

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

THIS DOCUMENT CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE ADMISSION OF THE MDM SHARES TO TRADING ON AIM.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other authorized independent professional adviser.

If you have sold or otherwise transferred all of your shares in the Company, please send this document at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of shares in the Company, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

**Recommended proposal for a transaction
involving the merger of**

MDM ENGINEERING GROUP LIMITED

(the “Company”)

with

SEDGMAN AFRICA INVESTMENTS LIMITED

**to be effected by means of a Plan of Merger under
the British Virgin Islands Business Companies Act 2004 (as amended)**

Shareholders of the Company and holders of Depository Interests should read carefully the whole of this document and the accompanying Form of Proxy and Form of Direction. Your attention is drawn to the letter from the Chairman of the Company at the front of this document which contains the unanimous recommendation of the Company’s board of directors that you vote in favour of the resolutions to approve the merger at the Extraordinary General Meeting of the Company to be held on 20 December 2012.

Canaccord Genuity Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for the Company and no one else in connection with the transaction and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Canaccord Genuity Limited or for providing advice in relation to the merger, or for any other matters referred to in this document.

No person should construe the contents of this document as legal, financial or tax advice but should consult their own advisers in connection with the matters contained herein.

The merger is being implemented by the Company and neither the Company nor its advisors (including Canaccord Genuity Limited) is making communications or solicitations in the United States or any jurisdiction where it is not permissible to do so. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the Company disclaims any responsibility or liability for the violation of such restrictions by any person. This document is not intended to and does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities or the solicitation of any vote or approval pursuant to the merger or otherwise in any jurisdiction in which such offer, invitation or solicitation is unlawful.

Copies of this document are not being, and must not be directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving this document (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it into or from any such jurisdiction.

The statements contained herein are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of the Company except where otherwise stated.

No person should construe the contents of this document as legal, financial or tax advice but should consult their own advisers in connection with the matters contained herein.

4 December 2012

Shareholders of MDM Engineering Group Limited

Re: Notice of Extraordinary General Meeting of Shareholders

Dear Shareholder:

You are invited to attend an extraordinary general meeting of shareholders of MDM Engineering Group Limited (the “**Company**”) to be held on Thursday 20 December 2012 at 11:00 a.m. (CET time). The meeting will be held at Villa Graziella, 17 Avenue de la Costa B.P. 167, 98003 Monaco Cedex, Monaco. The attached notice of the extraordinary general meeting and explanatory statement provide information regarding the matters to be acted on at the extraordinary general meeting, including at any adjournment or postponement thereof.

At the extraordinary general meeting you will be asked to consider and vote upon a proposal to approve the plan of merger (the “**Plan of Merger**”) between the Company and Sedgman Africa Investments Limited (“**Sedgman BVI**”), and the transactions contemplated by the Plan of Merger, including the merger (as described therein and defined below). A copy of the Plan of Merger is attached as Annex A to the accompanying explanatory statement. Under the terms of the Plan of Merger, the Company will be merged with and into Sedgman BVI, with Sedgman BVI continuing as the surviving company after the merger (the “**merger**”). Sedgman BVI is a British Virgin Islands business company formed solely for purposes of the merger. At the effective time of the merger Sedgman BVI is owned 100 per cent. by Sedgman Limited, a company listed on the Australian Securities Exchange (“**ASX**”) and incorporated in Australia with company number ACN 088 471 667 of Level 2, 2 Gardner Close, Milton, Queensland, Australia. The Plan of Merger is the product of a merger implementation agreement dated 27 November 2012 and made between, Sedgman Limited, Sedgman BVI and the Company (the “**Merger Agreement**”).

If the merger is approved by the requisite percentage of the Company’s shareholders and consummated, each of the Company’s outstanding ordinary shares other than the Dissenting Shares (as defined below), will be cancelled in exchange for the merger consideration.

It is intended that subject to the approval of the merger proposal at the extraordinary general meeting, the depository interest facility will be terminated. Once the depository interest facility has been terminated, depository interest holders will cease to hold their interests representing the Company’s shares and will be entered directly on the share register of the Company as the registered legal owners of the relevant Company’s shares.

The merger consideration payable to the Company’s shareholders under the Plan of Merger and Merger Agreement (save for the Dissenting Shares, as referred to below) is as follows: (a) each issued share of the Company owned by certain key Company shareholders (the “**Key Shareholders**” and the “**Key Shareholder Shares**”, respectively, as described on page 10 of the enclosed Explanatory Statement) shall be cancelled in exchange for consideration comprising (i) the issue of 0.9475 shares of Sedgman Limited, and (ii) payment of cash consideration of £1.27 per Company share; and (b) each issued share of the Company not owned by the Key Shareholders (the “**Unaffiliated Shareholders**” and the “**Unaffiliated Shares**”, respectively) shall be cancelled in exchange for payment of cash consideration of £1.81 per Company share.

MDM ENGINEERING GROUP LTD

ADMINISTRATIVE HEAD OFFICE: 17 AVENUE DE LA COSTA B.P. 167
98003 MONACO CEDEX TEL: +377 9797 8200 FAX: +377 9797 8201

AFRICA OFFICE: 2ND FLOOR, 382 JAN SMUTS AVENUE, CRAIGHALL, RSA

PO BOX 413647, CRAIGHALL, 2024 TEL: +27 11 993 4300 FAX: +27 11 886 9306 WWW.MDM-ENGINEERING.COM

DIRECTORS: G.S.J BENNETT, D.C DE LA ROCHE, W.A NAIRN, M.T SMITH, M.R SUMMERS

REG NO. 1067430

It is proposed that each share option held under the Company's Global Share Option Plan shall be cancelled upon the completion of the Merger and each optionholder shall (as soon as reasonably practicable thereafter) be paid cash consideration equivalent to the difference between £1.81 (being the merger consideration to be paid per Unaffiliated Shares) and the exercise price applicable to the relevant option. The Company has notified the Company's optionholders of the merger and it is proposed that the Company will enter into deeds of release and cancellation with each optionholder to effect the release and cancellation.

Under the Merger Agreement, the parties have agreed that in circumstances where the Company has met certain working capital and cash requirements, there may be an increase in the consideration payable by Sedgman Limited. Any additional consideration will be in the form of an increase to the merger consideration or by way of a special dividend payable to the Company's shareholders.

The Key Shareholder Shares represent collectively approximately 43.48 per cent. of the Company's total outstanding shares.

The "**Dissenting Shares**" mean any shares owned by shareholders who have validly exercised and have not effectively withdrawn or lost their appraisal rights pursuant to Section 179 of the British Virgin Islands Business Companies Act, 2004, as amended (the "**BVI Business Companies Act**"), which will be cancelled for their fair or other agreed value as described in more detail below.

If completed, the merger would result in the Company merging into Sedgman BVI which is a privately-held company, owned directly by Sedgman Limited. The Company's shares will no longer be listed on the AIM Market of the London Stock Exchange plc ("**AIM**").

The board of directors of the Company, after carefully considering all relevant factors, (a) determined that the merger, on the terms and subject to the conditions set forth in the Merger Agreement and the Plan of Merger, is fair to, and in the best interests of, the Company and its Unaffiliated Shareholders, and declared it advisable to enter into the Plan of Merger, (b) approved the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger and (c) recommended that the Company's shareholders vote FOR the approval of the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger.

The Company's board of directors, who have been so advised by Canaccord Genuity Limited, consider the terms of the merger to be fair and reasonable so far as the Company's shareholders are concerned. In providing its advice, Canaccord Genuity Limited has taken into account the commercial assessments of the Company's board of directors. The Company's board of directors unanimously recommend that you vote FOR the proposal to approve the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger, FOR the proposal to authorise the directors of the Company to do all things necessary to give effect to the Plan of Merger and FOR the proposal to instruct the chairman of the extraordinary general meeting to adjourn or postpone the extraordinary general meeting in order to allow the Company to solicit additional votes in favour of the approval of the merger and the approval and adoption of the Plan of Merger in the event that there are insufficient votes received to pass the resolutions during the extraordinary general meeting. Those directors of the Company who are Key Shareholders have executed voting and escrow deeds and voting deeds, pursuant to which they have irrevocably agreed to vote in favour of the approval of the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger.

The accompanying explanatory statement provides detailed information about the merger and the extraordinary general meeting. We encourage you to read the entire document and all of the attachments and other documents referred to or incorporated by reference herein carefully. You may also obtain more information about the Company from documents the Company has filed with AIM which are available on the London Stock Exchange's website www.londonstockexchange.com/aim.

Regardless of the number of shares you own, your vote is very important. The merger cannot be implemented unless the Plan of Merger and transactions contemplated by the Plan of Merger including the merger are approved by an affirmative vote of a majority of shareholders in excess of seventy-five per cent of the votes of those shareholders present and entitled to vote and voting in person or by proxy

as a single class at the extraordinary general meeting. Even if you plan to attend the extraordinary general meeting in person, we request that you submit your proxy, in accordance with the instructions set forth on the proxy card, as promptly as possible and, in accordance with Article 59.1 of the Company's Articles of Association, in any event so as to be received at least 48 hours before the time of the meeting (so the proxy card must be received prior to 11:00 a.m. (CET time) on 18 December 2012). The proxy card is the "instrument in writing" as referred to in the Company's articles of association. Voting at the extraordinary general meeting will take place by poll voting, in accordance with the Company's articles of association.

Shareholders who elect to dissent from the merger will have the right to seek appraisal and payment of the fair value of their shares if the merger is completed, but only if they deliver to the Company, before the vote is taken, a written objection to the merger and subsequently comply with all procedures and requirements of Section 179 of the BVI Business Companies Act for the exercise of appraisal rights, which is attached as Annex B to the accompanying explanatory statement. The fair value of their shares as determined under that statute could be more than, the same as, or less than the merger consideration they would receive pursuant to the Plan of Merger if they do not exercise appraisal rights with respect to their shares.

Dissenters' rights are available only to registered holders of shares. Registered holders must comply with the procedures and requirements for exercising dissenters' rights with respect to the shares under Section 179 of the BVI Business Companies Act.

Neither AIM nor the ASX nor any other securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this letter or in the accompanying notice of the extraordinary general meeting or explanatory statement. The Merger Agreement has been announced to both AIM and the ASX, which announcements are available through the AIM and ASX websites.

If you have any questions or need assistance voting your shares, please call Capita Registrars, the firm assisting us with this proxy solicitation, on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399 between 9.00 a.m. and 5.00 p.m. (UK time). Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Thank you for your cooperation and continued support.

Yours sincerely,

A handwritten signature in black ink, appearing to read "W.A. Namm". The signature is fluid and cursive, with a large loop at the end.

Chairman of the Board

The enclosed explanatory statement is dated 4 December 2012, and is first being mailed to the shareholders on or about 4 December 2012.

MDM Engineering Group Limited

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

To be held on Thursday 20 December 2012

Dear Shareholder:

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the members of MDM Engineering Group Limited (the “**Company**”) will be held on Thursday 20 December 2012 at 11:00 a.m. CET time, at Villa Graziella, 17 Avenue de la Costa B.P. 167, 98003 Monaco Cedex, Monaco.

