



SEDGMAN

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Xstrata Coal South Africa expands scope of Sedgman's ATCOM contract to \$123m

Key Points

- ATCOM CHPP construction contract valued at \$48m
- Extends scope of existing \$75 million design and supply contract
- Sedgman's combined EPC contract for ATCOM now worth \$123m
- Opportunity to showcase full capability in new South African market
- South African operation expanding as planned
- Confirmation of Sedgman's positive growth outlook

Leading resource sector services company Sedgman Limited (ASX Code: SDM) has today secured a \$48 million construction contract for the upgrade of Xstrata Coal's ATCOM coal handling and preparation plant (CHPP) at Witbank near Johannesburg.

The upgrade is part of Xstrata Coal's \$US407 million ATCOM East Project and is being delivered by Sedgman Limited and Sedgman South Africa (Pty) Ltd under a staged, tripartite contract with Xstrata South Africa (Pty) Ltd (XCSA).

This new contract follows on from the \$75 million design and supply contract announced by Sedgman on 19 November 2009, taking the total value of work awarded to the Company on the ATCOM upgrade project to \$123 million.

Sedgman's Managing Director Mark Read said Xstrata Coal was targeting project completion by the end of calendar 2010.

"Securing this construction contract on top of the engineering and procurement contract has really cemented the opportunity for Sedgman to showcase its technology leadership, innovation and commitment to excellence in this new market and to drive the future growth of our business there," Mr Read said.

"It also confirms the depth of the international relationships we have established with global resource companies such as Xstrata Coal."

Mr Read said Sedgman had also been engaged to undertake a feasibility study for a new coal mine project in Mozambique's emerging, world-class Moatize Basin which has attracted the attention of the world's leading resource companies.

"Sedgman has already been working with Brazilian mining house Vale on its multi-billion dollar Moatize coal project in Mozambique and Riversdale Mining's nearby Benga coal project," Mr Read said.

"This new study is for one of several regional projects in the Company's project pipeline which would largely be delivered through Sedgman South Africa's expanding operations in Johannesburg where almost 30 staff are now based," Mr Read said.

Sedgman Coal's Chief Operating Officer Mr Steve van Barneveld has been stationed in Johannesburg to coordinate development of the Company's operations in South Africa, support existing and new contracts and establish a permanent, locally-based leadership team.

“Sedgman South Africa continues to be developed as the central hub for all operations on the African continent and is expected to mature into a self-sufficient business providing the region with a preferred engineering and project delivery service” Mr Van Barneveld said.

The ATCOM upgrade will increase the CHPP’s capacity from 1,000 tonnes per hour (tph) to 1,700tph, lifting total annual production capacity of saleable thermal coal production to over 5.0 million tonnes.

Mr Read said winning the new ATCOM construction contract supported Sedgman’s positive outlook, particularly for FY2011 and beyond as global business conditions improved.

“We expect to continue to grow our order book and capitalise on the increasing number of project opportunities both in Australia and abroad,” he said.

Sedgman is recognised internationally for its coal processing and materials handling technologies and is currently focused on a \$5.5 billion global pipeline of targeted project opportunities in coal and metals.

About Sedgman

Sedgman Limited (ASX: SDM) was established in 1979 and is a leading provider of mineral processing and associated infrastructure solutions to the global resources industry. Specialising in the design, construction and operation of coal handling and preparation plants (CHPPs), Sedgman is recognised internationally for its coal processing and materials handling technologies.

Sedgman listed on the ASX in June 2006. The Company services the global coal and metalliferous markets by offering innovative Engineering and Operations capabilities. Head office is in Brisbane with international offices established in Beijing, Santiago and Johannesburg targeting the growth regions of China/Mongolia, South America and southern Africa. The company has around 700 personnel and a market capitalisation of approximately \$300 million.

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