CMI LIMITED

ABN 98 050 542 553

Notice of Annual General Meeting

19th November 2010 at 10.00am Brisbane time

Brisbane Riverview Hotel, Kingsford Smith Drive, Hamilton Qld 4007

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Glossary of Terms

In the attached Notice 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 19th November 2010.
ASIC	means the Australian Securities and Investments Commission.
ASX	means the ASX Limited ACN 008 624 691 and the market that it operates.
Board	means the board of Directors of the Company.
Chairman	means the Chairman of the Company as approved from time to time and includes an acting Chairman.
Company or CMI	means CMI Limited ABN 98 050 542 553.
Corporations Act	means the Corporations Act 2001.
Directors	means the directors of the Company from time to time, and Director means any one of them.
Explanatory Memorandum	means the explanatory memorandum to the notice of meeting contained in this booklet.
Listing Rules	means the official listing rules of ASX.
Ordinary Shareholders	means the holders of the Shares from time to time.
Share or Ordinary Shares	means an ordinary share in the capital of the Company, the terms of which are contained in the Company's constitution.

Chairman's Letter

CMI LIMITED ABN 98 050 542 553

13 October 2010

Dear Shareholder

Annual General Meeting

This booklet contains notice of CMI Limited's 2010 annual general meeting.

This last year has continued to be difficult. The collapse in Australian and global financial markets has in the previous year continued to impact confidence in many sectors of the economy. Most recently, the political debate over the proposed mining tax caused some hesitation in both maintenance and capital expenditure in the mining sector. CMI Electrical was impacted to some extent as a result. Similarly, slower motor vehicle sales have had some impact on TJM.

These issues have resulted in a decline in revenue and net profit from continuing operations for the group compared to the prior year.

For the coming year the focus of the Company will be to improve revenue, whilst maintaining margins, and to develop the supply chain further ensuring quality control is maintained.

CMI Electrical is re-gaining some of the revenue lost during the previous periods although margins are not yet at previous levels.

TJM has continued to develop manufacturing operation and product sourcing in Asia. This has been a longer process than anticipated, particularly in ensuring quality control and the establishment of new designs. International markets are now being explored and developed. However, domestic operations have been significantly impacted by the fire that largely destroyed the operations base in Brisbane. While the event was fully insured, there have been significant issues with supply chain and inventory level maintenance. TJM expects to relocate back into the rebuilt premises before the end of 2010.

During the year, the Company has continued to monitor the value of the $16.5 million loan receivable resulting from the sale of the engineering business. As a result and as already announced, the Company decided to write-down the carrying value of the loan to $8.5 million.

I look forward to welcoming you at the Company's annual general meeting and thank you for your continuing support as a CMI Limited shareholder.

Yours faithfully

Colin Ryan

Chairman
CMI Limited

Notice of Annual General Meeting

CMI LIMITED ABN 98 050 542 553

Notice is given that the Annual General Meeting of CMI Limited will be held at 10.00am Brisbane time on 19th November 2010 at Brisbane Riverview Hotel, Kingsford Smith Drive, Hamilton.

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 2010.

1 REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution 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 four 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 RE-ELECTION OF DIRECTOR – RICHARD CATELAN

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

'That Mr Richard Catelan who retires by rotation in accordance with Rules 16.1 and 16.2 of the Company's Constitution and being eligible, be re-elected as a Director of the Company.'

3 ELECTION OF DIRECTOR – GERALD PAULEY

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

'That Mr Gerald Pauley, being eligible, be elected as a Director of the Company.'

DATED this 13 October 2010
By Order of the Board

Sharyn Williams
Company Secretary
CMI Limited

Notice of Annual General Meeting

CMI LIMITED ABN 98 050 542 553

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 enclosed proxy form. Alternatively, members may lodge proxy votes by logging in at www.linkmarketservices.com.au and clicking on the 'Proxy Voting' icon in the top right hand corner of the home page.

(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 6.00pm (Brisbane time) on 17th November 2010.

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.

