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Paladio Group Limited ABN 35 111 210 390

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Company Announcements Office
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CHAIRMAN'S ADDRESS

Please find following the Chairman's Address to be delivered at Paladio Group Limited's (ASX: PDO) annual general meeting scheduled to commence at 10.30am WST later this morning.

Yours faithfully,
PALADIO GROUP LIMITED



Len Troncione
Company Secretary

Chairman's Address at the Annual General Meeting of Shareholders of Paladio Group Limited – 23 November 2006

Fellow Shareholders and visitors, on behalf of the Board of Directors I welcome you to the second annual general meeting of the Shareholders of Paladio Group Limited.

Before attending to the formal matters to be dealt with at this meeting as detailed in the Agenda contained in the Notice of Meeting, I would like to provide you with a brief update on Paladio's activities since the general meeting held in early May 2006.

Your Company has enjoyed rapid expansion since its listing in April 2005. The growth has been achieved by organically growing existing operations and through the acquisition of smaller bolt-on businesses active in providing construction and maintenance services to the resources and petrochemical infrastructure industries. We have also expanded our suite of services into providing drafting and engineering services.

McFee has successfully performed construction projects as a Tier 2 contractor including Bendigo Gold's processing plant and Alcan Gove's G3 expansion completion projects. McFee also served as a Tier 3 contractor in a number of high profile projects including Blackwater's Coal Handling and Preparation Plant. McFee enjoyed extensions to the scope of works on all of its projects and is continuing to work at Alcan Gove and at Blackwater. Importantly, tendering activities for Tier 2 projects is high and whilst McFee has experienced a lull in backlog work since the completion of the Bendigo project in September, the outlook for future growth in revenue remains promising.

Novacoat's operating performance from a safety, quality and financial perspective has been significantly better under the new management team with operations restored to profitability. Given the volume of fabrication steelwork being performed on greenfield and brownfield projects in the Western Australian resource sector, we are forecasting Novacoat's abrasive blasting and painting workshop to reach near full capacity in coming months.

CASE Services, our engineering services subsidiary providing completions, commissioning and support services acquired by Paladio for \$150,000 in May 2006, repaid its initial investment in three months. CASE is well managed and has continued to expand its customer base and has outperformed internal targets. Paladio has identified a leading and well-respected design, drafting and shop detailing business which is an ideal acquisition to augment CASE's growth. An exclusive non-binding agreement in principle has been signed and we expect to finalise negotiations within the next few days and look forward to making a formal announcement on this exciting acquisition opportunity. We are anticipating strong growth from this business in Western Australia with rapid expansion in the Eastern States.

Our 51% owned environmental remediation company formed in May 2006, Remtech Environmental Solutions or RES, has been a disappointment both operationally and financially. The projects which our 49% partner, Remtech Inc., indicated to us were imminent have proven to have much longer lead times. Paladio has taken the strong measure of enforcing a moratorium on working capital expenditure by RES, with both

Paladio and Remtech bearing their own costs in pursuing environmental remediation projects until a cash flow producing project is won. Projects have been identified in Australia and the USA which could utilise RES's direct fired thermal desorption unit. Indeed, RES's machine will be utilised in a small project in Centreville, USA, in early December with the likelihood for further utilisation in early 2007. We are also investigating the feasibility of installing a fixed plant facility within an existing waste management and landfill site in Australia which already has licences and permits in place. Remtech, which restructured its management in October, continues to pursue opportunities for RES in the USA, Taiwan, Europe, Asia and the Middle East. At this stage unless a major project starts in early 2007 it appears unlikely that RES will achieve the US\$1M Net Profit After Tax milestone by 30 June 2007 which would enable Remtech to earn the additional three million shares in Paladio.

Our two most recent acquisitions, Fabcon Construction and Westec Engineering Services, are performing in accordance with our expectations and are both profitable.

Following the successful construction of Tanami Gold's processing plant, Fabcon has commenced site construction work at Crescent Gold's processing plant in Laverton – overall a promising start for Fabcon.

Westec, a small fabrication and maintenance business based in Williamstown, Victoria, the industrial chemical and petrochemical district in Southwest-Melbourne, was acquired to provide a base for expanding McFee's maintenance division, our next target area of growth as we pursue recurring earnings through long term maintenance contracts. Westec's existing customers include Caltex, Shell and Dow Chemicals. Paladio will look to expand Westec's geographical presence by targeting projects in the Latrobe Valley through McFee Maintenance which has employed an experienced General Manager to run this division who will target such opportunities given his extensive experience in that region.

Overall, given the delays in starting new projects by McFee coupled with RES's under-performance, we expect the first half of the 2006/07 financial year to incur a small trading loss but we are forecasting improvements in the second half of the financial year following the settlement and integration of the newly acquired businesses and the expected ramp-up of project work for McFee.

On the corporate front, Geoff Gander, one of our founding Directors, left in July to pursue a full time executive role. I would like to recognise Geoff's positive contribution to Paladio during his tenure and wish him success in his executive role.

Paladio was fortunate to secure Dennis O'Neill's appointment to the Board. Dennis needs no introduction and will assume the Independent Non-Executive Chairman's role from the conclusion of this meeting. I will assume the role of Managing Director of Paladio and will focus on extracting value from our existing businesses.

Peter Wallace is our other Independent Director who has brought a number of larger potential acquisition opportunities to Paladio which we are currently assessing. The Board will be looking to expand its size in order to achieve a majority of Non-Executive Directors at the appropriate time.

Paladio is, first and foremost, a people business. I take the opportunity of thanking all of our employees for their contribution and taking on the challenge by sharing in our vision to create a strong, viable and growing company.

Finally, I would like to thank all our Shareholders for supporting me and the Company during my tenure as Executive Chairman. I look forward to working with Dennis as the new Chairman, my fellow Directors and employees over the next year as we continue to pursue the creation of Shareholder wealth.