subsidiaries.

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

Item 4 – Election of Mr Gabriel Meena as a Director (Resolution 3)

Mr Gabe Meena was appointed by the Board on 15 September 2015, 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 Meena retires from office and submits himself for election.

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

Mr Meena brings to the Company over 30 years' experience in steel, mining and the stevedoring industry covering operations, maintenance and engineering. He is currently General Manager Operations with Patrick Terminals. He has previously held senior operational and management roles with Bluescope Steel and BHP Collieries.

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

Item 5 – Approval of Employee Performance Rights Plan (Resolution 4)

Pursuant to Resolution 4, the Company is seeking shareholder approval of the plan and to provide for future issues of securities under the Company's Employee Performance Rights Plan including as an exception to ASX Listing Rule 7.1.

Background

In 2010, prior to listing on ASX, shareholders adopted the Employee Performance Rights Plan. In 2012, at the Company's 2012 Annual General Meeting the approval of the Employee Performance Rights Plan was renewed.

The 2012 approval given for the purposes of Listing Rule 7.2, is due to expire this year. The purpose of this Resolution is to renew that approval by submitting a new Employee Performance Rights Plan (**EPRP**) to shareholders of the Company to approve its operation and the issue of securities from time to time under it, as an exception to Listing Rule 7.1.

The Directors have taken the opportunity to review the Employee Performance Rights Plan and have prepared the EPRP taking into account the current operations, changes to government legislation, changes to government legislation, industry market practice and size of the Company.

Purpose for Issue of Securities

The EPRP is part of the Company's remuneration policy of providing effective long term incentives for performance of the Company's staff. The broad purpose for issuing securities under the EPRP is to enable the Company to attract and retain highly skilled management, employees and consultants to align incentives with the interests of shareholders, and motivate management to increase shareholder value and thus the Share price for the benefit of shareholders collectively.

The Board considers the ability to issue securities under the EPRP will enhance the attractiveness of the Company to key personnel and therefore have a positive effect on the Company's ability to retain those personnel over the medium to long term. The Board wishes to encourage its personnel to participate in these plans on the basis that they can share in the growth of the Company they are working to grow.

Issues under the EPRP will provide performance rights to Eligible Participants with the intent of rewarding performance and superior shareholder returns. Under the EPRP, Eligible Participants may be granted performance rights that only vest if the Company-wide performance measures are achieved and the Eligible Participant remains employed by the Company.

Participation in the EPRP is at the discretion of the Board and no Eligible Participants have a contractual right to receive a performance right under the EPRP.

Grant of performance rights

The Board intends to make regular grants of performance rights under the renewed EPRP, including in the current year.

As part of its policy of providing transparency in executive remuneration and as part of its capital management plan, the Board is seeking renewal of the approval of shareholders for issues of performance rights under the EPRP for the purposes of Listing Rule 7.2.

Listing Rule 7.1 provides that any listed entity must not issue equity securities that total more than 15% of its fully paid ordinary shares in a 12 month period with the approval of shareholders (15% Rule).

Under Listing Rule 7.2, members may approve issues of performance rights under the EPRP as an exception to the 15% Rule. This means that issues of performance rights under the EPRP are not considered for the purpose of calculating the capacity of Mastermyne to issue securities under the 15% Rule.

This approval continues for three years, at which time it must be renewed, or it will expire.

In the absence of such an approval, issues of the performance rights under the EPRP may be made, but must fall within and be permitted by the 15% Rule at the time of issue.

Subject to the satisfaction of the relevant vesting conditions attached to the performance rights, each performance right will give the holder the right to receive one ordinary share.

The terms of the EPRP provide that Mastermyne may not grant performance rights where the ordinary shares that may be issued under the performance rights would, together with other issues under any other employee incentive scheme during the previous 3 years (excluding offers made under a prospectus or that were exempt from prospectus disclosure), exceed 5% of Mastermyne's total issued ordinary shares.

In the opinion of the Board, the resolution will assist Mastermyne in continuing to manage its capital requirements efficiently by ensuring that the 15% limit is not diminished by

issues of performance rights and capacity is available for capital management initiatives, if necessary.

EPRP terms

A summary of the terms and conditions of the EPRP is set out in Attachment A to this Explanatory Statement.

