



June 2007

# Sedgman Limited

*Investor Presentation – Acquisition of Intermet Engineering Pty Ltd*



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Alan Wigan    Chief Financial Officer



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# Acquisition overview



Strategic  
acquisition  
for Sedgman

Immediately  
EPS accretive

- Sedgman Limited has entered into an agreement to acquire 100% of the shares in Intermet Engineering Pty Ltd ( "Intermet")
- Intermet is a minerals process engineering and project management company based in Perth
- The acquisition is a strong strategic fit for Sedgman:
  - Further expansion into the metalliferous sector
  - Provides presence in WA with a company that has metals project delivery experience in both Australia and overseas
  - Excellent fit within Sedgman's existing business (opportunities to share resources)
  - Increases operations services opportunities i.e. synergies with Pac-Rim
- Summary of Intermet acquisition:
  - Acquisition value of \$32.75m
  - Funded through a 50/50 mix of debt and Sedgman shares issued to Intermet shareholders
  - Immediately EPS accretive
  - Sedgman will maintain a conservative gearing level of 7% post acquisition





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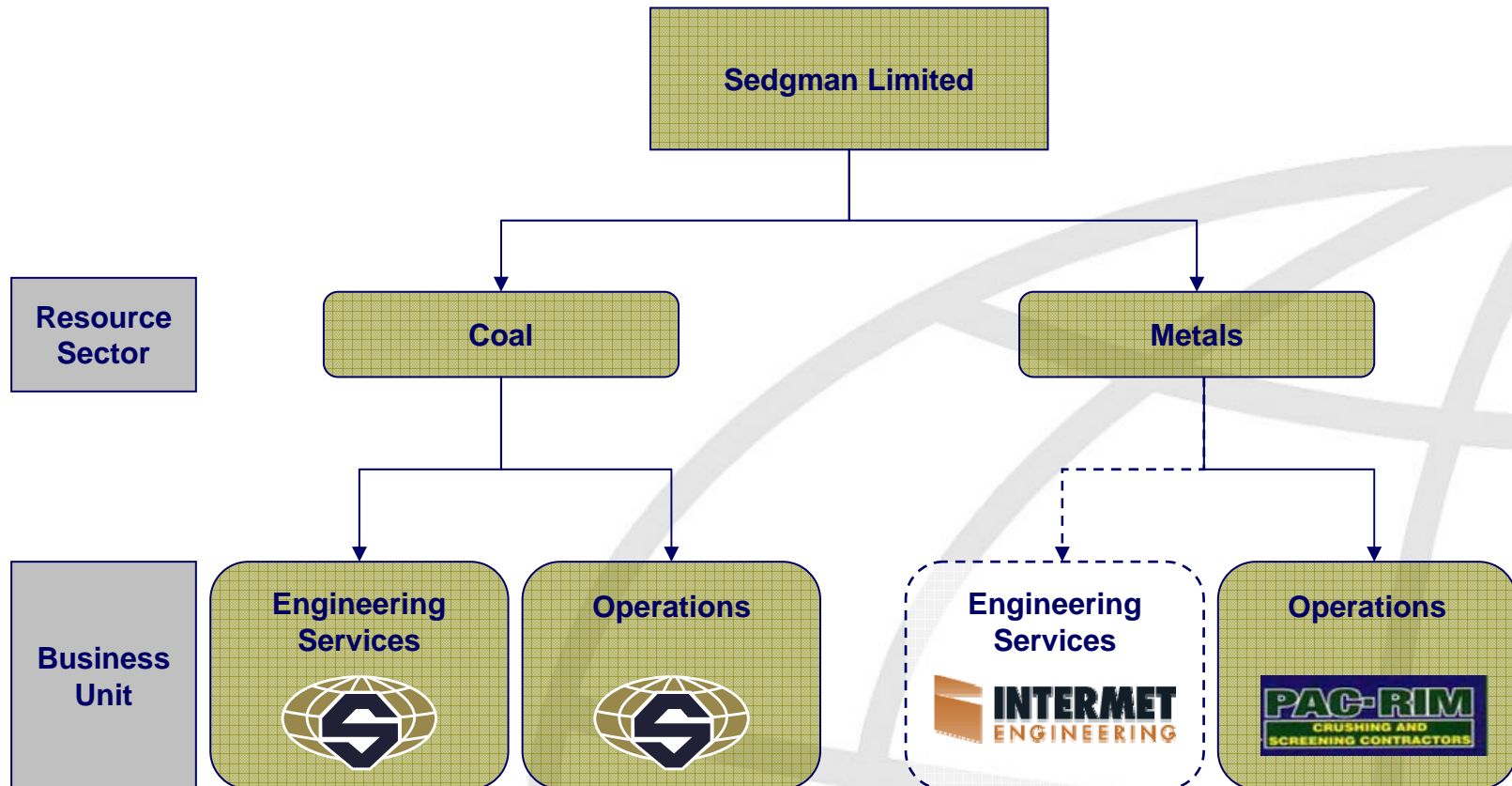




