

RESOURCE EQUIPMENT LTD

Annual General Meeting of Shareholders to be held at
Holiday Inn Hotel, 778 – 788 Hay Street, Perth
On 29 November 2012 at 9.00am

CHAIRMAN'S ADDRESS

Good morning, ladies and gentlemen. It is my pleasure to welcome you to the 2012 Annual General Meeting of Resource Equipment Ltd. As a quorum is present, I declare the meeting open.

My name is John Saleeba and I am the Chairman of the Board. With me at the table are my fellow Directors:

- Mr Jamie Cullen;
- Mr Keith Lucas;
- Mr Bill Ryan; and
- Mr Tony Ryder.

Also present today is Mr Glynn O'Brien, representing our auditors, BDO, should there be any questions about our accounts.

I would ask that everybody in attendance ensure they have signed the attendance register. I confirm that the register of shareholders is tabled and available for inspection either during or after the meeting, as are the minutes of last year's Annual General Meeting.

The Notice of Annual General Meeting dated 20 October 2012 has been circulated to Shareholders and unless there is any objection, I shall take this as having been read.

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Shortly we will be moving to the formal business of the meeting, but before that I will hand over to the Company's Chief Executive, Mr Jamie Cullen, to provide a presentation on:

- the results from the past year and a trading update for this year to date; and
- the outlook that we see for your Company.

First, however, I am very pleased to once again report another successful year of growth and record results for the Company. This was the 3rd successive year of growth since acquiring the Resource Equipment business on 1 July 2009 and the 9th successive year of growth for the business since it was founded in 2003.

Although 2012 growth was not at the same rate as in 2011, we saw:

- Revenues increase from \$52m to \$82m
- EBITDA increase from \$18m to \$22.3m; and
- Net profit increase from \$12.1m to \$13.4m

Operating cash flow was solid at \$17 million and the year-end balance sheet was very healthy with low gearing and no bank debt.

Importantly, the business is becoming a national force, with activity recorded in every Australian state over the past year. We have quickly become the largest specialist water management business servicing the natural resources sector in Australia. We are also well underway in establishing operations in Indonesia, which we see as a large potential market to develop in coming years. We have performed work in other Asian countries and have had enquiries from Africa. So REL is well and truly on the map.

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Shareholders will be aware that the market outlook for mining services companies has taken a sharp down turn in some areas in recent times, and REL has been tarred with the mining services brush. Yet our financial performance is well ahead of the same time last year, as Jamie will discuss shortly.

It is important that Shareholders understand that REL is largely aligned to production activities, not the front-end exploration, development and construction activities that many mining services companies are exposed to and which has fuelled the recent sell downs in the mining services sector.

Being aligned to the production phase of mining, most of our work comes from mature operating mines sites where we have maintained an ongoing presence for many years and have recurring revenues.

Whilst investment in new mining projects in Australia is seen as having slowed, activity at mature producing mines has not. In fact, the whole point of the mining investment boom over the past eight or so years was to expand production capacity in the natural resources sector, so we are now leveraged to a much larger potential market

Shareholders will be aware that no dividend was declared from the 2012 result. This was primarily because the Company has utilised carried forward tax losses in recent years and therefore has no franking credits available to distribute to Shareholders.

These tax losses have now been utilised and franking credits will begin to be generated as we commence paying tax. This will lead to the Directors establishing a dividend policy

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in the coming year in order to distribute those franking credits to Shareholders, subject of course to maintaining a healthy Balance Sheet.

Finally, I wish to commend management and our staff on achieving an outstanding safety record during 2012. We work with some large, high pressure equipment sometimes in very challenging circumstances. The safety of our personnel and adherence to our safety management system is critical.

I am pleased to advise that there were no Lost Time Injuries recorded during the year, or since the end of it, and our incident rate is well below the industry average.

To tell you more about our recent performance and growth prospects I will now hand over to Jamie Cullen for his presentation.