



Annual General Meeting 21 November 2006

MANAGING DIRECTOR'S ADDRESS

INTRODUCTION

Good morning ladies and gentlemen, my name is Peter Hay and I am your managing director.

I would also like to thank you for attending our first AGM since listing on the Australian Stock Exchange, a very exciting development for our company.

I will take you through a detailed look at our operations to give you a better understanding of the projects Sedgman is involved in and our prospects for the coming financial year.

2006 BUSINESS HIGHLIGHTS

The past financial year has been a record-breaking one for Sedgman in many ways. Our listing on the Australian Stock Exchange in June was the culmination of a journey that began in 1979. By broadening our investor base and gaining access to equity capital, we are now able to push Sedgman forward into a new era of growth as a public company.

As mentioned by our chairman, Sedgman achieved a record pro forma profit in the 2006 financial year of \$15 million. My intention is to build on this success.

Sedgman has achieved a number of business highlights in the past year.

These included the award of contracts to design and construct 2 new coal handling and preparation plants, the first at the Acland open cut mine for New Hope and the second at Sonoma for Q Coal.

The Thiess Sedgman Joint Venture continues to reap dividends for both our major shareholder, Thiess, and ourselves. The highlight of the year was undoubtedly the agreement with Anglo Coal to design, construct and commission a coal handling and preparation plant at the Dawson mine site. This contract is the biggest design and construct contract ever awarded in the Australian coal industry and shows what Sedgman and its partners can deliver.

The TSJV successfully completed the Hail Creek expansion for Rio Tinto and continues with the design, construction and commissioning of the Wilpinjong coal handling and preparation plant for Peabody and under an interim project alliance agreement with Anglo Coal, the design, construction and commissioning of a new coal handling and preparation plant at Lake Lindsay.

PROJECTS – ENGINEERING SERVICES

I would now like to briefly discuss our major current projects, starting with those of our Engineering Services business unit.

In September this year we entered into the \$75 million Sonoma coal handling and preparation plant contract. This contract involves the construction of an 800 tonne per hour coal handling and preparation plant, with commissioning due in the second half of 2007. This contract was awarded to Sedgman after an open book negotiation with the client and followed our work with Q Coal since the inception of the Sonoma project.

Our contract with New Hope for the Acland upgrade was also awarded on the same basis without a tender process after Sedgman designed and constructed the original Acland coal handling and preparation plant. This coal handling and preparation plant is due to be commissioned in early 2007.

The Thiess Sedgman Joint Venture, which as a general rule handles projects worth over \$40 million in Australia and Indonesia, has also gone from strength to strength and a significant portion of our profits for 2006 were derived from this joint venture.

In addition to completing the Hail Creek project, the TSJV has undertaken the upgrade of the Saraji preparation plant for BMA and is completing the Dawson project for Anglo Coal and the Wilpinjong project in New South Wales for Peabody. We are also currently on site at German Creek with Anglo Coal for the Lake Lindsay project and expect this contract to be signed shortly.

PROJECTS – OPERATIONS

Sedgman's Operations unit performed strongly in the year to 30 June, due to increased tonnages processed across all operations, including a full year contribution from Blair Athol.

We see significant growth opportunities in our Operations unit, providing us with reduced business risk and a stable long term earnings stream.

Sedgman currently operates coal handling and preparation plants at Macarthur Coal's Coppabella and Moorvale mines and at Rio Tinto's Blair Athol mine in Queensland

At Millennium we are assisting Peabody in the completion of the coal handling and preparation plant while finalising the contract with Peabody and BHP Billiton for the longer term operation of the coal handling and preparation plant. We are also negotiating to operate the Wilpinjong and Sonoma coal handling and preparation plants once they are completed.

ORDER BOOK

Sedgman has a strong order book. Current orders exceed half a billion dollars, with our Engineering Services unit accounting for \$350 million worth of orders and Operations the remainder.

As previously mentioned, we are also currently in negotiations to secure further operations contracts at Millennium, Wilpinjong and Sonoma.

It is also important to note that all – 100 percent – of our revenue forecast for fiscal 2007 in our prospectus is represented by executed contracts or contracts under negotiation.

Beyond fiscal 2007, we believe that the growth in the Australian coal market will continue to deliver business opportunities with new coal developments, capacity upgrades and refurbishment of existing coal handling and preparation plant facilities.

This continued expansion and the continued propensity for outsourcing of operations and maintenance by resource owners means Sedgman can continue to expect – and deliver – solid growth in our order book.

PAC-RIM ACQUISITION

I would now like to update shareholders on the recent acquisition that has the potential to significantly boost Sedgman's prospects going forward.

Last Monday, Sedgman announced the \$65 million acquisition of Queensland-based operational services group, Pac-Rim. Employing 124 staff, the Townsville-based company provides ore crushing and screening services to a range of mine operators throughout Australia, with clients including BHP Billiton and Xstrata. Its projected revenue of \$36 million for fiscal 2007 and EBITDA of \$11.8 million is fully secured by existing contracts. It will be earnings per share accretive from the date of acquisition on 1 December 2006.