# Sedgman group & integration



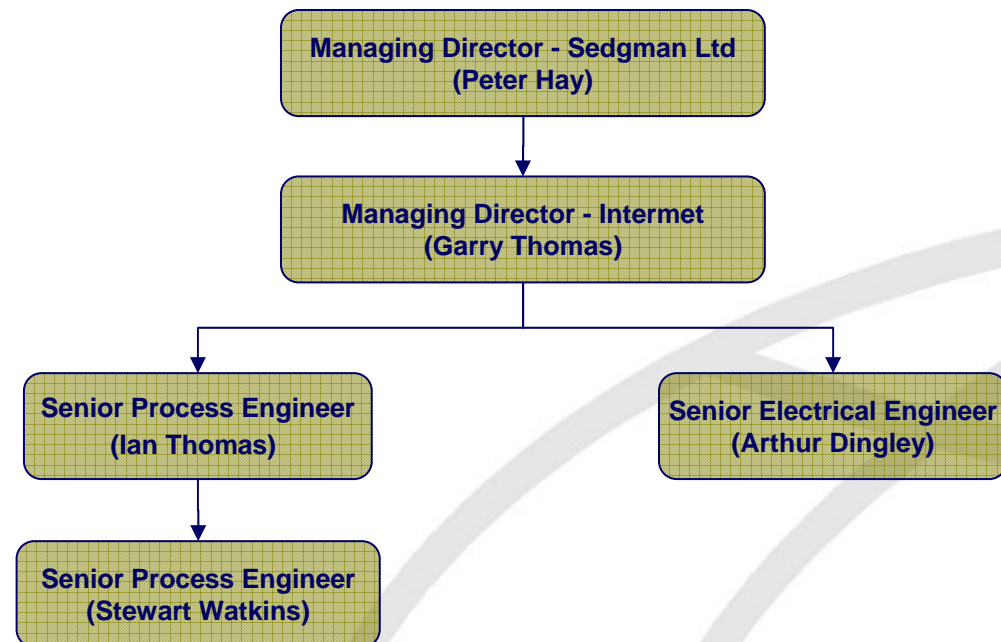
- The diagram below shows the Sedgman group following the completion of the acquisition of Intermet
- The acquisition of Intermet is a key building block for Sedgman's strategy of replicating its coal business in the metals sector





## Integration

- The diagram below shows the Internet structure post acquisition:



- The immediate objective is to successfully integrate Internet within the Sedgman Group. The initial emphasis will be to effect a smooth transition of management and control of the business. This should be assisted by the retention of Garry Thomas, Ian Thomas, Stewart Watkins and Arthur Dingley



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## Business overview

- Intermet is a minerals process engineering and project management company based in Perth
- The company was founded by Garry Thomas and Ian Thomas in 2001, both have extensive experience in the resources industry
- Core capabilities consist of metallurgical test work, process development and design, feasibility studies, engineering design and costing, and project execution
- Primarily targets small to mid size projects and operators
- Approximately 85% of Intermet's revenue is sourced from EPCM style contracts
- Intermet's experience covers a broad range of commodities and projects in Australia and overseas, including gold, silver, lead, zinc, copper and iron ore
- The company employs approximately 80 staff



