CMI LIMITED

ABN 98 050 542 553

Notices of Meetings

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Chairman's Letter

27 October 2006

Dear Shareholder

ANNUAL GENERAL MEETING AND PROPOSED SHARE BUY-BACK

Attached are Notices of Meetings for CMI Limited's Annual General Meeting and a separate meeting of all holders of both Ordinary and Class A Shares.

CMI's recently announced fall in net profit after tax for the year ended 30 June 2006 of 7.9% reflects the extremely difficult trading conditions that continue to prevail in the automotive industry. CMI's Directors have in recent years strategically invested in the segments of the group that do not have exposure to the automotive industry. The decision to diversify has increased the sales and profitability of these divisions, which to some extent has off-set the effects of difficult market conditions faced by the Engineering Components division. The Electrical Components division performed strongly during the 2005/2006 financial year and is poised for further sales growth with the acquisition of the business of XLPE Cables effective 1 July 2006. The Financial Services division performed well within an increasingly competitive market.

Unfortunately, CMI expects that the conditions it faces in the automotive industry will deteriorate further and all shareholders should take heed of the very difficult market conditions that currently prevail within CMI's Engineering sector.

Cost pressures are relentless, steel and copper prices are at record highs and passing on these increases is extremely difficult. The strength of the Australian dollar is increasing the competition from imported goods and our export business to North America is at best break even rather than profitable. High fuel prices are affecting sales of 4WD's and larger Australian made vehicles.

To further add to our difficulties we are experiencing customers rushing to China for their component parts or to establish factories. Financial failure of some our customer base is of increasing concern.

CMI may, over the next 3 years, have to rationalise its production facilities. This is a very expensive exercise and may affect profitability over that period. This may put at risk CMI's ability to pay the full year dividend of 12¢ fully franked on Ordinary Shares.

CMI's Directors see this as unacceptable because of the long standing loyal shareholder base that invests in CMI due to its high dividend yield. To overcome this, CMI's Directors are proposing to conduct an off market buy-back of a substantial proportion of CMI's Ordinary Shares.

Subject to obtaining shareholder approval, CMI will offer to buy back up to 90% of each Ordinary Shareholder's Ordinary Shares.

The consideration payable for Ordinary Shares the subject of the Buy-back will be a combination of cash and Class A Shares. For every 2 Ordinary Shares, Ordinary Shareholder's will be offered $1.20 cash plus 1 Class A Share.

In addition, the 6¢ fully franked dividend on the Ordinary Shares which was announced on 31 August 2006 will be paid before the Buy-back is completed.

CMI's Directors believe that the Buy-back will ensure that CMI continues to appropriately manage its capital structure whilst maximising returns to shareholders.

Firstly, the effect of the Buy-back will be a significant reduction in the dividend burden CMI currently faces without adversely affecting shareholders. Assuming full acceptance the net effect to CMI per annum after allowing for the above, as well as the future dividend requirements of the newly issued Class A Shares and the expected cost of meeting the interest expense to fund the cash component of the Buy-back, is a cash saving of approximately $485,000 per annum.

Secondly, Ordinary Shareholders who wish to minimise their exposure to the trading conditions outlined above, will be given the opportunity to receive a cash payment plus a higher ranking share paying a fully franked dividend which is greater than what is currently provided to Ordinary Shareholders.

Please carefully consider the information in this document before exercising your vote.

Yours faithfully

Max Hofmeister
Executive Chairman
CMI Limited

CMI LIMITED

ABN 98 050 542 553

Notice of Annual General Meeting of Ordinary Shareholders

Tuesday, 28 November 2006

at 9:00 am Brisbane time

Level 1, 240 Margaret Street, Brisbane, Queensland

Notice of Annual General Meeting

CMI Limited ABN 98 050 542 553

Notice is given that the Annual General Meeting of CMI Limited ('**Company**') will be held at 9.00am Brisbane time on 28 November 2006 at Level 1, 240 Margaret Street, Brisbane, Queensland.

AGENDA

Ordinary Business

Financial Statements and Reports

To receive and consider the Company's financial statements, the related Directors' Report, Directors' Declaration and Independent Audit Report for the financial year ended 30 June 2006.

