

Industrea Limited

**Annual General Meeting
11th November 2011
Edinburgh Room Brisbane Club
241 Adelaide St Brisbane**

**Chairman's Address
(The Hon David P Beddall)**

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Industrea Limited

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Address to Shareholders

Presented to the Annual General Meeting of Industrea Ltd by the Chairman, The Hon David Peter Beddall

Introduction

Fellow Shareholders, ladies and gentlemen may I formally welcome you to the Industrea Ltd Annual General Meeting for 2011.

Last year I indicated that Industrea Ltd was within sight of ASX/S&P 200 index. I am pleased to advise that as of Thursday 3rd November Industrea has been added to the ASX/S&P 200 index.

This a significant achievement for a company that at 30th June 2005 had a turnover of \$3.5m a net loss of \$1.4m and a market cap of only \$3.5m.

Year on year results for Industrea were strong with

- Revenue of \$357m up 14%
- EBITDA of \$123m up 10.2%
- Adjusted NPAT \$51.5m up 15.5%

Despite an uncertain international environment this is the fifth year in a row Industrea has delivered revenue and profit growth.

Industrea continues to grow as a global mining products and services business.

Along with established markets in Australia, China, South America, South Africa and Indonesia Industrea has now established a strong presence in Russia with significant sales in the past 12 months.

As well as a global market presence Industrea includes amongst its client base the market leaders. These clients include BHP Billiton, Xstrata, Rio Tinto, China Shenhua Energy, Vale and Anglo American amongst many others.

Industrea is now witnessing the real impact of the resources boom in Australia with record orders and inquiries for our Australian manufactured products.

The China market was slower in the past year after a record previous year. Much of last year's production was clearing the backlog of orders made possible by the establishment of our new production facility at Thornton NSW.

Post balance date we have seen increased activity and orders from China and are confident that sales and support in China will revert to normal over the next 12 months.

People

People are the key to the success of any company and that is true for a company as diversified as Industrea.

Managing Director, Robin Levison, and his senior executive team lead by example and it is my view that the Industrea team is as good as any in corporate Australia.

Robin and I have worked together now for over six years and I am continually impressed by his skills and commitment to Industrea. This is a company of rapid growth and may have outgrown many CEO skills sets. Robin Levison has grown his people and management skills along with business.

On 1st October 2011 Robin Levison signed a three extension on his contract which now expires on 1st October 2014.

The Board of Directors of Industrea are delighted to have Robin at the helm for the next three years. Details of Robin Levison's remuneration are set out in the 2011 Annual report.

Any company the size of Industrea will undergo senior management changes over time. Industrea is no different. Two new appointments have been made to the Industrea management team in the past year: Mr Jeff Watson and Ms Tabatha Kattau.

Mr Watson has been appointed to the position of Chief Financial Officer. Mr Watson brings a strong skills base to his position having worked for large listed companies both in Australia and the United States.

Ms Kattau has taken on the role of Chief Human Resources Officer. Ms Kattau brings 15 years experience in the mining services industry to Industrea. Among her previous employers is Joy Global Inc (P&H MinePro Services)

Also during the year Mr Dale McNamara was promoted to the position of Deputy Chief Executive Officer. Dale was the founder of our China based business Wadam Industries when it was acquired by Industrea. Mr McNamara brings vast coal mining experience to Industrea and has invaluable contacts in the Chinese market.

I would like to offer all my congratulations on their appointments to their new positions and wish them well.

Our Business

There is a truism that says 'unless a business grows it dies'. Industrea's Board and Management believe in this philosophy and continue to seek growth through acquisition and internal growth.

AJ Lucas Acquisition

This year Industrea acquired the in-seam drilling business from AJ Lucas. This business has been renamed Industrea Gas Management (IGM). With the purchase of this business IGM has in excess of 40% of the Australian in-seam drilling market.

There are also excellent opportunities to grow this business internationally. First in China then in Russia and other markets.

Industrea Mining Services IMS

In some ways Industrea Mining Services is the forgotten part of Industrea Ltd. IMS contributes nearly 50% of total Industrea revenue. Whilst the business is capital intensive it offers considerable scope for growth.

IMS is a leading specialised mining services businesses. Despite the January floods closing the Baralaba Mine for the second half of the 2011 financial year it once again produced excellent results with revenue up 31% to \$169m and EBITA up 13% on last year.

There are numerous opportunities for growth of IMS both with existing and new clients. The diversity of clients and commodities helped Industrea strongly weather the Global Financial Crisis.

Managing Director, Robin Levison, will outline the opportunities for IMS further in his report.

Industrea Mining Equipment (IME) and Industrea Mining Technology (IMT)

Both the IME and IMT businesses are what separate Industrea from its competitors.

Many commentators still persist with the view that the Resources Sector is a 'dig it up and ship it out' business. Industrea clearly demonstrates that this view is outdated.

IME and IMT have developed world's best products and export fully built equipment to global markets including China, South America, South Africa, Indonesia, and Russia.

Industrea is currently undertaking certification of key products in the USA and has pent up demand for these products once approval is granted.

Innovation, Research and Development

The key to growth and success in the manufacturing sector is to ensure your product range stays ahead of the competition. Industrea has always seen R&D as an essential part of our business.

Let me give you an example of how this works to Industrea's advantage.

IMT has for many years produced the world's leading underground direct drilling tool. This was usually sold as a key component of another company's drill rig and in-seam gas management system.

IME has now developed a cutting edge drill rig that when equipped with the IMT drill and accompanied by IMG drilling expertise presents a client with a complete solution for their gas management requirements.

The value for Industrea is that all components are Industrea products creating higher revenue and higher profit.

The first drill rig was recently displayed on the Industrea stand at the China Coal and Mining Expo in Beijing, China. The rig was very favourably received and we expect the first order soon.

Another example of Industrea R&D is the development of the Tier 3 Flame Proof Engine. The development of this engine has resulted in record sales of Industrea light underground personnel vehicles in Australia. Many of these sales are to new Industrea clients.

IME has a number of other new products that are market ready or in final stages of development.

IMT produces the world's leading Collision Avoidance System (CAS-CAM) for mine sites. IMT received a Commonwealth Government Grant for the development of CAS-CAM. This is a \$2m project and is approaching completion.

You will see in your notice of meeting a resolution to issue shares to Chunzeng Feng for the acquisition of his manufacturing business Shijiazhuang China.

Mr Feng has been a long term supplier to IME. With supervision from IME engineers and production staff he has produced the first Chinese built Industrea underground flame proof light utility vehicle for the Chinese market.

The vehicle was on display at the Beijing Coal Show and generated high interest levels.

Conclusion

Despite continued world volatility in equity markets, Industrea is well placed for continued growth both through acquisition and internal growth.

With MD/CEO, Robin Levison, agreeing to a new three year contract and a talented Management Team in place the Board of Directors has great confidence in Industrea's future.

The Board and management are fully focused on the task of growing the business and increasing shareholder value.

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