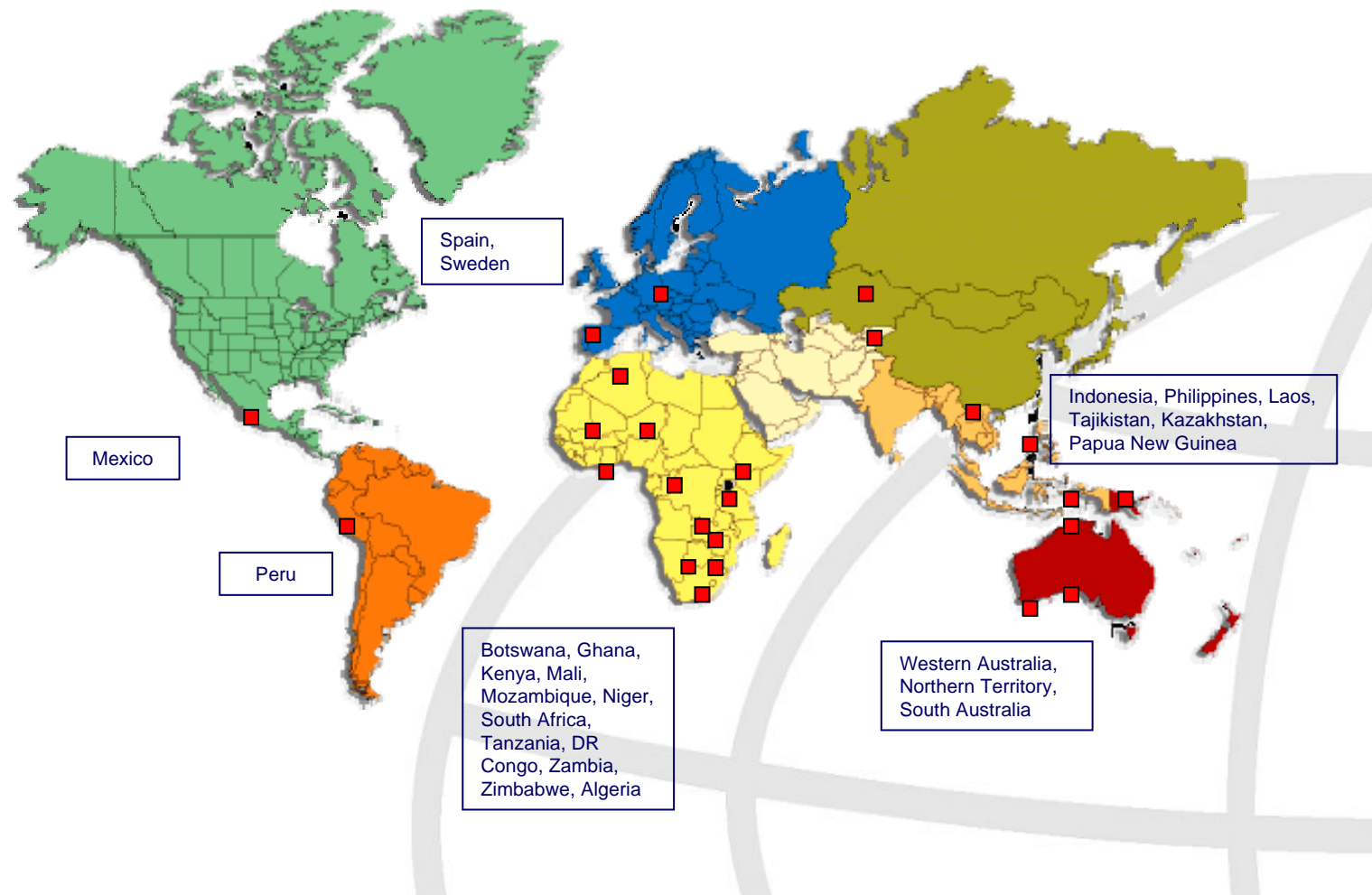
## Core capabilities & experience

- Metallurgical test work
  - Specification of test work
  - Supervision of test work
  - Interpretation of results
  - Reporting
- Process development and design
  - Process flow-sheet design
  - Piping and instrumental diagrams
  - Detailed engineering and drafting
  - Disciplined engineering design
- Feasibility studies
  - Definitive process design
  - Definitive engineering
  - Execution programs
  - Costing
  - Sub-consultant management
  - Project financial analysis
- Engineering design, costing and project execution
  - Project management
  - Detailed design and engineering
  - Planning & procurement
  - Quality assurance work
  - Logistics
  - Construction
  - Commissioning
- Intermet's minerals processing experience encompasses:
  - Materials Handling
  - Leaching
  - Comminution (crushing, grinding)
  - Bio-oxidation
  - Dewatering
  - Heavy media separation
  - Smelting and Roasting
  - Gravity concentration
  - CILCIP
  - Flotation
  - Elution
  - SX-EW
  - Environmental controls



## Australian and International experience

- Intermet has experience operating in a number of geographical areas including:





## Order book

- Intermet is leveraged to both greenfields and brownfields metals projects in the main metals provinces Australia, Africa, Asia and South America
- Intermet's current order book includes the following projects with an installed capital value of A\$290m:

Project	Contract Type	Company	Location	Commodity
Canatuan	Plant commissioning	TVI Resources	Philippines	Copper, Zinc
Palmarejo	EPCM	Planet Gold - Bolnisi	Mexico	Gold, Silver
Simberi	EPCM	Allied Gold	Papua New Guinea	Gold
Las Lagunas	Design	EnviroGold	Dominican Republic	Gold
Gwalia Deeps	EPCM	St Barbara Mines	Western Australia	Gold
Guelb Moghrein	Pipeline design & commission	First Quantum Minerals	Mauritania	Copper, Gold