1. Remuneration Report

To consider and, if thought fit, to pass the following in accordance with section 250R(2) of the Corporations Act:

'That the section of the Directors' Report dealing with the remuneration of the Company's Directors and the 5 most highly remunerated executives be adopted.'

NB: This resolution shall be determined as if it were an ordinary (majority) resolution, but under section 250R(3) of the Corporations Act, the vote does not bind the Directors of the Company.

2. Election of Director – Mr John Johnson

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

'That Mr John Johnson, who retires by rotation in accordance with rule 16.1 of the Company's constitution, and being eligible, be re-elected as a director of the Company.'

Dated this 27th day of October 2006
By Order of the Board

Mark Laidlaw

Mark Laidlaw

Company Secretary
CMI Limited

NOTES

(a) A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.

(b) The proxy need not be a member of the Company. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

(c) If you wish to appoint a proxy and are entitled to do so, then complete and return the blue proxy form enclosed.

(d) A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the Corporations Act 2001 in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

(e) The Company has determined in accordance with Regulation 7.11.37 of the Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Company's register of ordinary shareholders as at 7.00pm (Brisbane time) on 26 November 2006.

(f) If you have any queries on how to cast your votes then call the Company's share registry on (02) 8280 7454 during business hours.

CMI LIMITED

ABN 98 050 542 553

Notice of General Meeting of all Shareholders

Tuesday, 28 November 2006

at 9:20 am Brisbane time

Level 1, 240 Margaret Street, Brisbane, Queensland

Notice of General Meeting

CMI Limited ABN 98 050 542 553

Notice is given that a General Meeting of all shareholders of CMI Limited ('**Company**') will be held at 9.20am Brisbane time on 28 November 2006 at Level 1, 240 Margaret Street, Brisbane, Queensland.

AGENDA

Special Business

1. Approval of Equal Access Buy-back of Ordinary Shares

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

> *'That all shareholders of the Company approve and resolve for the purposes of section 257C(1) of the Corporations Act 2001 that the Company implement the proposed buy-back by the Company of up to 90% of each Ordinary Shareholder's Ordinary Shares on the terms disclosed in the accompanying Explanatory Memorandum.'*

Dated this 27th day of October 2006
By Order of the Board

Mark Laidlaw

Mark Laidlaw

Company Secretary
CMI Limited

NOTES

(a) A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.

(b) The proxy need not be a member of the Company. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

(c) If you wish to appoint a proxy and are entitled to do so, then complete and return the yellow proxy form enclosed.

(d) A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the Corporations Act 2001 in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

(e) The Company has determined in accordance with Regulation 7.11.37 of the Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Company's registers of Ordinary Shareholders and Class A Shareholders as at 7.00pm (Brisbane time) on 26 November 2006.

(f) If you have any queries on how to cast your votes then call the Company's share registry on (02) 8280 7454 during business hours.

Voting Restriction

Any votes cast by Mr Max Hofmeister or entities associated with Mr Max Hofmeister will be disregarded. However, the Company need not disregard any such vote if:

(a) it is cast by any person referred to above as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or

(b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. In accordance with Listing Rule 14.2.3, the manner in which the Chairman intends to cast any undirected proxies given to him i.e. proxies that do not specify the manner in which way the proxy is to be cast, is set out on the Proxy Form.

CMI LIMITED

ABN 98 050 542 553

Explanatory Memorandum

Explanatory Memorandum

CMI Limited ABN 98 050 542 553

The information in this Explanatory Memorandum is provided to all shareholders of CMI Limited in compliance with the *Corporations Act 2001*, ASX Listing Rules and the Company's constitution.

INTRODUCTION

This Explanatory Memorandum is despatched with the notice of the Company's 2006 Annual General Meeting for Ordinary Shareholders ('AGM') and also the Notice of General Meeting for all shareholders ('General Meeting').

Only Ordinary Shareholders will be entitled to vote at the AGM, however **all** shareholders (Class A Shareholders and Ordinary Shareholders) will be entitled to vote on the Buy-back Resolution at the General Meeting.

All shareholders should read this Explanatory Memorandum in full and if they have any questions, obtain professional advice before making any decisions in relation to the resolutions to be put to shareholders at either the AGM or the General Meeting.

