



Managing Director's Address

Sedgman Annual General Meeting 20 November 2007

INTRODUCTION

Good morning, ladies and gentlemen.

The past year has been exceptional for Sedgman and I would like to give you a brief overview of our operational performance and outlook.

FY2007 OPERATIONAL HIGHLIGHTS

Sedgman has had a successful first year as a listed public company.

Our financial results as outlined by our chairman exceeded our Prospectus forecasts.

Underpinning these strong financial results has been an impressive operational performance, which is a tribute to our loyal staff.

Sedgman continues to lead the Australian market in the design, construction and operation of coal handling and preparation plants (CHPPs). This market leadership has been achieved due to our strong client relationships, and our hard-won reputation for delivering on our promises.

Our company is involved in two of the biggest CHPP contracts ever awarded in the Australian coal industry, at Anglo Coal Australia's Dawson and Lake Lindsay projects. These projects have a total value of \$788 million.

Sedgman successfully negotiated contracts to a value of approximately \$180 million for the Sonoma project. These contracts provided for the design and construction of an 800 tonnes per hour CHPP and an initial five year operations agreement.

In February this year, we completed the design, construction and commissioning work for the New Acland CHPP. The delivery of the new plant at New Acland on time and within budget was a major achievement, given the current resource constraints of the coal industry.

Our Operations business unit also performed well with significant contributions from the Blair Athol, Moorvale and Millennium operations; while in metals strong performances were achieved from Pac Rim's Mt Isa and McArthur River operations.

Our drive to secure more operations contracts, which offer stable long term earnings streams, has been successful. In addition to the Sonoma operating contract, Custom Mining, a new entrant to the Bowen Basin, awarded Sedgman both the CHPP contract and a 10-year operations agreement resulting in a total estimated value to Sedgman of \$207 million.

SEDGMAN COAL

Queensland's coal boom continues, driven by the huge global appetite for our key export. Coal prices continue to rise and with them demand for new infrastructure, which will allow for increased spending on greenfield and brownfield developments and capacity upgrades.

The result of this strong demand is a record number of project studies for Sedgman Coal. We continue to expand our operations contracts and now have a total of six, including the Sonoma, Middlemount and Millennium projects.

To cater for this growth, we have allocated significant resources to the attraction and retention of staff and to the development of systems and processes in the areas of training and HSE (health, safety and environment).

Sedgman has started the 2008 financial year with the award of the \$100 million Lake Vermont CHPP to be delivered in joint venture with our major shareholder, Thiess, through the TSJV.



This has been followed by contract closure on CVRD's Moatize project in Mozambique.

What is really exciting about this project is that it confirms our assessment of the global potential of Sedgman Coal. Additionally it is our first project with CVRD, the world's No. 2 resources company. CVRD, which is based in Brazil, has announced plans to invest US\$59 billion over five years across both greenfield and brownfield projects around the world.

The multi-billion dollar Moatize project is set to be one of the biggest coal mines in Africa and indeed the Southern Hemisphere.

Sedgman will be undertaking the detailed design of a 4,000 tonne per hour process plant – one of the largest single building four module preparation plants in the world. To put this into perspective, it will be about twice the size of the biggest plant in Australia which is Anglo Coal's CHPP at Dawson, again a Sedgman Coal project.

In addition to the Moatize project in Africa, we also see China as offering enormous potential and have commenced discussions with potential partners who share our vision of service excellence.

SEDGMAN METALS

Sedgman has long been the leading provider of engineering services to the coal industry. With our acquisitions of Pac-Rim and Internet, we now aim to become a leading provider of engineering services to the global resources industry.

The formation of our new division of Sedgman Metals is a sign of our commitment to growing this business. The metalliferous sector in terms of capital expenditure dwarfs the coal sector, and therefore offers many more opportunities for Sedgman.

We aim to create a Sedgman look-alike in the metals sector by replicating our coal business model. The commitment to office space in Perth for 350 staff, compared with the current level of around 80, is a sign of our intentions.

By leveraging off the systems developed within Sedgman Coal and exploiting the areas of technical synergy with Sedgman Coal, we expect to be able to achieve a step change in growth for the whole business.

Internet, which we acquired in July 2007, now has the flexibility to consider a wider range of projects and execution mechanisms, while Pac-Rim has the opportunity to expand into ore processing and beneficiation operations.

I would like to thank management and staff for their work to date in integrating these businesses within the Sedgman group, and look forward to further growth from Sedgman Metals in the year ahead under the leadership of Sedgman Metals Chief Operations Officer, Mark Duffy.

ORDER BOOK

At 1 July 2007, Sedgman had a record order book of approximately \$640 million. Of this amount, Engineering Services accounted for around \$280 million and Operations the remainder.

The chart shows the growth in our Operations contracts. It is pleasing to see that Operations now accounts for over half of the order book as this business unit generates recurring income which provides stability and visibility of future earnings.

Following the award of the Lake Vermont contract, over 90 per cent of forecast revenues for fiscal 2008 have now been locked in giving us confidence in another strong year ahead for Sedgman.

OUTLOOK

The outlook for Sedgman is excellent

I believe this to be the case not just because we are a resource services provider in the midst of a global resources boom which shows no signs of abating, but because we are pursuing strategies that are expanding our business base and providing for opportunities to leverage our technical excellence.



Our diversification into metals and our global expansion initiatives are timely given the well documented constraints in Australia with respect to coal infrastructure.

Our diversification into the metalliferous sector has significantly expanded the available market for our services. By fiscal 2010, we are targeting Sedgman Metals to generate 40 per cent of our revenue compared to the present 5 per cent, with a significant component derived from metals engineering contracts.

In terms of earnings guidance, Sedgman has forecast cash earnings per share growth of between 15 to 20 per cent in fiscal 2008, with significant growth from both our business units.

We expect a number of our coal division's project studies to be converted into new design and construct projects, while the Operations unit continues to build momentum.

In addition to the numerous opportunities for organic growth, Sedgman will also continue to penetrate additional markets through complementary acquisitions. We have shown with the successful Pac-Rim and Internet acquisitions the benefit of a well executed acquisition strategy.

The board and management have worked closely together in evaluating opportunities, and our comprehensive due diligence protocol allows us to quickly identify and evaluate opportunities that add shareholder value.

We are confident also that our move into international markets in both coal and metals will be successful, due to the solid foundations and systems established in our home market.

CONCLUSION

To conclude, Sedgman is set for another year of significant growth.

With our strong cash flows, leading market position and skilled human resources, we are well positioned to take advantage of the current conditions.

We have forecast record profits for the year ahead, and I am confident we will deliver them for the benefit of shareholders.

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