- Intermet also has a strong pipeline of potential projects with an installed capital value of approximately \$600m



## Examples of completed projects



### **DIKULUSHI FLOTATION PROJECT - Anvil Mining Limited, Democratic Republic of Congo**

- > Intermet contracted to design, engineer and supervise the construction and commissioning of a 350kt/a ball milling, flotation plant and power station upgrade
- > The flotation plant replaced the existing heavy media separation plant initially installed in order to increase plant throughput, copper recoveries and concentrate grade.
- > Since commissioning the plant has exceeded throughput, recovery and concentrate grade targets.



### **PHU BIA GOLD PROJECT - Pan Australian Resources, Laos PDR**

- > Intermet provided EPCM services for the construction of a 2 Mt/a gold heap leach plant and associated infrastructure.
- > Detail project design commenced following the completion of the bankable feasibility study



### **MASBATE GOLD PROJECT - Thistle Mining Inc, Masbate Island, Philippines**

- > Intermet entered into a joint venture with Leighton Contractors Philippines and provided preliminary design for the construction of a 4 Mt/a CIL gold plant with tailings detoxification.



## Examples of current projects



### **PALMAREJO SILVER GOLD PROJECT - Bolnisi Gold NL, Chihuahua Province, Mexico**

- Intermet is providing full EPCM services for the 2 Mt/a Silver/Gold flotation/CIL plant and associated infrastructure.
- The plant will produce approximately 430 tonnes of silver and 130,000 oz of gold per annum.



### **JAGUAR COPPER/ZINC FLOTATION PROJECT - Jabiru Metals Limited, Leonora, WA**

- Intermet undertook a bankable feasibility study for the Jaguar project in 2005.
- Intermet is providing engineering, procurement and commissioning services to complete the metallurgical, basic and detail design, engineering and procurement.
- The project involved the relocation of the decommissioned Cadjebut flotation plant, which was modified to be capable of a throughput of 365 kt/a.



### **GUELB MOGHREIN COPPER PROJECT - Mauritania Copper Mines (FQML), SARL**

- Intermet is providing EPCM assistance for the 2 Mt/a copper/gold flotation/CIL plant and associated infrastructure
- The project included the design and construction of a 113 km water pipeline and a 16 MW power station.



## Examples of current projects



### **SIMBERI GOLD PROJECT - Allied Gold Limited, Simberi Island, Papua New Guinea**

- Intermet is providing EPCM services for the plant and infrastructure.
- The plant consists of a 2 Mt/a traditional CIL gold plant fed from two main ore sources.



### **KINSEVERE STAGE 1 PROJECT - Anvil Mining Limited, Katanga Province, DR of Congo**

- Intermet is providing engineering, procurement and logistics for Stage 1 of the development of the Kinsevere Project in the DRC.
- The Stage 1 project consists of a three stage crushing and scrubbing circuit followed by a HMS plant to produce a medium grade concentrate.
- The plant is designed to process 500 kt/a of ore and the concentrate will be further processed by smelting to produce blister copper.



## Financials

- The accompanying table outlines Intermet's financials for FY06A and FY07F
- Further growth opportunities for Intermet include:
  - Compete for larger projects by utilising Sedgman's resource capability and project management expertise
  - Expand contract service profile (moving from EPCM to EPC)
  - Adequately funding the business (i.e. investment in resources, systems and office space) to make a step change in business growth

	FY06A	FY07F
Revenue	13.3	20.0
EBITA*	3.5	5.2
Revenue growth	na	50.4%
EBITA margin	26.3%	26.0%

\* EBITA adjusted for estimated corporatisation and integration costs to be incurred post acquisition



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# Acquisition rationale



Benefit	Comment
<b>Complementary business</b>	<ul style="list-style-type: none"><li>➤ Internet is a leading process engineering services provider in the metalliferous sector</li><li>➤ Excellent fit within Sedgman's existing business (opportunities to share resources)</li><li>➤ Strong order book and project pipeline</li></ul>
<b>Platform for growth</b>	<ul style="list-style-type: none"><li>➤ Opportunity for Sedgman to further expand its engineering services capabilities (by commodity, scope of services and geography)</li><li>➤ Opportunity to leverage off each business unit's experience, capabilities and relationships, particularly driving growth in plant operations for Pac-Rim</li></ul>
<b>Diversification Benefits</b>	<ul style="list-style-type: none"><li>➤ Further diversification into the metals sector</li><li>➤ Strategic presence in WA market</li><li>➤ Internet has significant international project experience and pipeline of opportunities</li></ul>
<b>Positive Financial Impact</b>	<ul style="list-style-type: none"><li>➤ Immediately EPS accretive</li><li>➤ Conservative gearing levels post acquisition (~7%)</li><li>➤ Strong interest coverage ratios</li></ul>