ANNUAL GENERAL MEETING OF ORDINARY SHAREHOLDERS

FINANCIAL STATEMENTS AND REPORTS

The *Corporations Act 2001* requires that the related Directors' Report, Directors' Declaration, Independent Audit Report and the financial statements of the Company for the year ended 30 June 2006 be presented to the Annual General Meeting. In addition, the Company's constitution provides for such reports and statements to be received and considered at the meeting. Apart from the matters involving remuneration which are required to be voted upon, neither the *Corporations Act 2001* nor the Company's constitution requires a vote of shareholders at the Annual General Meeting on such reports or statements, however shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting.

In addition to asking questions at the meeting, shareholders may address written questions to the Chairman about the management of the Company, or to the Company's Auditor which are relevant to:

(a) the content of the Independent Audit Report to be considered at the meeting; or

(b) the conduct of the audit of the annual financial report to be considered at the meeting.

Any written questions must be submitted to the Company Secretary on or before 21 November 2006 by email, fax or post.

Email: corporate@cmilimited.com.au

Fax: (07) 3004 8180

Mailing Address: PO Box 15844
City East
Brisbane, QLD 4002

Explanatory Memorandum

1. REMUNERATION REPORT

1.1 The Corporations Act 2001 requires that the section of the Directors' Report dealing with the remuneration of Directors and the 5 most highly remunerated executives ('Remuneration Report') be put to the vote of shareholders for adoption by way of a non-binding vote.

1.2 The Remuneration Report may be found in the Annual Report.

1.3 Following consideration of the Remuneration Report the Chairman will give shareholders a reasonable opportunity to ask questions about or to make comments upon the Remuneration Report.

2. ELECTION OF DIRECTOR – MR JOHN JOHNSON

2.1 Under clause 16.1 of the constitution of the Company, one third of the Directors (other than the Managing Director, any Director appointed under rule 13.2 and any Director who has vacated their office under clause 15.1) must retire by rotation at each Annual General Meeting.

2.2 In accordance with rule 16.1 Mr Johnson will retire at the end of the meeting, and being eligible, presents himself for re-election.

2.3 Mr Johnson has been a Director of CMI since 1993. He brings 35 years experience in marketing and business to the Board. From 1983 to 1992 Mr Johnson was the managing director and chief executive officer of The Stubbies Clothing Company Pty Ltd and was responsible for the expansion of that business into the US and Asia. Prior to this he was for many years a senior executive of the multinational 3M company.

2.4 Mr Johnson has also served as the chairman of the Workplace Resource Centre in Brisbane and the St Johns Cathedral Completion Committee.

2.5 The Directors support the resolution to re-elect Mr Johnson.

GENERAL MEETING OF ALL SHAREHOLDERS

1. SHARE BUY-BACK

1.1 This information is provided to the shareholders of CMI Limited in compliance with the regulatory requirements of Chapter 2J Division 2 of the Corporations Act 2001 which relates to share buy-backs.

1.2 The directors of the Company recommend to shareholders that the Company proceed with the Buy-back.

1.3 It is proposed that at the General Meeting an ordinary resolution be considered and if thought fit, passed by all shareholders, to approve the proposal by the Company to enter into an agreement to buy back some of its Ordinary Shares. The proposal under the resolution in the General Meeting Notice will enable the Company to buy back up to **90%** of each Ordinary Shareholder's Ordinary Shares.

1.4 The Buy-back is classified as an equal access buy-back. Because the Company may buy back more than 10% of the smallest number of Ordinary Shares it has had on issue during the last 12 months, the Corporations Act 2001 requires the Buy-back to be approved by the passing of an ordinary resolution.

1.5 As detailed below, part of the consideration for the Buy-back will be made up of Class A Shares. The offer to issue these Class A Shares requires CMI to issue a Prospectus. A copy of the Prospectus which sets out the terms of the Buy-back and forms the basis of the Buy-back agreement is set out in Annexure A.

1.6 The Directors consider the proposed Buy-back to be in the best interests of the Company for the following reasons:

(a) it will enable CMI to continue to appropriately manage its capital structure to maximise returns to shareholders;

(b) it will allow Ordinary Shareholders who wish to minimise their exposure to trading conditions referred to in the Prospectus to realise a portion of their investment in the Company through a cash payment; and

(c) it will give Ordinary Shareholders the opportunity to continue to be involved with the Company and receive dividends by providing a higher ranking share which pays a fully franked dividend which is significantly greater than what they currently receive.