Sedgman identified strategic acquisitions as a major growth opportunity in its prospectus.

This acquisition fits that strategic niche. It is a strong strategic fit for Sedgman as it provides resources sector diversification into copper, gold, lead, silver, zinc and other metals. It gives us an existing brand which is well established rather than confusing the Sedgman brand by pursuing organic growth in commodities other than coal.

It will increase the weighting of earnings of our Operations unit.

We see major opportunities in expanding the scope of Pac-Rim's services beyond crushing and screening operations by leveraging our existing engineering capabilities.

The acquisition is funded from our existing cash reserves and debt, thereby not diluting shareholders equity. It will add around 20 percent to our pro forma 2007 forecast EPS prior to amortisation, while leaving us with a conservative gearing ratio of only 10 percent.

POST-PAC-RIM STRUCTURE

Sedgman's structure post the Pac-Rim acquisition is shown by this slide. As you can see, the acquisition opens up a whole new sector for us – Metals.

We have a range of engineering services that we can leverage to add value to Pac-Rim and benefit its blue-chip clients.

Make no mistake. This is a major opportunity for Sedgman and one that management intends to grasp with both hands.

EBIT GROWTH

The Pac-Rim acquisition opens up major opportunities for Sedgman in terms of growth. By commodity, we now are leveraged to more than just one, and we see metals accounting for around a quarter of earnings in the 2007 financial year.

The benefit to our margins is that our Operations unit will grow in proportion to total earnings, increasing its share from 17 to 37 percent of total EBIT. This means greater profitability for Sedgman and greater value for shareholders.

PAC-RIM GROWTH OPPORTUNITIES

Sedgman has identified three layers of growth in Pac-Rim's business.

The first is growth in its existing crushing and screening services. The company's previous owners for their own reasons chose to decline significant growth opportunities some of which are still available. We intend to pursue these.

We also plan a targeted marketing of the existing services and potentially an expanded scope of services to major and mid-tier mining companies. The mid-tier companies are expected to grow production from 180 million tonnes per annum in 2006 to 265 million tonnes by 2010, so we see this as a great opportunity.

Finally, we plan to leverage off our existing engineering capabilities to provide engineering and project services to Pac-Rim's clients. These clients offer us a platform from which to expand the scope of the business and we believe we can offer significant value to them. These services may include consulting services, project feasibility, engineering design and construction.

COAL OUTLOOK

Having discussed the Pac-Rim acquisition, I'll return now to Sedgman's core business of coal. The outlook for the coal industry remains strong.

As I said previously, growth in engineering services for the coal industry is expected to be driven by spending on new coal developments (greenfields), capacity upgrades of existing operations (brownfields) and refurbishment of existing facilities.

New entrants to the industry are likely to seek service providers like Sedgman to provide operational expertise. In a strongly expanding market, Sedgman's delivery capacity and experience should result in numerous growth opportunities.

Barlow Jonker, a provider of consulting and information services to the resources industry, has forecast strong coal production growth in each of Sedgman's key geographical markets.

In Australia alone, saleable coal production is set to increase 25 percent from 2005 to 2010, a rise of 77 million tonnes. The majority of this increase represents demand from the export market for both metallurgical and thermal coal, requiring investment in coal handling and preparation plant facilities. This is supported by planned port capacity expansion from 265 million tonnes in 2005 to 337 million tonnes in 2010.

INTERNATIONAL EXPANSION

Sedgman made major moves in the 2006 financial year to expand our international presence.

In South America, we established an office within the engineering activity hub of Santiago, Chile. As an integral component of the Engineering Services unit, this office also supplements Sedgman's experienced design resources in materials handling, structural and electrical design in Australia.

Sedgman also entered into its first South African business initiative with a co-operation agreement signed with ELB Engineering Services. This is planned to provide Sedgman with a foundation from which to build a strong presence in the South African coal industry.

We are also examining opportunities in the growing Indian market, which is forecast to become one of the world's major economic powers over the next 20 years.

In other markets, including North America and China, there has been in place for many years a licence agreement allowing an American company associated with the founding partners of Sedgman to use the Sedgman name and intellectual property and to operate exclusively in North America, China and Russia and in joint venture in South America. That agreement is to be terminated, and the termination agreement will allow Sedgman Limited unrestricted access to China and Russia from 1 January 2008 and to North America from 1 January 2009.

SEDGMAN OUTLOOK & CONCLUSION

In summing up our outlook for the 2007 financial year, I see continued growth for our company.

Sedgman's business units are performing well and are set to deliver on the prospectus forecasts.

In addition to planned international expansion, Sedgman is continuing to develop its services and we will continue to seek further complementary business opportunities such as Pac-Rim.

Sedgman is set to deliver increasing shareholder value, through our platform of current services to the coal industry and our new growth path in the metalliferous sector via Pac-Rim.

We have already created a powerful and successful company in coal; the opportunity now for us is to do the same in the metalliferous sector through Pac-Rim. This is set to be a big challenge for us in the year ahead but one that I look forward to immensely.

Thank you for attending this meeting and I would now like to hand over to our chairman to complete the formal aspects of this meeting.