Explanatory Memorandum

CMI LIMITED ABN 98 050 542 553

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

INTRODUCTION

This Explanatory Memorandum is despatched with the notice of the Company's 2010 annual general meeting (**AGM**).

Only Ordinary Shareholders will be entitled to vote at the AGM.

All Ordinary 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 the AGM.

FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires that the related Directors' Report, Directors' Declaration, Independent Audit Report and the financial statements of the Company for the year ended 30 June 2010 be presented to the AGM. 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 nor the Company's constitution requires a vote of shareholders at the AGM 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 12th November 2010 by email, fax or post.

Email: corporate@cmilimited.com.au

Fax: (07) 3865 3677

Mailing Address: PO Box 716, Virginia Qld 4014

Explanatory Memorandum

CMI LIMITED ABN 98 050 542 553

1 REMUNERATION REPORT

1.1 The Corporations Act requires that the section of the Directors' Report dealing with the remuneration of Directors and the four 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 (pages 13 to 17).

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 RE-ELECTION OF DIRECTOR – RICHARD CATELAN

2.1 Richard Catelan joined the Board as a Director on 11 June 2008. Richard has extensive experience with implementation of the corporate management system, sales management, marketing, customer service and information technology.

2.2 Currently the Chief Operations Officer of the Company, Richard's experience includes more than 10 years with RP Data Limited.

2.3 The Board (with Richard Catelan abstaining) support the resolution to re-elect Richard Catelan.

3 ELECTION OF DIRECTOR – GERALD PAULEY

3.1 The following information has been provided by Mr Gerald Pauley (**Gerry**) at the Company's request. The Company has not independently verified this information and the Board does not necessarily agree with the views expressed therein.

> Gerry has been an active investor for most of his life and has been involved full time in investing since 1995. In 1996 his internet site, Gerry Pauley's Australian Stocks and Shares, won the inaugural Telstra/Financial Review award for The Most Popular Australian Web Site. In recent years together with fellow CMI shareholder and barrister, Dr Gordon Elkington, he has taken three cases to the Takeovers Panel. In 2005, together with two other shareholders, he challenged a Scheme of Arrangement in the Federal Court and succeeded in having approval for the Scheme denied. None of these cases involved CMI Limited.
>
> Gerry helped set up the WA branch of the Australian Shareholders' Association and served on the State committee for seven years where he gained a reputation for challenging poor behaviour on company boards. He holds a Bachelor of Science degree from the University of WA.
>
> Since the current Board took control of our Company, the dividends have been cancelled and both share prices have collapsed. Gerry believes that shareholders other than the largest shareholder should have representation on this Board. He plans to do what he can to obtain the restoration of dividends for both classes of shares as quickly as possible. Gerry has nominated for the Board to give shareholders the opportunity to decide whether they want him to do this from inside or from outside the Board.

3.2 The Board makes no recommendation regarding the resolution to elect Gerald Pauley.

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LODGE YOUR VOTE

ONLINE www.linkmarketservices.com.au

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

By fax: 02 9287 0309

All enquiries to: Telephone: 02 8280 7454

X99999999999

SHAREHOLDER VOTING FORM

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

STEP 1 APPOINT A PROXY

the **Chairman of the Meeting (mark box)** ☐

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10:00am on Friday, 19 November 2010, at Brisbane Riverview Hotel, Kingsford Smith Drive, Hamilton, QLD 4007 and at any adjournment or postponement of the meeting.

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 X

STEP 2 VOTING DIRECTIONS

	For	Against	Abstain*
Resolution 1 Remuneration Report	☐	☐	☐
Resolution 2 Re-election of director - Richard Catelan	☐	☐	☐
Resolution 3 Election of director - Gerald Pauley	☐	☐	☐

* 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)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	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).

CMI PRX001

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business – Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10:00am on Wednesday, 17 November 2010, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

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

ONLINE www.linkmarketservices.com.au

Select the 'Proxy Voting' option on the top right of the home page. Choose the company you wish to lodge your vote for from the drop down menu, enter your holding details as shown on this form, and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

by mail:

CMI 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, Level 12, 680 George Street, Sydney NSW 2000.

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.