1.7 Ordinary Shareholders should note that if the proposed Buy-back proceeds:

(a) Ordinary Shareholders who accept the Buy-back Offer will lose the voting rights which attach to their Ordinary Shares, except in the limited circumstances set out in the summary of the rights attaching to Class A Shares contained in Section 8.2 of the Prospectus; and

(b) there will be a degree of concentration of the voting power attaching to Ordinary Shares in the remaining Ordinary Shareholders, including the Company's Executive Chairman, Max Hofmeister, the effect of which is set out in Sections 4 and 5 of this Explanatory Memorandum.

2. BUY-BACK OFFER

2.1 CMI is seeking to buy back up to 90% of each of its Ordinary Shareholders' Ordinary Shares. CMI currently has 35,859,654 Ordinary Shares on issue. Entities associated with Max Hofmeister currently hold 3,077,031 Ordinary Shares and will not participate in the Buy-back. Therefore, the maximum number of Ordinary Shares that may be bought back is 29,504,361.

2.2 The Company's other directors intend to accept the Buy-back offer in respect of a majority of their Ordinary Shares.

2.3 CMI will pay consideration of $1.20 plus one Class A Share for every 2 Ordinary Shares bought back.

2.4 Ordinary Shareholders who hold an odd number of Ordinary Shares will in respect of any single remaining Ordinary Share, still receive $1.20 cash, plus one Class A Share.

2.5 Ordinary Shareholders can only accept the Offer in respect of up to 90% of their Ordinary Shares. Ordinary Shareholders can also reject the Offer in respect of all of their Ordinary Shares.

2.6 The Buy-back is conditional upon the passing of resolution 1 at the General Meeting.

2.7 Max Hofmeister has decided that he (and entities associated with him) will not participate in the Buy-back. As the Company's Executive Chairman, Mr Hofmeister seeks to align his interests with those of the Company and believes that the best way to do this is maintaining his:

(a) interest in Ordinary Shares; and

(b) exposure to the performance of the Company through all trading conditions.

3. SHARES

3.1 CMI currently has 35,859,654 fully paid Ordinary Shares on issue. There are also 750,000 partly paid Ordinary Shares in the Company. The Buy-back offer cannot be accepted by the holder of these partly paid Ordinary Shares, Max Hofmeister.

4. CAPITAL STRUCTURE OF CMI LIMITED

4.1 The capital structure of CMI before and after the completion of the Offer (assuming that the Offer results in CMI buying back 90% of its Ordinary Shares) other than those held by entities associated with Max Hofmeister will be as follows:

	Ordinary Shares	Class A Shares	Partly paid ordinary shares[1]	Options[2]
Pre-Offer	35,859,654	26,076,742	750,000	1,342,500
Post-Offer	6,355,293	40,828,923	750,000	1,342,500

1. CMI has 750,000 partly paid ordinary shares on issue to its Chairman, Max Hofmeister.

2. CMI has 1,342,500 options to subscribe for Ordinary Shares on issue to its Directors and executives. All of the options are exercisable at $2.22 per Ordinary Share. 42,500 of the options are exercisable on or before 27 April 2009. 1.3 million of the options are exercisable on or before 28 October 2009.

Explanatory Memorandum

5. EFFECT ON CONTROL

5.1 Max Hofmeister and entities associated with Max Hofmeister will not be participating in the Buy-back. If CMI buys back the maximum number of Ordinary Shares possible (and neither Max Hofmeister nor entities associated with him sell any Ordinary Shares), then Max Hofmeister's (and entities associated with him) percentage entitlement to Ordinary Shares will increase to a maximum of 48.42% of Ordinary Shares. Currently, Mr Hofmeister is entitled to, and has a relevant interest in 3,077,031 Ordinary Shares or 8.58%.

5.2 In addition to these Ordinary Shares, entities associated with Max Hofmeister also hold 750,000 partly paid Ordinary Shares. These shares are currently paid to approximately 42% of their issue price. Max Hofmeister is entitled to vote the partly paid Ordinary Shares to the extent that they are paid up. Cumulatively, Max Hofmeister and his associated entities hold 3,392,031 voting rights in CMI or 9.38% of votes at the general meeting.

