

Sedgman Limited [ASX: SDM]

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ASX RELEASE

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Operations Update and Boseto Claim

Sedgman Limited (ASX:SDM) today issued the following operations update.

The continued weakening of coal prices together with the high Australian dollar has seen a contraction in the expected capital spend of major mining companies for Australian projects. The risk of project slippage remains an issue with environmental and project approval delays continuing to weigh on Australian projects.

These challenging market conditions have resulted in Sedgman reviewing overheads and resourcing levels which has resulted in approximately 100 employees and contractors being let go across all regions over recent weeks.

Sedgman is in advanced discussions on 3 Australian coal projects totalling \$280m and has identified a number of near term metals projects both within Australia and overseas.

Blair Athol and UHG1 Operations Contracts

Following recent media announcements regarding the closure of the Blair Athol Coal Mine in Central Queensland, Sedgman expects that coal processing under its current contract will cease in mid-November 2012.

Sedgman is in advanced discussions regarding redeployment of the Blair Athol plant and will receive an early termination fee if the contract is terminated.

Sedgman has also been advised that the Operations Management Contract at the UHG 1 Coal Handling and Preparation Plant (CHPP) in Mongolia will cease on 31 December 2012 to allow UHG to transition to owner operations. Sedgman is in discussions regarding provision of training services for CHPP operations personnel at the UHG mine.

Sedgman Chief Executive Officer and Managing Director Nick Jukes did not expect these developments to have any material impact on FY13 revenue.

“While it was disappointing that these contracts are ending we are involved in active dialogue with both clients to find ways that we can continue to add value to their operations”.

Sedgman remains in advanced discussions on 5 operations contracts totalling \$183m.

Boseto Claim against Discovery Copper Botswana

On 25 October 2012, Sedgman filed an application to the Supreme Court of Queensland seeking interim payment of retention monies, unpaid invoices, variations and bonuses totalling approximately USD\$20m owed by Discovery Copper Botswana Pty Ltd under the Boseto Copper Project contract.

Mr Jukes said that the court application was regrettable as Sedgman has a strong track record of relationships with its clients and a reputation of not having to resort to formal legal action.

“We consider we are entitled to these amounts,” Mr Jukes said. “However, as Discovery has publicly stated that no further payments will be made to Sedgman, we are left with no other option in this instance.”

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 mineral processing and materials handling technologies.

Sedgman listed on the ASX in June 2006. The company has approximately 1,000 employees and services the global coal and metalliferous markets by offering innovative Engineering and Operations capabilities.

Head Office is in Brisbane with international offices established in Beijing, Shanghai, Ulaanbaatar, Santiago and Johannesburg targeting the growth regions of China/Mongolia, South America and southern Africa.

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