Only registered holders of ordinary shares of the Company (the “**shares**”) at the close of business on 19 December 2012 or their holders are entitled to vote at this extraordinary general meeting or any adjournment or postponements thereof. At the meeting, you will be asked to consider and vote:

AS RESOLUTIONS:

THAT the plan of merger between Sedgman BVI Limited and the Company (a copy of which is attached as Annex A to the explanatory statement accompanying this notice of extraordinary general meeting and will be produced and made available for inspection at the extraordinary general meeting (the “**Plan of Merger**”)), and the transactions contemplated by the Plan of Merger, including the merger, be and are hereby approved by the Company;

THAT the directors of the Company be, and are hereby, authorised to do all things necessary to give effect to the Plan of Merger, including the merger; and, if necessary,

THAT the chairman of the extraordinary general meeting be instructed to adjourn or postpone the extraordinary general meeting in order to allow the Company to solicit additional votes in the event that there are insufficient votes received at the time of the extraordinary general meeting to pass the special resolutions to be proposed at the extraordinary general meeting.

A list of the shareholders of the Company will be available at its principal executive offices at 2nd Floor, 382 Jan Smuts Avenue, Craighall, Johannesburg, South Africa, during ordinary business hours for the two business days immediately prior to the extraordinary general meeting.

After careful consideration and upon the unanimous recommendation of the board of directors of the Company, the Company’s board of directors approved the Plan of Merger and recommend that (in the absence of a superior proposal) you vote FOR the proposal to approve the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger, FOR the proposal to authorise the directors of the Company to do all things necessary to give effect to the Plan of Merger, and FOR the proposal to instruct the chairman of the extraordinary general meeting to adjourn or postpone the extraordinary general meeting in order to allow the Company to solicit additional votes in the event that there are insufficient votes received at the time of the extraordinary general meeting to pass the special resolutions to be proposed at the extraordinary general meeting.

Company shareholders representing approximately 67.27 per cent. of the Company’s shares on issue (including shares in which certain of the directors of the Company have an interest) have executed voting and escrow deeds and voting deeds, pursuant to which those shareholders have irrevocably agreed to vote in favour of the approval of the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger.

The merger cannot be implemented unless the Plan of Merger and transactions contemplated by the Plan of Merger including the merger are approved by an affirmative vote of a majority of shareholders in excess of seventy-five per cent of the votes of those shareholders present and entitled to vote and voting in person or by proxy as a single class at the extraordinary general meeting. Given the voting agreements as described above, based on the number of shares expected to be outstanding on the share record date, over 7.74 per cent. of the total outstanding shares owned by the remaining shareholders must be voted in favour of the proposal for it to be approved, assuming all remaining shareholders will be present and

voting in person or by proxy at the extraordinary general meeting. Even if you plan to attend the extraordinary general meeting in person, we request that you submit your proxy in accordance with the instructions set forth on the proxy card as promptly as possible and, in accordance with Article 59.1 of the Company's Articles of Association, in any event so as to be received at least 48 hours before the time of the meeting (so the proxy card must be received prior to 11:00 a.m. (CET time) on 18 December 2012). The proxy card is the "instrument appointing a proxy" as referred to in the Company's articles of association. Voting at the extraordinary general meeting will take place by poll voting, in accordance with the Company's articles of association.

Completing the proxy card in accordance with the instructions set forth on the proxy card will not deprive you of your right to attend the extraordinary general meeting and vote your shares in person. Please note, however, that if your shares are registered in the name of a broker, bank or other nominee and you wish to vote at the extraordinary general meeting in person, a Letter of Representation from your Nominee will be required.

If you receive more than one proxy card because you own shares that are registered in different names, please vote all of your shares shown on each of your proxy cards in accordance with the instructions set forth on each such proxy card.

When proxies are properly dated, executed and returned by holders of shares, the shares they represent will be voted at the extraordinary general meeting in accordance with the instructions of the shareholders. If no specific instructions are given by such holders, the shares will be voted "FOR" proposals and in the proxy holder's discretion as to other matters that may properly come before the extraordinary general meeting. Broker non-votes will not be counted towards a quorum or for any purpose in determining whether the proposal is approved.

If you elect to dissent from the merger, you will have the right to seek appraisal and payment of the fair value of their shares if the merger is completed, but only if you deliver to the Company, before the vote is taken, a written objection to the merger and subsequently comply with all procedures and requirements of Section 179 of the British Virgin Islands Business Companies Act, 2004, as amended with respect to the exercise of appraisal rights, a copy of which is attached as Annex B to the accompanying explanatory statement. The fair value of your shares as determined under that statute could be more than, the same as, or less than the merger consideration you would receive pursuant to the Plan of Merger if you do not exercise appraisal rights with respect to your shares.

Dissenters' rights are available only to registered holders of shares. Registered holders must comply with the procedures and requirements for exercising dissenters' rights with respect to the shares under Section 179 of the BVI Business Companies Act.

PLEASE DO NOT SEND YOUR SHARE CERTIFICATES AT THIS TIME. IF THE MERGER IS COMPLETED, YOU WILL BE SENT INSTRUCTIONS REGARDING THE SURRENDER OF YOUR SHARE CERTIFICATES.

If you have any questions or need assistance voting your shares, please call Capita Registrars the firm assisting us with this proxy solicitation, on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399 between 9.00 a.m. and 5.00 p.m. (UK time). Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

The Plan of Merger and the merger are described in the accompanying explanatory statement. A copy of the Plan of Merger is included as Annex A to the accompanying explanatory statement. We urge you to read the entire explanatory statement carefully.

Notes:

1. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the extraordinary meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other

joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased shareholder in whose name any share stands shall be deemed joint holders thereof.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of a proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such proxy on behalf of the corporation without further evidence of the facts.
3. A proxy need not be a member (registered shareholder) of the Company.
4. A proxy card that is not deposited in the manner permitted shall be invalid.
5. A vote given in accordance with the terms of a proxy card shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at its office (or such other place as may be specified for the delivery of the proxy card in the notice convening the meeting or other document sent therewith) two hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the proxy is used.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read "W.A. Nam". The signature is written in a cursive style with a large, looping flourish at the end.

Chairman of the Board of Directors

Dated: 4 December 2012

**EXPLANATORY STATEMENT IN RELATION TO THE PROPOSED MERGER OF
MDM ENGINEERING GROUP LIMITED WITH SEDGMAN LIMITED**

TABLE OF CONTENTS

SUMMARY OF THE MERGER TRANSACTION AND CERTAIN KEY PROVISIONS	9
QUESTIONS AND ANSWERS ABOUT THE EXTRAORDINARY GENERAL MEETING AND THE MERGER	18
SPECIAL FACTORS	24
THE EXTRAORDINARY GENERAL MEETING	32
THE PLAN OF MERGER	33
PROVISIONS FOR UNAFFILIATED SHAREHOLDERS	35
DISSENTERS' RIGHTS	36
SHARE OWNERSHIP OF KEY SHAREHOLDERS INVOLVED WITH THE MANAGEMENT OF THE COMPANY	38
MATERIAL INCOME TAX CONSEQUENCES	38
FUTURE SHAREHOLDER PROPOSALS	38
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	39
WHERE YOU CAN FIND MORE INFORMATION	41
ANNEX A: Plan of Merger	42
ANNEX B: British Virgin Islands Business Companies Act, 2004, as amended – Section 179	44
ANNEX C: Directors and Executive Officers of Each Filing Person	46
ANNEX D: Form of Proxy Card and Written Direction for MDM Engineering Group Limited	49

SUMMARY OF THE MERGER TRANSACTION AND CERTAIN KEY PROVISIONS

This “Summary” together with the “Questions and Answers about the Extraordinary General Meeting and the Merger,” highlights selected information regarding the merger. As it is a summary, it does not contain all of the information that may be relevant to your consideration of the merger. You should carefully read this entire explanatory statement and the other documents to which this explanatory statement refers for a more complete understanding of the matters being considered at the extraordinary general meeting. In addition, this explanatory statement incorporates by reference important business and financial information about the Company. You are encouraged to read all of the documents incorporated by reference into this explanatory statement and you may obtain such information without charge by following the instructions in “Where You Can Find More Information” section beginning on page 37. In this explanatory statement, the terms “we,” “us,” “our,” and the “Company” refer to MDM Engineering Group Limited and its subsidiaries. All references in this explanatory statement to “GBP” or “£” are to British pounds. Unless otherwise specified, all references to “shares” in this explanatory statement are made to issued and outstanding ordinary shares of the Company.

The Parties Involved in the Merger

The Company

MDM Engineering Group Limited (“MDM” or the “Company”) is a minerals process and project management company focused on the mining industry. The Company provides a wide range of services from preliminary and final feasibility studies, through to plant design, construction and commissioning. To date, the Company’s clients have largely been junior and mid-tier mining corporations with operations in Africa.

The Company’s core technical team has a 24 year track record of completing a wide range of studies and execution projects across a variety of minerals, including precious metals, base metals, ferrous and non-ferrous metals, uranium and diamonds.

The Company has adopted an approach to project execution based on an open-book Engineering, Procurement, and Construction Management “EPCM” or “cost-plus” basis and on a Engineering, Procurement and Construct (EPC) basis. With a core focus on Africa, the Company is setting the benchmark standard for best practice in the mining services industry through its commitment to providing the highest quality services and actively engaging with clients to ensure maximum transparency.

The Company’s principal executive offices are located at 2nd Floor, 382 Jan Smuts Avenue, Craighall, Johannesburg, South Africa, and our telephone number at this address is +27 11 993 4300. The Company’s registered office in the British Virgin Islands is at Nerine Chambers, PO Box 905 Road Town, Tortola, British Virgin Islands.

For a description of the Company’s history, development, business and organisational structure, please see the Annual Report for the fiscal year ended 2011, which is available from the Company’s website www.mdm-engineering.com. Please also see “Where You Can Find More Information” beginning on page 37 for a description of how to obtain a copy of the Annual Report.

Senior Management

Bill Nairn – *Non-Executive Chairman*

Martin Smith – *Chief Executive Officer*

George Bennett – *Executive Director*

Dominique de la Roche – *Finance Director*

Mark Summers – *Non-executive Director*

David Dodd – *Chief Metallurgist*

Rob Moosmann – *Design Manager*

Key Shareholders

The Company's Key Shareholders are:

- Pipestone Capital Inc;
- Waterfall Limited;
- Emirate Investments Limited;
- Alchemy Holdings Limited; and
- MS Investment Trust.

Sedgman BVI

Sedgman BVI is a business company formed under the laws of the British Virgin Islands for the sole purpose of entering into the merger and consummating the transactions contemplated by the merger. The sole shareholder of Sedgman BVI is Sedgman Limited.

Sedgman Limited

Sedgman Limited (ASX: Sedgman) 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 Limited is recognised internationally for its mineral processing and materials handling technologies.

Sedgman Limited 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. Sedgman Limited won the Prime Minister's Australian Exporter of the Year Award for 2011. The company also won both the Australian Export Award and the Premier of Queensland's Export Award in the Minerals and Energy category in 2011, and the Australian Export Award and the Premier of Queensland's Export Award in the Large Services category in 2010.