5.3 The table set out below shows the effect on the capital structure of CMI where a number of Ordinary Shareholders holding the specified percentage of Ordinary Shares have 90% of their holding bought back. The table does not take into account the potential dilutionary effect of CMI's partly paid Ordinary Shares and options (which cannot participate in the Buy-back offer).

	0% participation	10% participation	20% participation	30% participation	50% participation	91.42%[1] participation
Ordinary Shares on issue	35,859,654	32,632,285	29,404,916	26,177,547	19,722,810	6,355,293
Class A Shares on issue	26,076,742	27,690,427	29,304,111	30,917,795	34,145,164	40,828,923
% holding in fully paid Ordinary Shares by entities associated with Max Hofmeister	8.58%	9.43%	10.46%	11.75%	15.60%	48.42%

1. Reflects acceptance by all ordinary shareholders other than entities associated with Max Hofmeister.

5.4 The current top 20 Ordinary Shareholders (excluding entities associated with Max Hofmeister) control 4,971,838 Ordinary Shares being 13.86%. If each of these shareholders participate in the Buy-back (up to the 90% limit) those shareholders will hold 497,184 Ordinary Shares.

5.5 Chapter 6 of the Corporations Act prescribes that certain procedures must be followed in connection with an acquisition of Shares if as a result of the acquisition any person entitled to 20% or more of the voting shares of a company would increase their entitlement. One of the means by which a persons entitlement may lawfully be increased above the 20% level is under a share buy-back complying with the Corporations Act.

6. SHARE BUY-BACK PRICE

6.1 The Buy-back was announced to the market on 31 August 2006. The Directors consider that the consideration for the Buy-back is fair and reasonable given that:

(a) the volume weighted average trading price for the Company's Ordinary Shares over the 30 days to 31 August 2006 was $1.18;

(b) the Company is offering cash consideration of $1.20 for every 2 Ordinary Shares;

(c) the volume weighted average trading price for the Company's Class A Shares over the 30 days to 31 August 2006 was $1.16 and the Company is also offering 1 Class A Share for every 2 Ordinary Shares;

(d) based on the volume weighted average trading prices set out above, the consideration offered by the Company represents $1.18 per Ordinary Share. The Class A Shares forming part of the consideration pay a higher fully franked dividend than an Ordinary Share;

(e) the closing price of Ordinary Shares on 23 October 2006 was $1.31; and

(f) the range of closing prices of Ordinary Shares over the 3 months to 23 October 2006 was $1.10 to $1.31.

7. DIVIDENDS

7.1 In addition to the consideration, the 6¢ fully franked dividend on the Ordinary Shares which was announced on 31 August 2006 will be paid before the Buy-back is completed.

7.2 Dividends on Class A Shares are expected to be payable to Shareholders quarterly in arrears in March, June, September and December of each year.

7.3 Whilst the payment of dividends paid on Class A Shares is subject to sufficient profits being available and at the discretion of the Board, it is the Directors' current intention that CMI will pay dividends of not less than 14 cents per annum in accordance with the dividend rights set out in the summary of the rights attaching to Class A Shares in section 8.2 of the Prospectus.

7.4 Dividends, when paid, will be franked where possible. If no franking credits are available, the minimum dividend payable will be increased in accordance with the formula set out in the summary of the rights attaching to Class A Shares in section 8.2 of the Prospectus.

8. FUNDING SHARE BUY-BACK

8.1 The cash component of the Buy-back will be funded by CMI using a National Australia Bank bill facility.

9. CLOSING DATE AND ACCEPTANCE

9.1 If the Buy-back is approved at the General Meeting, shareholders will have until 5.00pm on 8 December 2006, to accept the offer made under the Prospectus.

10. SHARES BOUGHT BACK TO BE CANCELLED

10.1 In accordance with the requirements of the Corporations Act 2001, once a shareholder has accepted that their Ordinary Shares be bought back under the Buy-back, all rights attaching to those Ordinary Shares are suspended. The suspension will be lifted if the Buy-back agreement is terminated.

10.2 The Company must not deal in the Ordinary Shares that are bought back. Immediately after the registration to the Company of the Shares bought back, the Shares are cancelled.

