



Annual General Meeting 21 November 2006

Introduction

Good morning ladies and gentlemen.

My name is Russell Kempnich, and I am the chairman of your board. On behalf of your board I would like to welcome you to Sedgman Limited's 2006 Annual General Meeting. This is the company's first AGM since our June listing on the Australian Stock Exchange and my first as Chairman of a publicly listed company.

Today's meeting will be conducted into two parts.

Firstly, after introducing the board and covering some formal matters, I will provide an overview of some of the key issues affecting Sedgman and then our managing director Peter Hay will discuss the company's operations and its prospects. Secondly, after the conclusion of these addresses, I will deal with the corporate matters to be resolved at this meeting.

Notice of Meeting

The formal notice of this meeting and the annual report have been sent to members and I will take the notice of meeting as read.

Quorum

I am informed by our Company Secretary, Mr Michael Rochester, that a Quorum is present and that the meeting is validly constituted.

Apologies

I have received one apology. Unfortunately Mr Robert McDonald, one of our independent directors, is unable to attend and I pass on his apologies.

Introduce Office Bearers

It is with great pleasure that I now introduce your directors:

Mr Peter Hay, Managing director
Mr Rodney Lamb, Director
Mr David Overall, Director
Mr Donald Argent, Director
Mr Roger Short, Director

Our company secretary is Mr Michael Rochester, and our Chief Financial Officer is Mr Alan Wigan.

Detailed backgrounds of each director are available in the Annual Report, which I encourage you to read.

I also note that our auditors, KPMG are represented by Mr Rob Jones and Mr David Holzgrefe. Welcome Rob and David.

I will now move to my address.

CHAIRMAN'S ADDRESS

For the benefit of our new shareholders I would like to commence by providing a brief overview of Sedgman and its history, and then discuss the highlights of the past financial year, our financials, our board members and corporate social responsibility.

Sedgman was established in 1979 by John Bruce Sedgman, a geologist by profession and a very handy tennis player. I was fortunate enough to join John as a founding partner of the business in that same year. Since its humble beginnings as an engineering consultancy in rented premises in Sherwood, the company has grown to be a leading provider of multi-disciplinary engineering, project delivery and operations services to the Australian coal industry.

Sedgman specialises in the design, construction and operation of coal handling and preparation plants and has a dominant market position in Australia. The company is recognised internationally for its coal processing and materials handling technologies. Sedgman has developed an integrated structure to provide coal handling and preparation plant services from two main business units: Engineering Services and Operations.

Sedgman has operations in Australia and overseas. In Australia, the company has offices in Brisbane and Mackay in Queensland and Singleton in New South Wales. Sedgman also has an office in Santiago, Chile and representation in Johannesburg, South Africa.

The company brand is also well recognised internationally through licensing of the Sedgman name in the major markets of the USA, China and Russia. Peter Hay will in his address elaborate on current initiatives that will allow Sedgman Limited to be directly represented in these key markets

Both Australian and international resources companies characterise the company's quality client base, which includes Anglo Coal, Rio Tinto, BMA, Companhia Vale do Rio Doce (CVRD), Xstrata, Peabody Coal, Macarthur Coal, New Hope, Wesfarmers and Centennial Coal.

Sedgman also operates in joint venture with our major shareholder Thiess Pty Ltd, which has a 38 percent stake in the company. The Thiess Sedgman Joint Venture is the commercial delivery vehicle for major engineering services projects, with a capital value of over \$40 million, throughout Australia and Indonesia.

The joint venture with Thiess, one of the largest construction, mining and services providers in the Asia-Pacific region, allows Sedgman to undertake multi-disciplined coal handling and preparation plant contracts on a fully integrated basis.

This month, we broadened our scope of operations into the metalliferous industry with the \$65 million acquisition of Pac-Rim, a Townsville-based provider of crushing and screening services. This major move by Sedgman will have a large impact on the company's growth and profitability and gives us a platform for emulating Sedgman's success in coal in the metals industry.

2006 HIGHLIGHTS

There is no doubt that this has been a landmark year for Sedgman.

On the 8th of June we made our debut on the Australian Stock Exchange, having raised \$30 million to fund working and development capital requirements and repay liabilities.

Our float was very well received by the market and the share price has traded at a substantial premium to the \$1 issue price since the listing.

It is rewarding to see the company's closing price last night of \$1.68.

I am very pleased that the market has responded so positively to the board's initiatives in relation to the Pac-Rim acquisition. I must also compliment Peter Hay, Alan Wigan and all of the management team who have worked so hard in the evaluation of the Pac-Rim opportunity. The rigorous and professional execution of the due diligence investigation gives me immense confidence in the team's ability to identify and analyse future growth opportunities for Sedgman Limited.

In September we released our results for the 12 months to 30 June, 2006.

We announced a record pro forma profit after tax of \$15 million, more than double the previous corresponding period and exceeding prospectus forecasts.