Sedgman Limited's 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.

<http://www.sedgman.com>

The Merger

You are being asked to vote to approve the plan of merger between the Company and Sedgman BVI (the "**Plan of Merger**"), pursuant to which, once the Plan of Merger is approved by the requisite vote of the shareholders of the Company and the other conditions to the completion of the transactions contemplated by the Merger Agreement and the Plan of Merger are satisfied or waived in accordance with the terms of the Merger Agreement and the Plan of Merger, the Company will merge with and into Sedgman BVI, with Sedgman BVI continuing as the surviving company (the "**merger**"). The surviving company of the merger will be owned 100 per cent. by Sedgman Limited. If the merger is implemented, the Company will cease to be a publicly traded company. A copy of the Plan of Merger is attached as Annex A to this explanatory statement. You should read the Plan of Merger in its entirety because it, and not this explanatory statement, is the legal document that governs the merger.

If the merger is approved by the requisite percentage of the Company's shareholders and consummated, each of the Company's outstanding ordinary shares other than the Dissenting Shares (as defined below), will be cancelled in exchange for the merger consideration. The merger consideration payable to the Company's shareholders under the Plan of Merger and Merger Agreement (save for the Dissenting Shares) is as follows: (a) each Key Shareholder Share, shall be cancelled in exchange for consideration comprising (i) the issue of 0.9475 shares of Sedgman Limited, and (ii) payment of cash consideration of £1.27 per Company share; and (b) each Unaffiliated Shares) shall be cancelled in exchange for payment of cash consideration of £1.81 per Company share.

It is proposed that each share option held under the Company's Global Share Option Plan shall be cancelled upon the completion of the Merger and each optionholder shall (as soon as reasonably practicable thereafter) be paid cash consideration equivalent to the difference between £1.81 (being the merger consideration to be paid per Unaffiliated Shares) and the exercise price applicable to the relevant option. The Company has notified the Company's optionholders of the merger and it is proposed that the Company will enter into deeds of release and cancellation with each optionholder to effect the release and cancellation.

The "**Dissenting Shares**" mean any shares owned by shareholders who have validly exercised and have not effectively withdrawn or lost their appraisal rights pursuant to Section 179 of the British Virgin Islands Business Companies Act, 2004, as amended (the "**BVI Business Companies Act**"), which will be cancelled for their fair or other agreed value as described in more detail below.

The Key Shareholder Shares represent together approximately 43.48 per cent. of the Company's total outstanding shares. Cash distribution to holders of shares (other than the Dissenting Shares) is conditional on the merger being implemented and will be paid by Sedgman Limited.

Record Date and Voting

You are entitled to vote at the extraordinary general meeting if you have shares registered in your name at the close of business on AIM on 19 December 2012, the share record date for voting at the extraordinary general meeting. We expect that, on the share record date, 37,459,107 shares would be issued and outstanding and held by approximately 120 holders of record. If you are the registered holder of shares at the close of business in the British Virgin Islands on the share record date, you must lodge your proxy card as soon as possible and, in accordance with Article 59.1 of the Company's Articles of Association, in any event so as to be received at least 48 hours before the time of the meeting (so the proxy card must be received prior to 11:00 a.m.(CET time) on 18 December 2012). Each outstanding share on the share record date entitles the holder to one vote on each matter submitted to the shareholders for approval at the extraordinary general meeting and any adjournment thereof. See "**Voting Information**" below.

Shareholder Vote Required to Approve the Plan of Merger

Approval of the Plan of Merger requires the affirmative vote of a majority of shareholders in excess of seventy-five per cent of the votes of those shareholders entitled to vote and voting (in person or by proxy) as a single class at the extraordinary general meeting.

Based on the number of shares expected to be outstanding on the record date, approximately 2,897,665 shares must be voted in favour of the proposal to approve the Plan of Merger in order for the proposal to be approved, assuming all shareholders will be present and voting in person or by proxy at the extraordinary general meeting.

Company shareholders representing approximately 67.27 per cent. of the Company's shares in issue (including shares in which certain of the directors of the Company have an interest) have executed voting and escrow deeds and voting deeds, pursuant to which those shareholders have irrevocably agreed to vote in favour of the approval of the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger. Accordingly, based on the number of shares expected to be outstanding on the share record date, more than 7.74 per cent. of the total outstanding shares owned by the remaining shareholders must be voted in favour of the proposal to be approved, assuming all remaining shareholders will be present and voting in person or by proxy at the extraordinary general meeting.

Under the voting and escrow agreements, the Key Shareholders have agreed to a period of escrow up to the close of the 2014 Sedgman Limited Annual General Meeting, in respect of the Sedgman Limited shares they will receive as part of the merger consideration.

Accordingly, shares owned by shareholders who are not parties to the voting and escrow agreements (the "**uncommitted shareholders**") and representing more than 7.74 per cent. of the total outstanding shares of the Company and owned by such uncommitted shareholders must be voted in favour of the proposals to be approved, assuming all uncommitted shareholders will be present and voting in person or by proxy at the extraordinary general meeting.

If your shares are held in the name of a broker, bank or other nominee, your broker, bank or other nominee will not vote your shares in the absence of specific instructions from you. These non-voted shares are referred to as “**broker non-votes.**”

Voting Information

Before voting your shares, we encourage you to read this explanatory statement in its entirety, including all of the annexes, attachments, exhibits and materials incorporated by reference, and carefully consider how the merger will affect you. To ensure that your shares can be voted at the extraordinary general meeting, please complete the accompanying proxy card in accordance with the instructions set forth on the proxy card as soon as possible and, in accordance with Article 59.1 of the Company’s Articles of Association, in any event so as to be received at least 48 hours before the time of the meeting (so the proxy card must be received prior to 11:00 a.m.(CET time) on 18 December 2012). If a broker holds your shares your broker should provide you with instructions on how to vote your shares.

Appraisal Rights of Shareholders

Shareholders who dissent from the merger will have the right to seek appraisal and payment of the fair value of their shares if the merger is completed, but only if they deliver to the Company, before the vote is taken, a written objection to the merger and subsequently comply with all procedures and requirements of Section 179 of the BVI Business Companies Act regarding the exercise of appraisal rights. The fair value of your shares as determined under that statute could be more than, the same as, or less than the merger consideration they would receive pursuant to the Plan of Merger if they do not exercise appraisal rights with respect to their shares.

Dissenters’ rights are available only to registered holders of shares. Registered holders must comply with the procedures and requirements for exercising dissenters’ rights with respect to the shares under Section 179 of the BVI Business Companies Act.

We encourage you to read the section of this explanatory statement entitled “**Dissenters’ Rights**” as well as Annex B to this explanatory statement carefully and to consult your British Virgin Islands legal counsel if you desire to exercise your appraisal rights.

Purposes and Effects of the Merger

The purpose of the merger is to enable Sedgman BVI to acquire 100 per cent. control of the Company in a transaction in which the Company’s shareholders, other than Key Shareholders, will be cashed out in exchange for £1.81 per share, so that Sedgman Limited will bear the rewards and risks of the ownership of the Company after the merger, including any future earnings and growth of the Company as a result of improvements to the Company’s operations or acquisitions of other businesses. In addition, the merger will allow the Key Shareholders to obtain an interest in Sedgman Limited. Please see “Special Factors–Reasons for the Merger and Recommendation of the Company’s Board of Directors” below for additional information.

The Company’s shares are currently listed on AIM under the symbol MDM. It is expected that, immediately following the completion of the merger, the Company will cease to be a publicly traded company having merged into Sedgman BVI which is a privately held company owned directly by Sedgman Limited.

Plans for Sedgman BVI after the Merger

Sedgman Limited has advised the Company that, except for the transactions contemplated by the Plan of Merger and transactions already under consideration by the Company, Sedgman Limited does not have any current plans, proposals or negotiations that relate to or would result in any of the following:

- any extraordinary corporate transaction, such as a merger, reorganisation or liquidation, involving Sedgman BVI or any of its subsidiaries;

- the sale or transfer of a material amount of the assets of Sedgman BVI or any of its subsidiaries; or
- any other material changes in Sedgman BVI's business, including with respect to Sedgman BVI's corporate structure or business.

The Company's board of directors, who have been so advised by Canaccord Genuity Limited, consider the terms of the merger to be fair and reasonable so far as the Company's shareholders are concerned. In providing its advice, Canaccord Genuity Limited has taken into account the commercial assessments of the Company's board of directors. The Company's board of directors unanimously recommend that you vote FOR the proposal to approve the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger, FOR the proposal to authorise the directors of the Company to do all things necessary to give effect to the Plan of Merger and FOR the proposal to instruct the chairman of the extraordinary general meeting to adjourn or postpone the extraordinary general meeting in order to allow the Company to solicit additional votes in favour of the approval of the merger and the approval and adoption of the Plan of Merger in the event that there are insufficient votes received to pass the resolutions during the extraordinary general meeting. Those directors of the Company who are Key Shareholders have executed voting and escrow deeds and voting deeds, pursuant to which they have irrevocably agreed to vote in favour of the approval of the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger.

The primary benefits of the merger to the Company's shareholders, other than Key Shareholders, include, without limitation, (a) the receipt by such shareholders of £1.81 per share in cash, which will be financed by Sedgman Limited as set forth under the caption "**Financing of the Merger**" in this explanatory statement, represents:

- a premium of 8.7 per cent. to the Company's closing price on 27 November 2012;
- a premium of 23.0 per cent. to the one-month VWAP prior to 27 November 2012; and
- a premium of 21.6 per cent. to the three-month VWAP prior to 27 November 2012.

(27 November 2012 was the last trading day prior to the Company's announcement on 28 November 2012 that it had entered into the Merger Agreement with Sedgman Limited and Sedgman BVI); (b) the avoidance of the risks associated with any possible decrease in the Company's future revenues and free cash flow, growth or value following the merger; and (c) the reduction of the costs and administrative burden associated with operating the Company as a publicly traded company, including the costs associated with regulatory filings and compliance requirements.

The primary detriments of the merger to the Company's shareholders, other than Key Shareholders, include, without limitation, (a) such shareholders will no longer benefit from the possible increase in the future revenues and free cash flow, growth or value of the Company or payment of dividends on the shares, if any; and (b) in general, the receipt of cash pursuant to the merger may be a taxable transaction under the relevant tax laws applicable to certain shareholders of the Company.

Except as set forth under "Special Factors—Background of the Merger," "Special Factors—Reasons for the Merger and Recommendation of the Company's Board of Directors", no director who is not an employee of the Company has retained an unaffiliated representative to act solely on behalf of Unaffiliated Shareholders for purposes of negotiating the terms of the transaction and/or preparing a report concerning the fairness of the transaction.

Financing of the Merger

Sedgman Limited estimates that the total amount of cash funds necessary to acquire all outstanding shares (including funding the cash portion of the merger consideration for the Key Shareholders) pursuant to the merger will be approximately £59 million, assuming no exercise of appraisal rights by shareholders of the Company. Sedgman Limited expects that the cash consideration payable to the shareholders will be paid by way of a mix of existing cash reserves of Sedgman Limited and existing banking facilities.