Explanatory Memorandum

11. TAX EFFECT OF BUY-BACK

An explanation of the Australian tax implications of participating in the Buy-back is set out in the Prospectus attached to this Explanatory Memorandum.

12. EFFECTS OF BUY-BACK

12.1 The Shares subject to the Buy-back offer (excluding those held by entities associated with Max Hofmeister) represent 82.28% of the Company's issued Ordinary Shares. If all shareholders accept the Buy-back offer then the total number of issued Ordinary Shares will be reduced from 35,859,654 to 6,355,293.

12.2 The desired effect of the Buy-back is to reduce the dividend burden the Company currently faces without adversely affecting shareholders. By way of example:

(a) In the event that all shareholders accept the Buy-back offer, the Company would repurchase 29,504,361 Ordinary Shares, reducing dividend payments on its Ordinary Shares from $4,303,158 per annum to $762,635 per annum.

(b) CMI currently pays a $0.14 per annum dividend on its Class A shares.

(c) Assuming full acceptance of the Buy-back offer, CMI would issue 14,752,181 Class A Shares as consideration for the Ordinary Shares bought back.

(d) The dividend payment on these Class A Shares would be $2,065,306 per annum.

(e) The total saving in dividend payments to CMI, assuming full acceptance of the Buy-back, would be approximately $1,475,217 per annum, although there would be an additional cash outflow of approximately $990,000 per annum for the interest expense on the debt to fund the cash component of the Buy-back consideration.

13. RECOMMENDATION OF THE DIRECTORS

The Directors of the Company recommend that shareholders vote in favour of resolution 1.

14. DISCLOSURE OF RELEVANT INFORMATION

14.1 This Explanatory Memorandum has been issued to satisfy the requirements of section 257G of the Corporations Act 2001, and contains all information known to the Company that is material to the decision whether to accept the offer.

14.2 This Explanatory Memorandum is to be read in conjunction with the Prospectus.

Glossary of Terms

In the attached Notices of Meeting and Explanatory Memorandum the following words and expressions have the following meanings:

'AGM'	means the annual general meeting of the Company to be held on 28 November 2006
'ASIC'	means the Australian Securities and Investments Commission
'ASX'	means the Australian Stock Exchange Limited
'Buy-back'	means the proposed equal access buy-back by CMI of up to 90% of each Ordinary Shareholder's Ordinary Shares contemplated by this Explanatory Memorandum
'Buy-Back Resolution'	means the ordinary resolution referred to in the Notice of General Meeting to all Shareholders
'Chairman'	means the Chairman of the Company as approved from time to time and includes an acting Chairman
'Class A Shareholders'	means the holders of Class A Shares from time to time, and ***Class A Shareholder*** means any one of them
'Class A Shares'	means the Class A shares having the rights as set out in the Constitution of the Company
'Closing Date'	means 5.00pm (Brisbane time) on 8 December 2006
'Company' and 'CMI'	means CMI Limited ABN 98 050 542 553
'Directors'	means the directors of the Company from time to time
'Explanatory Memorandum'	means this Explanatory Memorandum
'General Meeting'	means the meeting of all Shareholders of the Company convened by the General Meeting Notice
'General Meeting Notice'	means the notice dated on or about the date of this Explanatory Memorandum issued by the Company convening the General Meeting to be held on Tuesday, 28 November 2006
'Holder'	means the holders of any shares in the Company as shown in the Register as at the Closing Date (and includes the holder's personal representatives and assigns), and ***shareholder*** and ***member*** shall have a corresponding meaning
'Law'	means Corporations Act 2001 and the Corporations Regulations (as defined in the Corporations Act 2001)
'Listing Rules'	means the official listing rules of ASX
'Notice' and 'General Meeting Notice'	means the Notice of General Meeting which accompanied this Explanatory Memorandum
'Ordinary Share'	means an ordinary share in the capital of the Company, the terms of which are contained in the Constitution of the Company
'Ordinary Shareholders'	means the holders of the Ordinary Shares from time to time
'Prospectus'	means the prospectus lodged with ASIC on 27 October 2006, a copy of which is included in Annexure A

Annexure A

Prospectus

A copy of CMI Limited's Prospectus lodged with ASIC on 27 October 2006 is enclosed with this Explanatory Memorandum if not annexed.