A copy of the EPRP is available at the Company's website, www.mastermyne.com.au under the "Investors" tab, or by calling the Company on 07 4963 0400.

As at the date of this Notice, Tony Caruso, the Managing Director is the only Director eligible to participate in the EPRP.

Number of Performance rights issued under the Employee Performance Rights Plan

The following performance rights have been issued under the Employee Performance Rights Plan to date to the following persons:

Participant Name	Performance Rights
Tony Caruso	1,050,000
Total Performance Rights on issue	1,050,000

As at the date of this Notice, no shares have been issued to a participant or their associate as a result of the exercise of any of these performance rights. No loans have been provided to any of the participants (or their nominees) in relation to the issue of the performance rights, or on exercise of the performance rights, the issue of Company shares.

Recommendation: The Board (with the Directors eligible to participate in the EPRP abstaining, being the executive Directors of the Company) unanimously recommends that shareholders vote in favour of Resolution 4.

Item 6 – Issue of Performance Rights to Mr Tony Caruso, Managing Director or his Nominee (Resolution 5)

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 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.

Type of Securities	Performance rights - a right to acquire per performance right subject to vesting 1 fully paid ordinary share in Mastermyne Group Limited ACN 142 490 579.
Plan	Mastermyne Group Limited Employee Performance Rights Plan.
Numbers of Rights Granted Subject to Shareholder Approval	347,436
Amount payable for the Rights	Nil consideration will be sought in relation to the rights granted.
Issue Date of Rights	The rights will be issued no later than 16 November 2015.
Term of the Rights	Unless they have lapsed, performance rights vest when the vesting conditions have been met. If the vesting conditions have been met the performance rights will vest on 1 October 2018 (Test Date).
Vesting of Rights	Vesting of the rights will be subject to achievement of the vesting conditions set out below and the eligible participant being employed at the vesting date.
Vesting Conditions	<p>The PRs will vest on the Test Date, subject to the below four Vesting Conditions being met:</p> <ol style="list-style-type: none"> 1. Vesting Condition 1: The main Vesting Condition is that you need to still be employed within the Group on the Test Date. If you have ceased employment with the Group prior to the Test Date, the PRs will lapse unless the Board at its absolute discretion determines otherwise. 2. Vesting Condition 2: Vesting is also conditional on your continuing good conduct and the execution of your duties in the best interests of Mastermyne. If it is deemed that you have acted fraudulently or dishonestly, or are in breach of your obligations to Mastermyne, the Board at its discretion may determine that some or all of the PRs will lapse. 3. Vesting Condition 3: There is an overriding Vesting Condition, requiring a minimum 8% total shareholder return (TSR) during the TSR measurement period (i.e. from the Time of Grant to the Test Date). 4. Vesting Condition 4: If Vesting Condition 3 is achieved there are two further Vesting Conditions that will each be applied independently to 50% of the PRs. Both of these Vesting Conditions depend on Mastermyne's TSR percentile rank during the TSR measurement period:

