



ASX/MEDIA RELEASE

12 January 2009

Cancellation of Handlebar Hill Operations Contract

Sedgman Limited (ASX:SDM) today confirmed that it had received a notice of termination, effective 23 January 2009, from Xstrata plc's Mount Isa Mines for the Handlebar Hill operations contract announced on 28 August 2008.

Forecast revenues due to commence in late FY2009, will reduce by approximately \$14 million per annum over the five year life of the contract.

Xstrata's termination of the Handlebar Hill contract does not affect the contract extensions (until June 2014) of the Mount Isa Circuits 1 & 2 and SAG Mill Feed operations also announced by Sedgman on 28 August 2008. These operations comprise the majority of the current contracted work with Xstrata.

Sedgman Chief Executive Officer, Mr Mark Read said that the termination of Handlebar Hill arose from Xstrata's recent review of its operations. That review has resulted in cancellation of certain capital expenditure due to current uncertainty in global financial and commodities markets, he said.

"This is clearly a disappointing outcome for Sedgman, however we are pleased to have retained the majority of the contracted work with Xstrata," Mr Read said.

"Sedgman continues to be well positioned to weather the current financial crisis with strong ongoing relationships with the world's major resources companies".

Under the Handlebar Hill contract Sedgman is entitled to receive a termination fee together with demobilisation costs. To further minimise the impact on business operations, plant and equipment from Handlebar Hill will be re-deployed to other Sedgman Metal's operations.

About Sedgman

Sedgman Limited (ASX:SDM) was established in 1979 and is a leading provider of mineral processing 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.

After listing on the ASX in June 2006, Sedgman expanded into the metalliferous sector in December 2006 with the acquisition of ore crushing and screening services provider Pac-Rim. In July 2007, Sedgman further expanded into this sector with the acquisition of minerals process engineering and project management company Intermet Engineering Pty Ltd.

Sedgman's structure comprises two core divisions of Sedgman Coal and Sedgman Metals, encompassing the business units of Engineering Services and Operations. Based in Brisbane, the company has approximately 700 staff and a market capitalisation of approximately \$100 million.

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