The record result was a reflection of the growth in Sedgman's Engineering Services and Operations businesses, and we maintained our position as the market leader in the design, construction and operation of coal handling and preparation plants.

Revenue from our Operations business grew 33 per cent to \$27.9 million, boosted by full-year contribution from our Blair Athol preparation plant which moved to 24 hour, 7 day operations during the period.

On a pro forma basis, basic earnings per share was 10.6 cents which exceeded the prospectus forecast of 10.2 cents per share based on a weighted average number of ordinary shares on issue.

Our financial position is strong, with a net cash balance as at 30 June 2006 of \$39.5 million.

Sedgman has also expanded its workforce, with a doubling in personnel since June 2005. We now have over 300 people contributing to the business.

FY2006 REVENUE/EBIT

Sedgman's revenue and earnings before interest and tax have grown considerably over the past three years, and we expect continued growth in 2007. Forecast EBIT for 2007 is \$25.3 million. However this does not account for our Pac-Rim acquisition, which will positively impact on our 2007 projections. This will be addressed later by our managing director.

DIVIDENDS

In our prospectus we forecast a total dividend for the 2007 financial year of 5.6 cents per share, fully franked, and we expect to deliver this. Sedgman will endeavour to provide shareholders with fully franked dividends in future years and currently intends to maintain a dividend payout ratio of between 40 to 60 percent of net profit after tax. Further guidance will be provided with our half yearly results.

BOARD OF DIRECTORS

I have already introduced your directors and Sedgman is fortunate to have such an experienced and committed board. I believe that we have the right mix of relevant industry and commercial experience. I can report that the board is functioning very effectively.

I was a founding partner of Sedgman & Associates Pty Ltd, the original company established in 1979 from which the Sedgman business has grown.

Peter Hay, our managing director, joined Sedgman in 1998. Peter has 25 years experience in the resources industry, Peter has been instrumental in securing the company's leading position in providing services to the coal industry.

Rod Lamb is another longstanding member of the Sedgman team, having joined the company in 1986. We also have two directors representing our major shareholder, Thiess, in Don Argent, who is Thiess' Director of Finance and Administration and David Overall, who is the Executive General Manager of Thiess Process.

Becoming a listed company has entailed a new level of responsibilities and opportunities, and as a consequence we decided to expand our board with two independent directors.

Joining us in June, were Robert McDonald and Roger Short. These independent directors add considerable intellectual firepower to our board due to their respective financial and legal backgrounds in mining and construction.

SOCIAL RESPONSIBILITY

In line with strong economic performance, Sedgman also intends to maintain its reputation as a socially responsible company. We regard our people as our most valuable resource which is why we continue to work towards our objective of zero harm in health, safety and environment.

Sedgman is committed to the principle that all workplace injuries and illnesses can be prevented. The target of zero harm and minimum risk to all our employees remains a core commitment. The key to this target lies in management commitment, supported by appropriate safety management systems, both of which I know are in place and are continuing to be improved.

In August, Sedgman achieved a new milestone in its safety performance with 5 years operations at the Coppabella CHPP without a lost time injury. This achievement involved close working relationships between Sedgman and the mine's operator, Macarthur Coal, and a wide range of contractors who support the operation.

We also achieved three years Lost Time Injury Free at Blair Athol.

Sedgman also places great importance on maintaining good employee relations and we are very proud of our track record. Over the last three years no time has been lost in industrial disputes concerning the company's engineering, construction and operations activities. Our staff turnover rate is 14 percent, which is well below the industry average.

The company's internal training schemes and the Sedgman graduate program are two initiatives which are paying big dividends in a market often constrained by availability of quality well trained personnel.

Sedgman has an environmental policy of seeking to minimise the environmental impact of its operations, while maximising their economic efficiency. The recent recruitment of a health, safety and environment manager will ensure our strong social performance continues.

CORPORATE GOVERNANCE

Together with Sedgman's commitment to corporate social responsibility, our company has a strong policy on corporate governance that is upheld by the Board. The Board's guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, in the interests of shareholders, employees and other stakeholders.

During the past year, our corporate governance was strengthened with the establishment of an Audit and Risk Management Committee and a Nominations Committee.

The Board has also adopted a charter outlining effective corporate governance, with the general aim of building a culture of best practice in Sedgman's own internal procedures and dealings with others.

This best practice commitment includes a code of ethics and values and recognition of integrity in financial reporting together with the need for timely and balanced disclosure.

The Board charter and other corporate governance policies can be found on the Company's website.

CONCLUSION

In conclusion, Sedgman has built a solid platform for growth in the Australian coal industry.

Our recent move into the metalliferous sector with the acquisition of Pac-Rim gives Sedgman the opportunity to achieve substantial earnings and revenue growth as we diversify across the range of commodities.

With a dominant market position, quality client base and robust industry fundamentals, Sedgman is confident about the future and has the right team in place to capitalise on the opportunities available.

I'll now hand over to our managing director, Peter Hay, who will provide more details of what to expect from Sedgman in the 2007 financial year.