Share Ownership of the Company Directors and Officers and Voting Commitments

As of the date of this explanatory statement, the Key Shareholders beneficially own approximately 43.48 per cent. of our shares.

Company shareholders representing approximately 67.27 per cent. of the Company's shares on issue (including shares held by Key Shareholders and in which certain of the directors of the Company have an interest) have executed voting and escrow deeds and voting deeds, pursuant to which those shareholders have irrevocably agreed to vote in favour of the approval of the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger.

Termination of the Merger Agreement

The Merger Agreement may be terminated as follows:

- if agreed to in writing by the parties;
- by Sedgman Limited, if the Company's board of directors makes does not recommend the merger or if any member of the Company's board of directors fails to recommend that the Company's shareholders vote in favour of the merger or fails to vote any shares in which they have an interest in favour of the merger or does not procure that each member of the Company's board of directors does not change its voting intention;
- at any time prior to the Unconditional Date by either Sedgman Limited or the Company, if the other is in material breach of any clause of the Merger Agreement (including a warranty), taken in the context of the merger as a whole, provided that either Sedgman Limited or the Company, as the case may be, has, if practicable, given notice to the other setting out the relevant circumstances and stating an intention to terminate and, the relevant circumstances continue to exist 10 Business Days (or any shorter period ending at 5:00 p.m. on the day before the Unconditional Date) after the time such notice is given;
- by either party, if the resolution submitted to the extraordinary general meeting for consideration is not approved by the requisite majority;
- by either party, if the merger has not been implemented on or before 30 June 2013;
- by either party, if a Court or other Regulatory Authority has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the merger;
- by Sedgman Limited, if a person (other than Sedgman Limited, Sedgman BVI or their associates) acquire a legal or economic interest in more than 20 per cent. of the Company's Shares;
- where there has been a failure to satisfy a condition precedent under the Merger Agreement and after consultation such condition precedent is incapable of satisfaction, by either party (or one of them, as the case may be, if the benefit exists for the benefit of that party only);
- by either party, if the other party or any of their Related Bodies Corporate becomes insolvent;
- by Sedgman Limited, if an MDM Material Adverse Change occurs prior to the date of satisfaction (or waiver) of all of the conditions precedent under the Merger Agreement (the "**Unconditional Date**");
- prior to the Unconditional Date, by either party, where the Company has entered into a definitive written agreement with regard to a Superior Proposal, provided the Company has complied with its exclusivity and reimbursement of costs obligations under the Merger Agreement; or
- by Sedgman Limited, if certain prescribed events occur in relation to the Company.

MDM Termination Payment

Where Sedgman Limited validly terminates the Merger Agreement owing to a change of recommendation by the Company's board of directors or a material breach by the Company or where the Company terminates the Merger Agreement owing to acceptance of a superior proposal or where an Acquisition

Proposal (other than by Sedgman Limited) becomes unconditional of the proposer acquires 50.1 per cent. or more of the shares of the Company or where a prescribed event or a material adverse change occurs in relation to the Company (which entitles Sedgman Limited to terminate the Merger Agreement), the Company shall pay to Sedgman Limited, as compensation for damages Sedgman Limited will suffer as a consequence of the non-completion of the merger, an amount equal to 1 per cent. of the aggregate of the total consideration offered by Sedgman Limited (whether in cash or Sedgman shares) to implement the merger (the “**Capped Amount**”). Notwithstanding the occurrence of any event that would otherwise trigger an MDM Termination Payment, no amount is payable by way of the MDM Termination Payment if the merger is implemented.

Sedgman Limited Termination Payment

Where the Company validly terminates the Merger Agreement owing to a material breach by Sedgman Limited, Sedgman Limited shall pay to the Company an amount equal to 50 per cent. of the Capped Amount.

Material Income Tax Consequences

The receipt of cash pursuant to the merger or through the exercise of dissenters’ rights may be a taxable transaction for the Company’s shareholders for income tax purposes and may also be a taxable transaction under tax laws applicable to some of the Company’s shareholders. The tax consequences of the merger or the exercise of dissenters’ rights to you will depend upon your personal circumstances. You should consult your tax advisors for a full understanding of all tax consequences of the merger to you.

The British Virgin Islands currently have no form of income, corporate or capital gains tax and no estate duty, inheritance tax or gift tax. No taxes, fees or charges will be payable (either by direct assessment or withholding) to the government or other taxing authority in the British Virgin Islands under the laws of the British Virgin Islands in respect of the merger or the receipt of cash for our shares under the terms of the merger. This is subject to the qualification that registration fees will be payable by the Company to the Registrar of Corporate Affairs of the British Virgin Islands to register the plan of merger.

Exclusivity

Under the Merger Agreement, the Company has agreed to certain restrictions during the Exclusivity Period (being the period from the date of the Merger Agreement to the earlier of 30 June 2013, or the termination of the Merger Agreement) including not to: (1) make, solicit, initiate, encourage or promote (including by way of furnishing information, permitting any visit to facilities or properties of the MDM Group (as defined in the Merger Agreement)) any inquiries or proposals regarding, constituting or that may reasonably be expected to lead to an acquisition proposal or potential acquisition proposal or communicate to any person an intention to do any of these things; (2) enter into, facilitate, continue or participate, directly or indirectly, in any discussions or negotiations regarding, or furnish to any person any information or otherwise co-operate with, respond to, assist or participate in, any acquisition proposal or potential acquisition proposal even if the acquisition proposal was: (a) not directly or indirectly solicited; or (b) publicly announced; (3) accept, enter into, or propose publicly to accept or enter into, any agreement, understanding or arrangement related to any acquisition proposal or potential acquisition proposal; or (4) make any public announcement or take any other action inconsistent with the merger.

However the obligations referred to in items (2), (3) and (4) above are subject to a fiduciary carve-out. The Company is also under obligations to: (1) procure that the Company’s board of directors does not withdraw, modify or qualify its unanimous recommendation of the merger; and (2) notify and provide details to Sedgman Limited of any approach to discuss a potential acquisition proposal, or any other proposal likely to result in a change of recommendation by the Company’s board of directors and any acquisition proposal. This obligation is also subject to a fiduciary carve-out.

Sedgman Limited also has certain matching rights under the Merger Agreement with regards to any superior proposal which may arise.

Regulatory Matters

The Company does not believe that any material regulatory approvals, filings or notices are required in connection with the merger other than the approvals, filings or notices required by AIM or ASX, the South African Competition Commission, or the Competition Tribunal, or the Competition Appeal Court, as the case may be, approving the merger unconditionally in terms of the South African Competition Act of 1998, the Tanzanian Fair Competition Commission, or the Fair Competition Tribunal, as the case may be, approving the merger unconditionally in terms of the Tanzanian Fair Competition Act and the filing of the Articles of Merger (and supporting documentation as specified in the BVI Business Companies Act) with the Registrar of Corporate Affairs of the British Virgin Islands, and in the event the merger becomes effective, a copy of the certificate of merger being provided to parties requesting a copy of same promptly after its receipt from the Registrar of Corporate Affairs of the British Virgin Islands.

Conditions to the Merger

There are a number of customary conditions precedent which need to be satisfied before the merger will be implemented. The key conditions are as follows:

- Regulatory Approvals – All required regulatory approvals being received including approval by the South African Competition Commission, Competition Tribunal or Competition Appeal Court (as the case may be), and by the Tanzanian Fair Competition Commission or the Fair Competition Tribunal (as the case may be).
- Merger Approval – Company shareholder approval being obtained by the requisite majority.
- No prescribed events or material adverse change events having occurred to the Company.
- Agreements – There is no exercise of any change of control right under a material contract which could result in monies becoming repayable under a material contract, a material contract being terminated or adversely modified or the business of any entity in the MDM Group being adversely affected.
- Litigation and investigations – No litigation or any action taken by any Regulatory Authority against any entity of the group of companies to which the Company belongs.
- Financial Arrangements – Parties to financial arrangements confirming in a form acceptable to Sedgman Limited, that they will not exercise rights under those financial arrangements in a manner which is adverse to the Company.
- MDM Options – All outstanding share options under the Company's Global Share Option Plan have been surrendered or cancelled on terms acceptable to Sedgman Limited (acting reasonably).
- Contracts – The Company provides written confirmation to Sedgman Limited signed by two directors and the chief financial officer of the Company confirming, and Sedgman Limited is satisfied in its discretion (acting reasonably), as to certain agreed aggregate revenue values, profit margins and terms and conditions for all contracts comprising the Company's Order Book.
- Working Capital – The working capital and cash position of the Company being at certain agreed values:

Market Price of the Shares

The closing price of the shares on AIM on 27 November 2012, the last trading date immediately prior to the Company's announcement on 28 November 2012 that it had entered into the Merger Agreement, was £1.66 per share. The merger consideration of £1.81 per share represents:

- a premium of 8.7 per cent. to the Company's closing price on 27 November 2012;
- a premium of 23.0 per cent. to the one-month VWAP prior to 27 November 2012; and
- a premium of 21.6 per cent. to the three-month VWAP prior to 27 November 2012.

Fees and Expenses

Subject to the Sedgman Termination Payment or the MDM Termination Payment, all costs and expenses incurred in connection with the Plan of Merger and the transactions contemplated thereby will be paid by the party incurring such costs.

Transaction Implementation Committee

The Company, Sedgman Limited and Sedgman BVI have established a Transaction Implementation Committee. The role of the Transaction Implementation Committee is to act as a forum for consultation and planning to implement the merger.

Advisors

GMP Securities Australia is acting as the Company's exclusive financial advisor in relation to the merger. Canaccord Genuity Limited is the Company's Nominated Advisor and Broker and acted as independent financial advisor to the Company's board of directors.

Steinepreis Paganin, Memery Crystal LLP and Hempel and Boyd are acting as the Company's legal advisors in Australia, the United Kingdom and the British Virgin Islands respectively in relation to the merger.

QUESTIONS AND ANSWERS ABOUT THE EXTRAORDINARY GENERAL MEETING AND THE MERGER

The following questions and answers address briefly some questions you may have regarding the extraordinary general meeting and the merger. These questions and answers may not address all questions that may be important to you as a shareholder of the Company. Please refer to the more detailed information contained elsewhere in this explanatory statement, the annexes to this explanatory statement and the documents referred to or incorporated by reference in this explanatory statement.

Q: What is the merger?

A: The merger is a transaction pursuant to which the Company will merge with and into Sedgman BVI. Once the Plan of Merger is approved by the shareholders of the Company and the other closing conditions under the Plan of Merger and Merger Agreement have been satisfied or waived, the Articles of Merger will be filed for registration with the Registrar of Corporate Affairs in the British Virgin Islands and, upon registration of the merger, the Company will merge with and into Sedgman BVI, with Sedgman BVI continuing as the surviving company after the merger. As a result of the merger, the Company's shares will no longer be listed on AIM, and the Company will cease to be a publicly traded company.