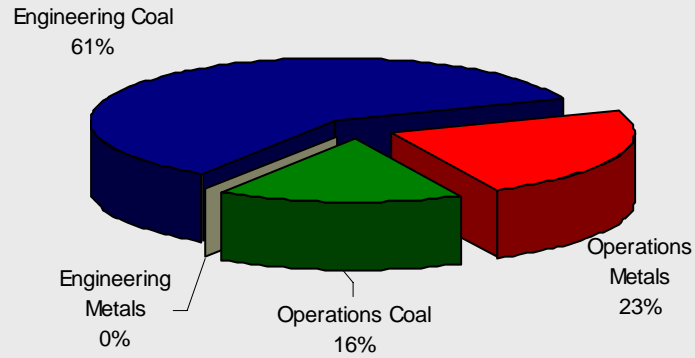
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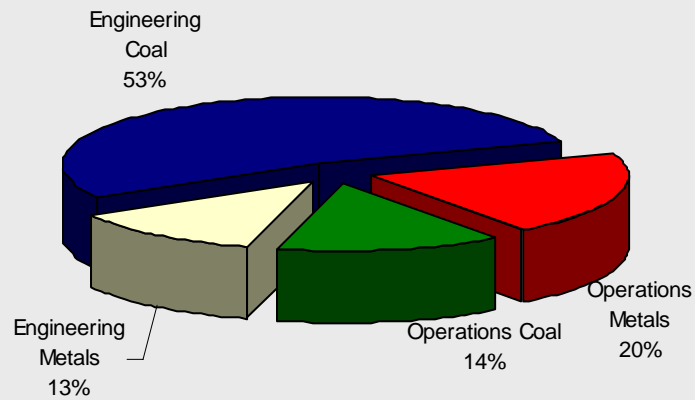
## Diversification

Proforma\* FY2007(f) EBITA - Business Unit

### Pre-Acquisition

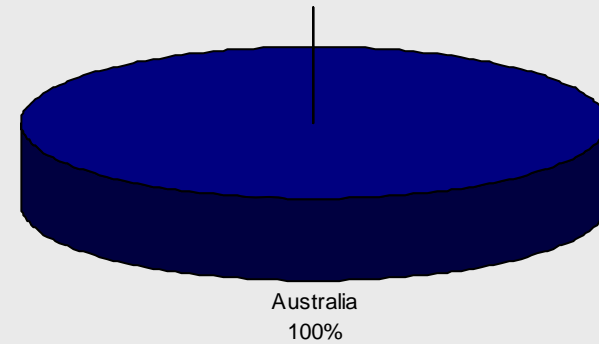


### Post-Acquisition

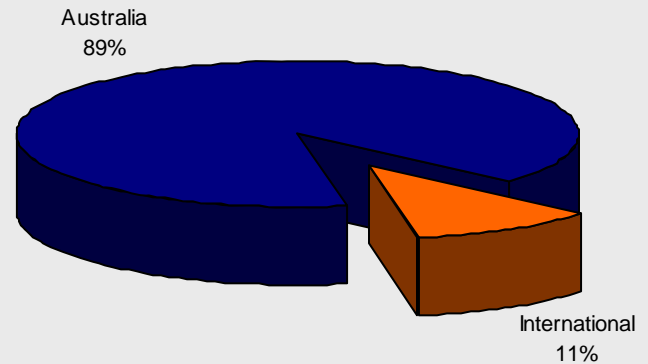


Proforma\* FY2007(f) EBITA - Geography

### Pre-Acquisition



### Post-Acquisition



\*Assumes Intermet and Pac-Rim were held for the whole of FY07

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## Acquisition terms



- Acquisition of 100% of the shares in Internet Engineering for consideration of \$32.75m
  - Cash component - \$16.4m (funded through debt)
  - Scrip component - \$16.4m (6.8m Sedgman shares @ \$2.40 per share)
- The existing Internet shareholders have entered into escrow arrangements for the scrip consideration
  - 50% for 12 months
  - 50% for 24 months
- All Internet shareholders are executives of the business and have entered into employment contracts ranging from 2 to 3 years
- Acquisition will be effective from 1 July 2007 and completion subject to finalisation of due diligence