	<p>a. Tranche A: 50% of the PRs will be conditional on the company's TSR rank relative to companies in the ASX Peer Group;</p> <p>b. Tranche B: 50% of PRs will be conditional on the company's TSR rank relative the Resources Peer Group.</p> <p>For each tranche, the percentage of PRs which will vest will be as specified in the table below.</p> <table border="1" data-bbox="624 568 1410 943"> <thead> <tr> <th data-bbox="624 568 1034 640">TSR Rank during TSR measurement period</th> <th data-bbox="1034 568 1410 640">Percentage of Tranche A or Tranche B PRs vesting</th> </tr> </thead> <tbody> <tr> <td data-bbox="624 640 1034 741">Below 50th percentile of the ASX Peer Group or the Resources Peer Group</td> <td data-bbox="1034 640 1410 741">0%</td> </tr> <tr> <td data-bbox="624 741 1034 842">50th percentile to 75th percentile of the ASX Peer Group or the Resources Peer Group</td> <td data-bbox="1034 741 1410 842">50% plus 2% for each percentile above 50th percentile</td> </tr> <tr> <td data-bbox="624 842 1034 943">Above 75th percentile of the ASX Peer Group or the Resources Peer Group</td> <td data-bbox="1034 842 1410 943">100%</td> </tr> </tbody> </table>	TSR Rank during TSR measurement period	Percentage of Tranche A or Tranche B PRs vesting	Below 50th percentile of the ASX Peer Group or the Resources Peer Group	0%	50th percentile to 75th percentile of the ASX Peer Group or the Resources Peer Group	50% plus 2% for each percentile above 50th percentile	Above 75th percentile of the ASX Peer Group or the Resources Peer Group	100%
TSR Rank during TSR measurement period	Percentage of Tranche A or Tranche B PRs vesting								
Below 50th percentile of the ASX Peer Group or the Resources Peer Group	0%								
50th percentile to 75th percentile of the ASX Peer Group or the Resources Peer Group	50% plus 2% for each percentile above 50th percentile								
Above 75th percentile of the ASX Peer Group or the Resources Peer Group	100%								
Total Shareholder Return (TSR)	<p>TSR or total shareholder return is the Board's measurement of the entire return a shareholder would obtain from holding an entity's securities over a period, taking into account factors such as changes in the market value of the securities and dividends paid over that period.</p> <p>The vesting conditions compare and rank Mastermyne's TSR against the TSR of the entities in the ASX Peer Group (entities comprised in the S&P/ASX All Ordinaries Accumulation index) and the Resources Peer Group (entities comprised in the ASX 200 Resources Accumulation Index from time to time).</p> <p>To determine Mastermyne's rank in the ASX Peer Group and the Resources Peer Group on the Test Date, the Board will:</p> <ol style="list-style-type: none"> Determine the TSR from the Time of Grant to the Test Date for Matermyne and each member of the ASX Peer Group and the Resources Peer Group. This will involve assessing changes in the market value of the shares in Mastermyne and the members of the ASX Peer Group and the Resources Peer Group from the Time of Grant to the Test Date. For this purpose: <ul style="list-style-type: none"> the market value of the shares on the Time of Grant will be determined by reference to the average of the daily volume weighted average prices on the ASX in the period of one month (or such other period of not less than one trading day determined by the Board) preceding the Time of Grant; and the market value of shares on the Test Date will be determined by reference to the average of the daily volume weighted average trading prices on ASX in the period of one month (or such other period of not less than one trading day determined by the Board) up to and including the Test Date; and 								

	2. Rank Mastermyne and the members of the ASX Peer Group and the Resources Peer Group by reference to each entity's TSR on a percentile scale, with the entity with the highest TSR at that day ranked at 100. The rank for the Test Date is the position of Mastermyne on that percentile scale.
TSR Measurement Period	FY 2016 Performance Rights: 3 years ending on 1 October 2018.
Dealing Restrictions	Performance rights may not be sold to someone else. However, shares received as a result of the vesting of performance rights can be transferred or sold, subject to complying with laws regarding insider trading and the Mastermyne Securities Trading Policy.
Automatic Vesting	An Eligible Participant will automatically receive one share for each performance right that has vested and has not lapsed.
Termination of Employment	The Board will determine the extent, if any, to which unvested rights will vest. Subject to the terms set out above, any rights that do not vest will lapse.
Change of Control	If a change of control occurs, the Board has certain discretions under the EPRP in determining how performance rights will be dealt with. If a change of control occurs: <ul style="list-style-type: none"> a. a pro rate proportion of unvested performance rights will be considered by the Board for early vesting; and b. the Board will determine, having regard to the vesting conditions and its ability to estimate whether the vesting conditions would have been satisfied in full or not, how many (if any) of those unvested performance rights will vest.
Bonus Issues and Capital Reconstructions	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 shares subject of the performance 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 – Proportional Takeover Approval Provisions (Resolution 6)

Introduction

Articles 79 and 80 of the Company's Constitution contain provisions dealing with proportional takeover bids for the Company's shares in accordance with the Corporations Act.

Under section 648G of the Corporations Act and Article 79(b) of the Company's Constitution, the proportional takeover approval provisions must be renewed every 3 years or they will cease to have effect. The Company's Constitution was adopted by shareholders on 10 March 2010 and as a result the provisions would have expired on 10 March 2013, but they were renewed at the AGM held on 26 November 2012. As the provisions now expire prior to the next AGM the Company is seeking to renew the proportional takeover approval provisions at this AGM.