As soon as the merger becomes effective, (a) Sedgman BVI in so far as is consistent with its memorandum and articles, has all rights, privileges, immunities, powers, objects and purposes of each of the Company and Sedgman BVI; (b) assets of every description, including choses in action and the business of each of the Company and Sedgman BVI, immediately vests in Sedgman BVI; and (c) Sedgman BVI is liable for all claims, debts, liabilities and obligations of itself and the Company.

Upon merger, (a) no conviction, judgement, ruling, order, claim, debt, liability or obligation due or to become due, and no cause existing, against Sedgman BVI or the Company or against any member, director, officer or agent thereof, is released or impaired by the merger; (b) no proceedings, whether civil or criminal, pending at the time of a merger by or against Sedgman BVI or the Company, or against any member, director, officer or agent thereof, are abated or discontinued by the merger, but (i) the proceedings may be enforced, prosecuted, settled or compromised by or against Sedgman BVI or against the member, director, officer or agent thereof; as the case may be, or (ii) Sedgman BVI may be substituted in the proceedings for the Company; and the British Virgin Islands Registrar shall strike the Company off the British Virgin Register of Companies.

Q: What will I receive in the merger?

A: If you own shares (and are not a Key Shareholder or a Dissenting Shareholder) and the merger is completed, you will be entitled to receive £1.81 in cash, without interest and net of any applicable withholding taxes, for each share you own as of the effective time of the merger (unless you validly exercise and have not effectively withdrawn or lost your appraisal rights under Section 179 of the BVI Business Companies Act with respect to the merger, in which event you will be entitled to the value of each share appraised or agreed to pursuant to the BVI Business Companies Act).

Cash distribution to holders of shares (other than the Dissenting Shares) is conditional on the merger being completed and will be paid by Sedgman Limited as soon as practicable after the effective time of the merger.

Q: How will the Company's share options be treated in the merger?

A: It is proposed that each share option held under the Company's Global Share Option Plan shall be cancelled upon the effectiveness of the merger and each optionholder shall (as soon as reasonably practicable thereafter) be paid cash consideration equivalent to the difference between £1.81 and the exercise price applicable to the relevant option. The Company has notified the Company's optionholders of the merger and it is proposed that the Company will enter into deeds of release and cancellation with each optionholder to effect the release and cancellation.

Q: After the merger is completed, how will I receive the merger consideration for my shares?

A. As soon as practicable after the effective time of the merger, you will be sent (a) a form of letter of transmittal specifying how delivery of the merger consideration to you shall be effected and (b) instructions for effecting the surrender of share certificates in exchange for the applicable merger consideration. You will receive cash for your shares from the paying agent after you comply with these instructions.

If your shares are represented by share certificates, unless you validly exercise and have not effectively withdrawn or lost your appraisal rights in accordance with Section 179 of the BVI Business Companies Act, upon surrender of your share certificates or a declaration of loss or non-receipt, you will receive an amount equal to the number of your shares multiplied by the merger consideration you are entitled to in cash (which for Unaffiliated Shareholders is an amount of £1.81 per share), without interest and net of any applicable withholding taxes, in exchange for the cancellation of your share certificates after the completion of the merger.

In the event of a transfer of ownership of shares that is not registered in the register of members of the Company, a cheque for any cash to be exchanged upon due surrender of the share certificate or book-entry shares will be issued to such transferee only if the share certificates (if any) or book-entry shares which immediately prior to the effective time represented such shares are presented to the paying agent, accompanied by all documents reasonably required to evidence and effect such transfer and to evidence that any applicable share transfer taxes have been paid or are not applicable.

If your shares are held by your broker, bank or other nominee, you will receive instructions from your broker, bank or other nominee on how to surrender your shares and receive the merger consideration for those shares.

Q: When and where will the extraordinary general meeting be held?

A: The extraordinary general meeting will take place on Thursday 20 December 2012 at 11:00 a.m. (CET time) at Villa Graziella, 17 Avenue de la Costa, 98003 Monaco Cedex, Monaco.

Q: What matters will be voted on at the extraordinary general meeting?

A: You will be asked to consider and vote on the following proposals:

- to approve the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger;
- to authorise the directors of the Company to do all things necessary to give effect to the Plan of Merger; and
- to approve that the chairman of the extraordinary meeting be instructed to adjourn or postpone the extraordinary general meeting in order to allow the Company to solicit additional votes in the event that there are insufficient votes received at the time of the extraordinary general meeting to pass the special resolution to be proposed at the extraordinary general meeting.

Q: What vote of the Company's shareholders is required to approve the Plan of Merger?

A: Approval of the Plan of Merger requires the affirmative vote of a majority of shareholders in excess of seventy-five per cent of the votes of those shareholders entitled to vote and voting (in person or by proxy) as a single class at the extraordinary general meeting. At the close of business on 19 December 2012, the record date for determining the registered shareholders of the Company entitled to vote at the extraordinary general meeting, 37,459,107 shares are expected to be outstanding and entitled to vote at the extraordinary general meeting. Pursuant to the voting and escrow agreement, the Key Shareholders agreed to vote all of their shares in favour of the approval of the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger, and against any other acquisition proposal at any shareholders' meeting of the Company.

Q: How does the Company's board of directors recommend that I vote on the proposals?

A: After careful consideration the Company's board of directors, by a unanimous vote, recommends that you vote:

- FOR the proposal to approve the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger;
- FOR the proposal to authorise the directors of the Company to do all things necessary to give effect to the Plan of Merger; and
- FOR the proposal to approve that the chairman of the extraordinary meeting be instructed to adjourn or postpone the extraordinary general meeting in order to allow the Company to solicit additional votes in the event that there are insufficient votes received at the time of the extraordinary general meeting to pass the special resolution to be proposed at the extraordinary general meeting.

Q: Who is entitled to vote at the extraordinary general meeting?

A: The share record date is 19 December 2012. Only shareholders entered in the register of members of the Company at the close of business in the British Virgin Islands on the record date, or their proxy holders, are entitled to vote at the extraordinary general meeting or any adjournment thereof.

Q: What constitutes a quorum for the extraordinary general meeting?

A: The presence of two (2) shareholders entitled to vote and present in person or by proxy or (in the case of a shareholder being a corporation) by its duly authorised representative, throughout the meeting, shall constitute a quorum for the extraordinary general meeting.

Q: When do you expect the merger to be completed?

A: We are working towards completing the merger as quickly as possible and currently expect the merger to close by end of the first quarter of 2013. In order to complete the merger, the Company must obtain shareholder approval of the merger at the extraordinary general meeting and the other closing conditions under the Merger Agreement and Plan of Merger must be satisfied or waived in accordance with the Merger Agreement and Plan of Merger.

Q: What happens if the merger is not completed?

A: If the Company's shareholders do not approve the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger, or if the merger is not completed for any other reason, the Company's shareholders will not receive any payment for their shares pursuant to the Plan of Merger. Instead, the Company will remain a publicly traded company. The Company's shares will continue to be listed and traded on AIM, provided that the Company continues to meet AIM's listing requirements. Therefore, the Company's shareholders will continue to be subject to similar risks and opportunities as they currently are with respect to their ownership of our shares.

It should be noted that in certain circumstances where Sedgman Limited validly terminates the Merger Agreement (see MDM Termination Payment above), the Company shall be liable to pay to Sedgman Limited an amount equal to 1 per cent. of the aggregate of the total consideration offered by Sedgman to implement the merger. Notwithstanding the occurrence of any event that would otherwise trigger an MDM Termination Payment, no amount is payable by way of the MDM Termination Payment if the merger is implemented.

Q: What do I need to do now?

A: We urge you to read this explanatory statement carefully, including its annexes, exhibits, attachments and the other documents referred to or incorporated by reference herein and to consider how the merger affects you as a shareholder. After you have done so, please vote (by returning the proxy card in accordance with the instructions below) as soon as possible.

Q: How do I vote if my shares are registered in my name?

A: If shares are registered in your name as of the record date, you should simply indicate on your proxy card how you want to vote, and sign and mail your proxy card in the enclosed return envelope as soon as possible but in any event so as to be received at least 48 hours before the time of the extraordinary general meeting so that your shares will be represented and may be voted at the extraordinary general meeting.

Alternatively, you can attend the extraordinary general meeting and vote in person. If you decide to sign and send in your proxy card, and do not indicate how you want to vote, the shares represented by your proxy will be voted FOR the proposal to approve the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger, FOR the proposal to authorise the directors of the Company to do all things necessary to give effect to the Plan of Merger and FOR the proposal to instruct that the chairman of the extraordinary general meeting to adjourn or postpone the extraordinary general meeting in order to allow the Company to solicit additional proxies in the event that there are insufficient proxies received at the time of the extraordinary general meeting to pass the special resolution to be proposed at the extraordinary general meeting. If your shares are held by your broker, bank or other nominee, please see below for additional information.

Q: If my shares are held in a brokerage account, will my broker vote my shares on my behalf?

A: Your broker, bank or other nominee will only vote your shares on your behalf if you instruct it how to vote. Therefore, it is important that you promptly follow the directions provided by your broker, bank or nominee regarding how to instruct it to vote your shares. If you do not instruct your broker, bank or other nominee how to vote your shares that it holds, those shares may not be voted.

Q: What will happen if I abstain from voting or fail to vote on the proposal to approve the Plan of Merger?

A: If you abstain from voting, fail to cast your vote in person or by proxy or fail to give voting instructions to your broker, dealer, commercial bank, trust company or other nominee, your vote will not be counted, either on the issues presented or for purposes of determining whether a quorum exists at the extraordinary general meeting.

Q: May I change my vote?

A: Yes, you may change your vote in one of three ways:

Registered holders of our shares may revoke their proxies in one of three ways:

- First, a registered shareholder can revoke a proxy by written notice of revocation given to the chairman of the extraordinary general meeting before the extraordinary general meeting commences. Any written notice revoking a proxy should also be sent to Capita Registrars.
- Second, a registered shareholder can complete, date and submit a new proxy card bearing a later date than the proxy card sought to be revoked to the Company so as to be received no earlier than 48 hours prior to the extraordinary general meeting.
- Third, delivery of an instrument appointing a proxy shall not preclude a registered shareholder from attending and voting in person at the extraordinary general meeting and in such event, the proxy shall be deemed to be revoked.

If a shareholder holds shares through a broker and has instructed the broker to vote the shareholder's shares, the shareholder must follow directions received from the broker to change those instructions.

Q: What should I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials, including multiple copies of this explanatory statement or multiple proxy cards. For example, if you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please submit each proxy card that you receive.

Q: Should I send in my share certificates now?

A: No. Promptly after the merger is completed, each holder of record as of the time of the merger will be sent written instructions for exchanging their share certificates for the per share merger consideration. These instructions will tell you how and where to send in your share certificates for your cash consideration. You will receive your cash payment after the paying agent receives your share certificates and any other documents requested in the instructions. Please do not send share certificates with your proxy.

If your shares are held by your broker, bank or other nominee you will receive instructions from your broker, bank or other nominee as to how to effect the surrender of your share certificates in exchange for the merger consideration.

