



SEDGMAN

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Sedgman wins \$75m Xstrata CHPP upgrade contract in South Africa

Leading resource sector services company Sedgman Limited (ASX Code: SDM) has today won a \$75 million design and supply contract for the upgrade of Xstrata's ATCOM coal handling and preparation plant (CHPP) near Johannesburg.

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

Sedgman's Managing Director Mark Read said Xstrata are also discussing with Sedgman a second separable portion to this contract which would extend the scope of services to include construction of the ATCOM Upgrade with completion being targeted by the end of calendar 2010.

"This is Sedgman's first major contract win in South Africa and provides us with a great opportunity to develop a truly international relationship with a global resource company of Xstrata's stature," Mr Read said.

"The ATCOM upgrade project also provides an ideal 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 there was significant further contract work in the pipeline for the region which would largely be delivered through Sedgman South Africa's expanding operations in Johannesburg.

"Sedgman South Africa is being developed as the central hub for all operations on the African continent and we expect it to mature into a self-sufficient business providing the region with a preferred engineering and project delivery service," he said.

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.

The ATCOM upgrade will increase the CHPP's capacity from 1,000 tonnes per hour (tph) to 1,700tph, lifting total annual production of saleable thermal coal production to 3.1 million tonnes.

Sedgman Coal's Chief Operating Officer Mr Steve van Barneveld said Sedgman had been involved in the pre-feasibility planning for the ATCOM project since early 2008 and had started work on detailed design in July this year.

"Equipment vendors and fabrication resources have already been identified and will predominantly be provided by reputable South African contractors," he said.

Mr van Barneveld affirmed Sedgman South Africa's commitment to comply fully with the country's Broad Based Black Economic Empowerment Act 2004 (BBBEE) as the Company ramped up its operational presence.

Sedgman is recognised internationally for its coal processing and materials handling technologies and is currently focused on a \$4.8 billion global pipeline of targeted project opportunities in coal and metals.

According to Xstrata Coal, the entire ATCOM East Project will create 900 new jobs during construction, with 263 permanent jobs at full production and is expected to ramp up to full integrated production in 2011.

ATCOM East was formerly part of the Douglas Tavistock Joint Venture (DTJV) between XCSA (16%) and BHP Billiton Energy Coal South Africa (84%). Xstrata approved the separation of the DTJV in February 2008 and XCSA will take full ownership of its 16% share of reserves and mobile equipment on 1 December 2009.

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 is comprised of two core divisions – Coal and Metals – both of which have Engineering Services and Operations business units. Head office is in Brisbane with international offices established in Beijing, Santiago and Johannesburg to service the targeted growth regions of China/Mongolia, South America and southern Africa. The company has more than 650 staff and a market capitalisation of approximately \$330 million.

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