If Resolution 6 is approved, the proportional takeover approval provisions will have effect for 3 years from the date the Resolution is passed.

The Corporations Act requires that the following information be provided to shareholders when they are considering the renewal of proportional takeover approval provisions in a constitution.

What is a proportional takeover bid, and why do we need the proportional takeover approval provisions?

A proportional takeover bid includes the bidder offering to buy a proportion only of each shareholder's shares in the Company. This means that control of the Company may pass without shareholders having the chance to sell all their shares to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control.

In order to deal with this possibility, the Company may provide in its Constitution that:

- (i) in the event of a proportional takeover bid being made for shares in the Company, shareholders are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer; and
- (ii) the majority decision of the Company's shareholders will be binding on all shareholders.

The Directors consider that shareholders should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the Company to change without shareholders being given the opportunity to dispose of all of their shares for a satisfactory control premium. The Directors also believe that the right to vote on a proportional takeover bid may avoid shareholders feeling pressure to accept the bid even if they do not want it to succeed.

What is the effect of the proportional takeover approval provisions?

If a proportional takeover bid is made, the Directors must ensure that shareholders vote on a resolution to approve the bid not less than 15 days before the bid period closes.

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities, is entitled to vote. However, the bidder and its associates are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid

is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's Constitution.

The bid will be taken to have been approved if the resolution is not voted on within the deadline specified under the Corporations Act.

The proportional takeover approval provisions do not apply to full takeover bids, and only apply for 3 years after the date they are adopted as part of the Company's Constitution. As noted above, the provisions may be renewed or reinserted upon the expiry of the initial 3 year period, but only by a special resolution passed by Shareholders.

Potential advantages and disadvantages

The renewal of the proportional takeover approval provisions will allow the Directors to ascertain shareholders' views on a proportional takeover bid, it does not otherwise offer any advantage or disadvantage to the Directors who remain free to make their own recommendation as to whether the bid should be accepted.

The provisions in Articles 79 & 80 of the Company's Constitution will ensure that all shareholders have an opportunity to study a proportional bid proposal and vote on the bid at a general meeting. This is likely to result in a potential bidder structuring its offer in a way which is attractive to a majority of shareholders, including appropriate pricing. Similarly, knowing the view of the majority of shareholders may help individual shareholders assess the likely outcome of the proportional takeover when determining whether to accept or reject the offer.

However, it is also possible that the inclusion of such provisions in the Constitution may discourage proportional takeover bids and may reduce any speculative element in the market price of the Company's shares arising from the possibility of a takeover offer being made. The inclusion of the provisions may also be considered to constitute an unwarranted additional restriction of the ability of shareholders to freely deal with their shares. As at the date on which this statement was prepared, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Copies of the Company's Constitution are available on request and may be inspected at the Company's registered office during normal office hours prior to the meeting and will be available for inspection at the meeting.

Recommendation: The Board considers that the renewal of the proportional takeover approval provisions under Articles 79 and 80 of the Company's Constitution are in the best interests of shareholders and accordingly unanimously recommends that shareholders vote in favour of this resolution.

Item 8 – Approval of 10% Placement Facility (Resolution 7)

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 7 October 2015 the Company's market capitalisation is \$19,128,383 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 both 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 x 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 91,087,536 Shares and therefore has a capacity to issue:

- (a) 13,663,130 Equity Securities under the 15% placement capacity in Listing Rule 7.1; and
- (b) subject to Shareholder approval being granted under Resolution 7, 9,108,753 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 7 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 7 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 7 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	91,087,536
Unquoted Performance Rights with a range of vesting dates and Share prices, having maximum expiry 01/10/18	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		\$0.105 50% decrease in Issue Price	\$0.21 Issue Price	\$0.42 100% increase in Issue Price
Current Variable "A" 91,087,536 Shares	10% Voting Dilution	9,108,753 Shares	9,108,753 Shares	9,108,753 Shares
	Funds raised	\$956,419	\$1,912,838	\$3,825,676
50% increase in current Variable "A" 136,631,304 Shares	10% Voting Dilution	13,663,130 Shares	13,663,130 Shares	13,663,130 Shares
	Funds raised	\$1,434,629	\$2,869,257	\$5,738,515