Q: Am I entitled to appraisal rights?

A: Yes, should you to elect to dissent from the merger. Shareholders who dissent from the merger will have the right to seek appraisal and payment of the fair value of their shares if the merger is completed, but only if they deliver to the Company, before the vote is taken, a written objection to the merger and they subsequently comply with all procedures and requirements of Section 179 of the BVI Business Companies Act for the exercise of appraisal rights. The fair value of your shares as determined under that statute could be more than, the same as, or less than the merger consideration you would receive pursuant to the Plan of Merger if you do not exercise appraisal rights with respect to your shares.

We encourage you to read the information set forth in this explanatory statement carefully and to consult your own British Virgin Islands legal counsel if you desire to exercise your appraisal rights. Please see the Section below on “Dissenters’ Rights” as well as “Annex B – BVI Business Companies Act 2004, as amended – Section 179” to this explanatory statement for additional information.

Q: Will any service provider be used to assist with proxy solicitation in connection with the extraordinary general meeting?

A: Yes. To assist in the solicitation of proxies, the Company has engaged Capita Registrars.

Q: Do any of the Company’s shareholders, directors, executive officers or employees have interests in the merger that may differ from those of other shareholders?

A: Yes. The Key Shareholders have interests in the merger that may differ from those of other shareholders, including their entitlement to receive shares in Sedgman Limited upon implementation of the merger as part of their agreed merger consideration.

Q: How will our directors and executive officers vote on the proposal to approve the Plan of Merger?

A: Company shareholders representing approximately 67.27 per cent. of the Company’s shares on issue (including shares held by Key Shareholders and in which certain of the directors of the Company have an interest) have executed voting and escrow deeds and voting deeds, pursuant to which those shareholders have irrevocably agreed to vote in favour of the approval of the Plan of Merger and the transactions contemplated by the Plan of Merger, including the merger.

The directors have unanimously approved the Merger Agreement.

Q: Who can help answer my questions?

A: If you have any questions about the merger or if you need additional copies of this explanatory statement or the enclosed proxy card, you should contact Capita Registrars, on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399 between 9.00 a.m. and 5.00 p.m. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

SPECIAL FACTORS

Reasons for the Merger and Recommendation of the Company's Board of Directors

The Company's board of directors believes that it is appropriate for the Company to undertake the merger and terminate the registration of the shares on AIM at this time because the offer price of £1.81 per share represents a premium over recent market prices. In addition, the Company will benefit from the merger by joining a large and financially well resourced group. The merger with Sedgman BVI creates certainty of value for the Company's shareholders at a premium that recognises the future potential of the business. The merger also positions the Company within the larger Sedgman Limited consolidated group with existing engineering expertise focused on the resources sector coupled with a larger balance sheet to support the increasingly complex and larger scale projects which the Company is undertaking and targeting throughout Africa.

Based on the foregoing considerations, the Company's board of directors concluded that it is more beneficial to the Company to undertake the proposed merger.

The Company's board of directors evaluated the merger, including the terms and conditions of the Merger Agreement and the Plan of Merger. In the course of reaching their determinations, our Company's board of directors considered the following substantive factors and potential benefits of the merger, each of which the Company's board of directors believed supported their respective decisions, but which are not listed in any relative order of importance:

- the Company's board of directors' knowledge of our business, financial condition, results of operations, prospects and competitive position and its belief that the merger is more favourable to the Company's shareholders than any other alternative reasonably available to the Company and the Company's shareholders;
- the financing obtained by and the ability of Sedgman Limited to consummate the merger assuming the availability of such financing;
- the belief that the terms of the Merger Agreement and Plan of Merger, including the parties' representations, warranties and covenants, and the conditions to their respective obligations, are reasonable;
- the all-cash merger consideration, which will allow shareholders, other than Key Shareholders, to immediately realise liquidity for their investment and provide them with certainty of the value of their shares with Key Shareholders realising partial liquidity of their investment;
- the closing price of the shares on AIM on 27 November 2012, the last trading date immediately prior to the Company's announcement on 28 November 2012 that it had entered into the Merger Agreement, was £1.66 per share. The merger consideration of £1.81 per share to be paid in cash to Unaffiliated Shareholders, represents:
 - a premium of 8.7 per cent. to the Company's closing price on 27 November 2012;
 - a premium of 23.0 per cent. to the one-month VWAP prior to 27 November 2012; and
 - a premium of 21.6 per cent. to the three-month VWAP prior to 27 November 2012.
- the possibility that it could take a considerable period of time before the trading price of the shares would reach and sustain at least the per share merger consideration of £1.81 per share as adjusted for the time value of money;
- the likelihood that the merger would be completed based on, among other things (not in any relative order of importance):
- the likelihood and anticipated timing of completing the merger in light of the scope of the conditions to completion, including the absence of significant required regulatory approvals;

- our ability, subject to compliance with the terms and conditions of the Plan of Merger, to terminate the Plan of Merger prior to the receipt of shareholder approval in order to enter into an alternative transaction proposed by a third party that is a “superior proposal” (as defined in the Merger Agreement); and
- the Company’s ability, under certain circumstances pursuant to the Plan of Merger, to seek specific performance to prevent breaches of the Plan of Merger and to enforce specifically the terms of the Plan of Merger.

In addition, the Company’s board of directors believe that sufficient procedural safeguards were and are present to ensure that the merger is procedurally fair to the Company’s Unaffiliated Shareholders and to permit the Company’s board of directors to represent effectively the interests of such Unaffiliated Shareholders. These procedural safeguards, which are not listed in any relative order of importance, are discussed below:

- the recognition by the Company’s board of directors that it had no obligation to recommend the approval of the merger proposal from Sedgman Limited or any other transaction;
- the recognition by the Company’s board of directors that, under the terms of the Merger Agreement, it has the ability to consider any acquisition proposal reasonably likely to lead to a superior proposal until the date the Company’s shareholders vote upon and approve the Plan of Merger;
- the ability of the Company to terminate the Merger Agreement prior to the receipt of shareholder approval of the Plan of Merger in order to enter into an acquisition agreement relating to a “superior proposal” (as defined in the Merger Agreement) subject to compliance with the terms and conditions of the Merger Agreement;
- the recognition that adoption of the Plan of Merger requires the affirmative vote of a majority of shareholders in excess of seventy-five per cent of the votes of those shareholders entitled to vote and voting (in person or by proxy) as a single class at the extraordinary general meeting and the Key Shareholders vote in favour of the merger; and
- the availability of appraisal rights to the Unaffiliated Shareholders who comply with all of the required procedures under the BVI Business Companies Act for exercising dissenters’ and appraisal rights, which allow such holders to seek appraisal of the fair value of their shares as determined by independent appraisers.

The board of directors also considered a variety of potentially negative factors discussed below concerning the Merger Agreement and the Plan of Merger and the merger, which are not listed in any relative order of importance:

- the fact that approval of the Plan of Merger is not subject to the approval of holders of a majority of the Company’s Unaffiliated Shares;
- the fact that the Company’s Unaffiliated Shareholders will have no ongoing equity participation in the Company following the merger, and that they will cease to participate in our future earnings or growth, if any, or to benefit from increases, if any, in the value of the shares, and will not participate in any potential future sale of the Company to a third party or any potential recapitalization of the Company which could include a dividend to shareholders;
- the possibility that Sedgman Limited could sell part or all of Sedgman BVI following the merger to one or more purchasers at a valuation higher than that being paid in the merger;
- the restrictions on the conduct of the Company’s business prior to the completion of the merger, which may delay or prevent the Company from undertaking business opportunities that may arise or any other action it would otherwise take with respect to the operations of the Company pending completion of the merger;
- the risks and costs to the Company if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential disruptive effect on business and customer relationships;

- the terms of Sedgman Limited's participation in the merger and the fact that Sedgman Limited may have interests in the transaction that are different from, or in addition to, those of our Unaffiliated Shareholders;
- the possibility that the merger might not be completed and the negative impact of a public announcement of the merger on our sales and operating results and our ability to attract and retain key management, marketing and technical personnel;
- the taxability of an all cash transaction to the Company's Unaffiliated Shareholders;
- the fact that Sedgman BVI is a newly formed company with essentially no assets; and
- the possibility that Sedgman Limited and Sedgman BVI may be unable or unwilling to complete the merger.

The foregoing discussion of information and factors considered by the Company's board of directors is not intended to be exhaustive, but includes a number of the factors considered by the Company's board of directors. In view of the wide variety of factors considered by the Company's board of directors, the Company's board of directors did not find practicable to quantify or otherwise assign relative weights to the foregoing factors in reaching its conclusions. In addition, individual members of the Company's board of directors may have given different weights to different factors and may have viewed some factors more positively or negatively than others. The Company's board of directors approved the Merger Agreement and the Plan of Merger based upon the totality of the information presented to and considered by it.

In the course of reaching its conclusion regarding the fairness of the merger to the Unaffiliated Shareholders and its decision to recommend the adoption of the Plan of Merger and approval of the transactions contemplated by the Plan of Merger, including the merger, the board of directors who have been so advised by Canaccord Genuity Limited consider the merger to be fair and reasonable so far as MDM shareholders are concerned.

The Company's board of directors did not consider firm offers by any unaffiliated person as the Company is not aware of any firm offers made by any other persons during the two years prior to the date of Plan of Merger for (i) the merger or consolidation of the Company with another company, or vice versa, (ii) the sale or transfer of all or any substantial part of the Company's assets, or (iii) a purchase of the Company's securities that would enable such person to exercise control of the Company.

In reaching its determination that the Plan of Merger and the transactions contemplated thereby, including the merger, are in the best interests of the Company and the Company's Unaffiliated Shareholders and its decision to approve the Plan of Merger and recommend the adoption of the Plan of Merger by the Company's shareholders, the Company's board of directors considered the factors as described above under this section and believes that the Plan of Merger and the transactions contemplated thereby are substantively and procedurally fair to the Company's Unaffiliated Shareholders.

Purposes and Reasons of Sedgman Limited for the Merger

- The acquisition is a strong fit for Sedgman Limited's current strategic imperatives, namely:
 - Building a stronger service capability targeting the metalliferous sector;
 - Building geographical diversity in key mining regions;
 - Support Australian mining companies in Africa; and
 - Growth via strategic mergers and acquisitions.
- The acquisition of the Company will significantly expand Sedgman Limited's operations in Africa and in the metalliferous sector.
- The Company provides a platform for growth in one of the largest and fastest growing mining regions in the world.

- The Company will provide Sedgman Limited with diversification benefits across geography and commodity creating a broader based business.
- The Company’s capabilities include feasibility studies, plant design, construction and commissioning (EPC & EPCM) providing Sedgman Limited the opportunity to leverage its core competencies into new geographic markets and client bases.

Effect of the Proposed Merger on the Company

Private Ownership

The Company’s Shares are currently listed on AIM under the symbol “MDM.” Immediately following the completion of the merger, the Company will cease to be a publicly traded company and will instead be merged into Sedgman BVI which is a privately held company owned directly by Sedgman BVI and indirectly by Sedgman Limited. Following the completion of the merger, the Shares will cease to be listed on AIM and price quotations with respect to sales of the Shares in the public market will no longer be available.