Variable “A” in Listing Rule 7.1A.2		\$0.105 50% decrease in Issue Price	\$0.21 Issue Price	\$0.42 100% increase in Issue Price
100% increase in current Variable “A” 182,175,072 Shares	10% Voting Dilution	18,217,506 Shares	18,217,506 Shares	18,217,506 Shares
	Funds raised	\$1,912,838	\$3,825,676	\$7,651,353

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 \$0.21 being the closing price of the Shares on ASX on 7 October 2015 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 7 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 7 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 2015 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 2015. This Question Form should be received by the Company Secretary by no later than 5:00pm on Friday 6 November 2015.

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.

Annexure "A"
**Summary of the terms of the 2015 EPRP proposed to be approved under
Resolution 4**

1. Under the EPRP, the Board may grant performance rights to employees (including executive directors) of Mastermyne and its related bodies corporate and to other persons determined by the Board.
2. The Board may determine the number of any performance rights to be granted under the EPRP, as well as the vesting conditions, exercise price (if any), exercise period (if any), lapsing conditions, disposal restrictions and other terms applicable to the performance rights.
3. Each performance right which has vested and not lapsed or expired entitles the participating employee to one fully paid ordinary share in Mastermyne. Subject to the terms of grant, Mastermyne may issue new shares or arrange a transfer or purchase of existing shares.
4. Shares may be subject to disposal restrictions determined by the Board at the time of grant.
5. Unless the Board determines otherwise, Performance Rights will expire if:
 - a. the vesting conditions have not been satisfied at the end of the vesting period;
 - b. the performance rights have not vested and the employee ceases to be employed by Mastermyne or a related body corporate of Mastermyne, subject to the terms on which the performance rights are granted; or
 - c. the employee purports to transfer or encumber their performance rights without the consent of the Board.
6. Performance Rights do not carry entitlements to participate in new issues of securities made by Mastermyne. However, subject to the Listing Rules, adjustments may be made to the number of shares to which the performance rights relate and/or the exercise price to take into account changes to the capital structure of Mastermyne that occur by way of a pro rate issue or bonus issue.
7. In any reconstruction of Mastermyne's capital, performance rights may be adjusted in a similar way as applies to options under the Listing Rules.
8. If there is a change of control of Mastermyne, performance rights will vest on a pro rata basis according to the time period over which they would otherwise vest. Where performance conditions apply to vesting, the Board may determine that a lesser number of performance rights will vest having regard to the performance conditions.
9. Mastermyne may not grant performance rights where the ordinary shares that may be issued under the performance rights would, together with shares issued by Mastermyne under any other employee or non-executive share or option scheme

during the previous 3 year period (disregarding offers that were made under a prospectus or that do not need disclosure under section 208 of the Corporations Act) exceed 5% of Mastermyne's total issued ordinary shares.

10. A copy of the EPRP is available on the Company's website, www.mastermyne.com.au under the "Investors" tab, or by calling the Company on 07 4963 0400.

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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LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **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**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: 1300 554 474



X99999999999


VOTING FORM

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

STEP 1 Please mark either A or B

A VOTE DIRECTLY

elect to lodge my/our vote(s) directly (mark box)

 in relation to the Annual General Meeting of the Company to be held at **11:00am on Monday, 16 November 2015**, 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.

OR

B 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 you are appointing as your proxy

or 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 act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am on Monday, 16 November 2015 at Level 1, 45 River Street, Mackay, Queensland (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 4 and 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 4 and 5, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS


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

Resolutions

Resolutions	For	Against	Abstain*	For	Against	Abstain*	
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Issue of performance rights to Mr Tony Caruso managing director of his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Darren Hamblin as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Proportional takeover approval provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Mr Gabriel Meena as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of 10% placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of the Employee Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

 * 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).



HOW TO COMPLETE THIS SHAREHOLDER 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 have lodged a direct vote, and then you attend the Meeting, your attendance will cancel your direct vote.

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

VOTING UNDER BOX B – APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

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 Voting 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:

- 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; and
- 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 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 Saturday, 14 November 2015**, 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 using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Voting 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 Voting 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
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**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.**