Upon completion of the merger, each issued and outstanding Share held by the Unaffiliated Shareholders, other than the Dissenting Shares, will be cancelled in exchange for the right to receive £1.81 per Share in cash, without interest and net of any applicable withholding taxes. As a result, current shareholders of the Company will no longer have any equity interest in, or be shareholders of, the Company upon completion of the merger. As a result, the Company’s shareholders, other than the Key Shareholders, will not have the opportunity to participate in the earnings and growth of the Company and they will not have the right to vote on corporate matters.

Directors and Management of the Surviving Company

If the merger is completed, the directors of Sedgman BVI shall be as is identified the table below captioned Directors and Executive Officers of Sedgman BVI:

Directors and Executive Officers of Sedgman BVI (post merger)

<i>Name</i>	<i>Position/Office</i>
Adrian Relf	Director

Primary Benefits and Detriments of the Merger

The primary benefits of the merger to the Company’s Unaffiliated Shareholders include, without limitation, the following:

- The primary benefits of the merger to the Company’s Unaffiliated Shareholders include, without limitation, (a) the receipt by such shareholders of £1.81 per share in cash, which will be financed by Sedgman Limited as set forth under the caption “**Financing of the Merger**” in this explanatory statement, represents:
 - a premium of 8.7 per cent. to the Company’ closing price on 27 November 2012;
 - a premium of 23.0 per cent. to the one-month VWAP prior to 27 November 2012; and
 - a premium of 21.6 per cent. to the three-month VWAP prior to 27 November 2012.

(27 November 2012 was the last trading day prior to the Company’s announcement on 28 November 2012 that it had entered into the Merger Agreement with Sedgman Limited and Sedgman BVI); (b) the avoidance of the risks associated with any possible decrease in the Company’s future revenues and free cash flow, growth or value following the merger; and (c) the reduction of the costs and administrative burden associated with operating the Company as a publicly traded company, including the costs associated with regulatory filings and compliance requirements.)
- the avoidance of the risk associated with any possible decrease in the Company’s future revenues and free cash flow, growth or value following the merger.

The primary detriments of the merger to the Company's Unaffiliated Shareholders include, without limitation, the following:

- such shareholders will cease to have an interest in the Company and, therefore, will no longer benefit from possible increases in the future revenues and free cash flow, growth or value of the Company or payment of dividends on the shares, if any;
- in general, the receipt of cash pursuant to the merger or through the exercise of dissenters' rights will may be a taxable transaction for income tax purposes for some of the Company's shareholders and may also be a taxable transaction for some of the Company's shareholders under other applicable tax laws.

The primary benefits of the merger to Sedgman Limited include the following:

- If the Company successfully executes its business strategies, the value of Sedgman Limited's equity investment could increase because of possible increases in future revenues and free cash flow, increases in the underlying value of the Company or the payment of dividends, if any, that will accrue to Sedgman BVI;
- The acquisition is a strong fit for Sedgman Limited's current strategic imperatives, namely:
 - Building a stronger service capability targeting the metalliferous sector;
 - Building geographical diversity in key mining regions;
 - Support Australian mining companies in Africa; and
 - Growth via strategic mergers and acquisitions.
- The acquisition of the Company will significantly expand Sedgman Limited's operations in Africa and in the metalliferous sector.
- The acquisition of the Company provides a platform for growth in one of the largest and fastest growing mining regions in the world.
- The acquisition of the Company will provide Sedgman Limited with diversification benefits across geography and commodity creating a broader based business.
- The Company's capabilities include feasibility studies, plant design, construction and commissioning (EPC & EPCM) providing Sedgman the opportunity to leverage its core competencies into new geographic markets and client bases.

The primary detriments of the merger to the Sedgman Limited Group (as defined in the Merger Agreement) include the following:

- all of the risk of any possible decrease in our revenues, free cash flow or value following the merger will be borne by Sedgman BVI;
- the business risks facing the Company, including increased competition and government regulation, will be borne by Sedgman BVI;
- an equity investment in the surviving company following the merger will involve substantial risk resulting from the limited liquidity of such an investment; and following the merger, there will be no trading market for the surviving company's equity securities.

Alternatives to the Merger

The Company and Sedgman Limited did not consider any other form of transaction such as a scheme of arrangement or tender offer because they believed that the merger was the most direct and effective way to enable Sedgman Limited to acquire (indirectly) 100 per cent. control of the Company.

Effects on the Company if the Merger is not Completed

If the Plan of Merger is not approved by the Company's shareholders or if the merger is not completed for any other reason, shareholders will not receive any payment for their shares in connection with the merger. Instead, the Company will remain a publicly traded company, the shares will continue to be listed and traded on AIM, provided that the Company continues to meet AIM's listing requirements. Therefore, the Company's shareholders will continue to be subject to similar risks and opportunities as they currently are with respect to their ownership of the Company's shares. Accordingly, if the merger is not completed, there can be no assurance as to the effect of these risks and opportunities on the future value of your shares, including the risk that the market price of the shares may decline to the extent that the current market price reflects a market assumption that the merger will be completed.

Under specified circumstances, the Company may be required to pay Sedgman Limited a termination fee which is described in more detail in the section below entitled "**Termination Fee**".

If the merger is not completed, from time to time, the Company's board of directors will evaluate and review, among other things, the business, operations, dividend policy and capitalisation of the Company and make such changes as are deemed appropriate and continue to seek to identify strategic alternatives to enhance shareholder value. If the Plan of Merger is not approved by the Company's shareholders or if the merger is not completed for any other reason, there can be no assurance that any other transaction acceptable to the Company will be offered, or that the business, prospects or results of operations of the Company will not be adversely impacted.

Financing

The cash component of the merger consideration is expected to be funded via a mix of existing cash of Sedgman Limited and existing banking facilities.

Termination Fee

Where Sedgman Limited validly terminates the Merger Agreement owing to a change of recommendation by the Company's board of directors or a material breach by the Company or where the Company terminates the Merger Agreement owing to acceptance of a superior proposal or where an Acquisition Proposal (other than by Sedgman Limited) becomes unconditional of the proposer acquires 50.1 per cent. or more of the shares of the Company or where a prescribed event or a material adverse change occurs in relation to the Company (which entitles Sedgman Limited to terminate the Merger Agreement), the Company shall pay to Sedgman Limited, as compensation for damages Sedgman Limited will suffer as a consequence of the non-completion of the merger, an amount equal to the Capped Amount. Notwithstanding the occurrence of any event that would otherwise trigger an MDM Termination Payment, no amount is payable by way of the MDM Termination Payment if the merger is implemented.

Where the Company validly terminates the Merger Agreement owing to a material breach by Sedgman Limited, Sedgman Limited shall pay to the Company an amount equal to 50 per cent. of the Capped Amount.

Interests of Key Shareholders in the Merger

In considering the recommendation of the Company's board of directors with respect to the merger, you should be aware that the Key Shareholders have interests in the transaction that are different from, and/or in addition to, the interests of the Company's shareholders generally. The Company's board of directors were aware of such interests and considered them, among other matters, in reaching their decisions to adopt the Plan of Merger and approve the transactions contemplated by the Plan of Merger, including the merger, and recommend that the Company's shareholders vote in favour of adopting the Plan of Merger and approving the transactions contemplated by the Plan of Merger, including the merger.

Treatment of Existing Share Options, Including Those Held by Officers and Directors

It is proposed that each share option held under the Company's Global Share Option Plan shall be cancelled upon the effectiveness of the merger and each optionholder shall (as soon as reasonably practicable thereafter) be paid cash consideration equivalent to the difference between £1.81 and the exercise price applicable to the relevant option. The Company has notified the Company's optionholders of the merger and it is proposed that the Company will enter into deeds of release and cancellation with each optionholder to effect the release and cancellation.

Fees and Expenses

Fees and expenses (such as, legal, financial and miscellaneous – including accounting, filing fees, printer, proxy solicitation and mailing costs, directors' and officers' insurance costs) have been incurred or will be incurred by the Company in connection with the merger.

These fees and expenses will not reduce the merger consideration to be received by the Company's shareholders. If the merger is completed, the party incurring any costs and expenses in connection with the merger and the Plan of Merger shall pay such costs and expenses.

Litigation Related to the Merger

We are not aware of any lawsuit that challenges the merger, the Plan of Merger or any of the transactions contemplated hereby.

Regulatory Matters

The Company does not believe that any material regulatory approvals, filings or notices are required in connection with the merger other than the approvals, filings or notices required by AIM or ASX, the South African Competition Commission, or the Competition Tribunal, or the Competition Appeal Court, as the case may be, approving the merger unconditionally in terms of the South African Competition Act of 1998, the Tanzanian Fair Competition Commission, or the Fair Competition Tribunal, as the case may be, approving the merger unconditionally in terms of the Tanzanian Fair Competition Act and the filing of the Articles of merger (and supporting documentation as specified in the BVI Business Companies Act) with the Registrar of Corporate Affairs of the British Virgin Islands, and in the event the merger becomes effective, a copy of the certificate of merger being provided to parties requesting a copy of same promptly after its receipt from the Registrar of Corporate Affairs of the British Virgin Islands.

Appraisal Rights

Please see "Dissenters' Rights – Requirements for Exercising Dissenters' Rights".

Material Income Tax Consequences

The receipt of cash pursuant to the merger or through the exercise of dissenters' rights may be a taxable transaction for income tax purposes for some of the Company's shareholders and may also be a taxable transaction for some of the Company's shareholders under other tax laws. The tax consequences of the merger or the exercise of dissenters' rights to you will depend upon your personal circumstances. You should consult your tax advisors for a full understanding of tax consequences of the merger to you.

The British Virgin Islands currently have no form of income, corporate or capital gains tax and no estate duty, inheritance tax or gift tax. No taxes, fees or charges will be payable (either by direct assessment or withholding) to the government or other taxing authority in the British Virgin Islands under the laws of the British Virgin Islands in respect of the merger or the receipt of cash for our shares under the terms of the Plan of Merger. This is subject to the qualification that (a) British Virgin Islands stamp duty may be payable if any transaction documents are produced before a court in the British Virgin Islands; and (b) registration fees will be payable to the Registrar of Companies to register the articles of merger.

Market Price of the Company's Shares, Dividends and Other Matters

The closing price of the shares on AIM on 27 November 2012, the last trading date immediately prior to the Company's announcement on 28 November 2012 that it had entered into the Merger Agreement, was £1.66 per share. The merger consideration of £1.81 per share to be paid in cash to Unaffiliated Shareholders, represents:

- a premium of 8.7 per cent. to the Company's closing price on 27 November 2012;
- a premium of 23.0 per cent. to the one-month VWAP prior to 27 November 2012; and
- a premium of 21.6 per cent. to the three-month VWAP prior to 27 November 2012.

On 3 December 2012, the most recent practicable date before the printing of this explanatory statement, the high and low reported sales prices of our shares were £1.82 and £1.78.5, respectively. You are urged to obtain a current market price quotation for your shares in connection with voting the shares.

Dividend Policy

Subject to the approval of the Company's shareholders, the Company's board of directors has complete discretion over distribution of dividends. Even if the Company's board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Company's board of directors may deem relevant.

The Company's board of directors is pleased to declare that the Company will pay a gross interim cash dividend of US\$0.08 per share on 15 January 2013 to all shareholders registered on the share register as at the record date of 7 December 2012 (the "**Interim Dividend**"). The Interim Dividend will have an ex-dividend date of 5 December 2012.

THE EXTRAORDINARY GENERAL MEETING

Unless the Merger Agreement is terminated, the Company shall take all actions necessary to convene an extraordinary general meeting of its shareholders as promptly as reasonably practicable. The Company may adjourn or postpone the extraordinary general meeting if as of the time for which the extraordinary general meeting proceeds to business there are insufficient shares represented to constitute a quorum necessary to conduct the business at the extraordinary general meeting or to allow reasonable time for the filing and mailing of any supplemental or amended disclosure which the board of directors of the Company has determined in good faith after consultation with outside counsel is necessary or advisable under applicable law and for such supplemental or amended disclosure to be disseminated and reviewed by the Company's shareholders prior to the extraordinary general meeting. The board of directors of the Company shall recommend approval of the Plan of Merger, and the merger by the Company's shareholders and take all reasonable and lawful actions to solicit proxies from its shareholders to obtain the required shareholder approval of the Plan of Merger and the merger.

THE PLAN OF MERGER

This section of the explanatory statement describes the material terms of the Plan of Merger but does not purport to describe all of the terms of the Plan of Merger. The following summary is qualified in its entirety by reference to the complete text of the Plan of Merger, which is attached as Annex A to this explanatory statement and is incorporated into this explanatory statement by reference. We urge you to read the full text of the Plan of Merger because it is the legal document that governs the merger. This description of the Plan of Merger has been included to provide you with information regarding its terms.

Structure and Completion of the Merger

The Plan of Merger provides for the merger of the Company with and into Sedgman BVI upon the terms of the Merger Agreement. If the merger is completed, the Company will cease to be a publicly traded company. At the closing, Sedgman BVI and the Company will execute articles of merger and file the articles of merger and other related documents with the Registrar of Corporate Affairs of the British Virgin Islands. The articles of merger are required to be filed within the 3 business days after all of the closing conditions have been satisfied or waived under the Merger Agreement. The merger will become effective upon such filing or at such time thereafter within 30 days of registration of the articles of merger by the Registrar of Corporate Affairs of the British Virgin Islands, as agreed by Sedgman BVI and the Company.

We expect that the merger will be completed towards the end of the first quarter of 2013, after all conditions to the merger have been satisfied or waived. We cannot specify when, or assure you that, all conditions to the merger will be satisfied or waived; however, we intend to complete the merger as promptly as practicable.

Merger Consideration

The merger consideration payable to the Company's shareholders under the Plan of Merger and Merger Agreement (save for the Dissenting Shares, as referred to below) is as follows: (a) each Key Shareholder Share shall be cancelled in exchange for consideration comprising (i) the issue of 0.9475 shares of Sedgman Limited, and (ii) payment of cash consideration of £1.27 per Company share; and (b) each Unaffiliated Share, shall be cancelled in exchange for payment of cash consideration of £1.81 per Company share.

Under the Merger Agreement, the parties have agreed that in circumstances where the Company has met certain working capital and cash requirements, there may be an increase in the consideration payable by Sedgman Limited. Any additional consideration will be in the form of an increase to the merger consideration or by way of a special dividend payable to the Company's shareholders.

A Company shareholder will be deemed to be untraceable if (a) he has no registered address in the register of members maintained by the Company or, (b) on the last two (2) consecutive occasions on which a dividend has been paid by the Company a cheque payable to such shareholder either (i) has been sent to such shareholder and has been returned undelivered or has not been cashed or, (ii) has not been sent to such shareholder because on an earlier occasion a check for a dividend so payable has been returned undelivered, and in any such case no valid claim in respect thereof has been communicated in writing to the Company or (c) notice of the Company extraordinary general meeting convened to vote on the merger has been sent to such shareholder and has been returned undelivered. Monies due to holders of Dissenting Shares and shareholders of the Company who are untraceable and any monies which are returned shall be held by the surviving company in a separate non-interest bearing bank account for the benefit of holders of Dissenting Shares and shareholders of the Company who are untraceable. Monies unclaimed after a period of seven (7) years from the date of the notice of the extraordinary general meeting shall be forfeited and shall revert to Sedgman BVI as the surviving company of the merger.

Treatment of Company Share Options

It is proposed that each share option held under the Company's Global Share Option Plan shall be cancelled upon the effectiveness of the merger and each optionholder shall (as soon as reasonably practicable thereafter) be paid cash consideration equivalent to the difference between £1.81 and the exercise price applicable to the relevant option. The Company has notified the Company's optionholders of the merger and it is proposed that the Company will enter into deeds of release and cancellation with each optionholder to effect the release and cancellation.

Exchange Procedures

As soon as practicable after the effective time of the merger, Sedgman Limited will deposit with the paying agent for the benefit of the holders of the shares, an amount in cash sufficient for the paying agent to make payments under the Plan of Merger. As soon as practicable after the effective time of the merger, the paying agent will mail to each registered holder of the shares (other than holders of the Dissenting Shares) (a) a letter of transmittal specifying how the delivery of the merger consideration to registered holders of the shares will be effected and (b) instructions for effecting the surrender of share certificates in exchange for the applicable merger consideration. Upon surrender of a share certificate, a declaration of loss or non-receipt or a book entry shares, each registered holder of the shares will receive an amount equal to (i) the number of shares multiplied by (ii) the per share merger consideration.

Representations and Warranties

The Merger Agreement and Plan of Merger contains representations and warranties made by the Company to Sedgman Limited and Sedgman BVI and representations and warranties made by Sedgman Limited and Sedgman BVI to the Company, in each case, as of specific dates. The statements embodied in those representations and warranties were made for purposes of the Plan of Merger and are subject to important qualifications and limitations agreed by the parties in connection with negotiating the terms of the Plan of Merger (including the Merger Agreement). In addition, some of those representations and warranties may be subject to a contractual standard of materiality different from that generally applicable to shareholders, may have been made for the principal purposes of establishing the circumstances in which a party to the Plan of Merger may have the right not to close the merger if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise and allocating risk between the parties to the Plan of Merger rather than establishing matters as facts. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this explanatory statement, may have changed since the date of the Plan of Merger and subsequent developments or new information qualifying a representation or warranty may have been included in this explanatory statement.

PROVISIONS FOR UNAFFILIATED SHAREHOLDERS

No provision has been made to (a) grant the Company's shareholders access to corporate files of the Company and other parties to the merger or any of their respective affiliates or (b) to obtain counsel or appraisal services at the expense of the Company or any other such party or affiliate.

DISSENTERS' RIGHTS

The following is a brief summary of the rights of holders of the shares to object to the merger and receive cash equal to the appraised fair value of their shares ("**Dissenters' Rights**"). This summary is not a complete statement of the law, and is qualified in its entirety by the complete text of Section 179 of the BVI Business Companies Act, a copy of which is attached as Annex B to this explanatory statement. If you are contemplating the possibility of objecting to the merger, you should carefully review the text of Annex B, particularly the procedural steps required to perfect Dissenters' Rights. These procedures are complex and you should consult your British Virgin Islands legal counsel. If you do not fully and precisely satisfy the procedural requirements of the BVI Business Companies Act, you will lose your Dissenters' Rights.

Requirements for Exercising Dissenters' Rights

A dissenting registered shareholder of the Company is entitled to payment of the fair value of his shares upon dissenting to the merger.

The exercise of your dissenters' rights will preclude the exercise of any other rights by virtue of holding shares in connection with the merger, other than the right to seek relief on the grounds that the merger is void or unlawful. To preserve your Dissenters' Rights, the following procedures must be followed:

- you must give written notice of objection ("**Notice of Objection**") to the Company prior to the vote to approve the merger. The Notice of Objection must include a statement that you propose to demand payment for your shares if the merger is authorised by the resolution at the extraordinary general meeting;
- within twenty (20) days immediately following the date on which the vote approving the merger is made, the Company must give written notice of the authorization ("**Approval Notice**") to all Dissenting Shareholders who have served a Notice of Objection;
- within twenty (20) days immediately following the date on which the Approval Notice is given (the "**Dissent Period**"), the Dissenting Shareholder must give a written notice of his decision to dissent (a "**Notice of Dissent**") to the Company stating his name and address, the number and class of the shares with respect to which he dissents and demanding payment of the fair value of his shares; and a dissenting shareholder must dissent in respect of all the shares which he holds;
- within seven (7) days immediately following (a) the date of expiry of the Dissent Period or (b) the date on which the plan of merger is filed with the Registrar of Corporate Affairs of the British Virgin Islands, whichever is later, Sedgman BVI, as the surviving company, must make a written offer (a "**Fair Value Offer**") to each Dissenting Shareholder to purchase their shares at a price determined by the Company to be the fair value of such shares;
- if, within thirty (30) days immediately following the date of the Fair Value Offer, Sedgman BVI, as the surviving company, and the Dissenting Shareholder fail to agree on a price at which Sedgman BVI, as the surviving company, will purchase the Dissenting Shares, then, within twenty (20) days immediately following the date of the expiry of such 30-day period;
- Sedgman BVI, as the surviving company, and the Dissenting Shareholder shall each designate an appraiser;
- the two designated appraisers together shall designate a third appraiser;
- the three appraisers shall fix the fair value of the Dissenting Shares; and
- under the BVI Business Companies Act, 2004, as amended the fair value of the Dissenting Shares will be determined at the close of business on the day prior to the date on which the vote to approve the merger was taken, excluding any appreciation or depreciation in the value of the shares, directly or indirectly, induced by the announcement of the merger. Upon the surrender of the Dissenting Shareholder's certificates representing their shares, Sedgman BVI, as the surviving company, will pay, in cash, the fair value of the shares determined by the appraisers.

All notices and petitions must be executed by or for the shareholder of record, fully and correctly, as such shareholder's name appears on the register of members of the Company. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, these notices must be executed by or for the fiduciary. If the shares are owned by or for more than one person such notices and petitions must be executed by or for all joint owners. An authorised agent, including an agent for two or more joint owners, may execute the notices or petitions for a shareholder of record; however, the agent must identify the record owner and expressly disclose the fact that, in exercising the notice, he is acting as agent for the record owner. A person having a beneficial interest in shares held of record in the name of another person, such as a broker or nominee, must act promptly to cause the record holder to follow the steps summarized above and in a timely manner to perfect whatever dissenters' rights attached to the shares.

Dissenters' rights are available only to registered holders of shares. If you hold any shares as the beneficial owner but are not the "registered holder" of such shares and you wish to exercise the dissenters' rights, you must arrange for such shares to be registered in your name and comply with the procedures and requirements described above for exercising dissenters' rights with respect to the shares under Section 179 of the BVI Business Companies Act.

If you do not satisfy each of these requirements, you cannot exercise dissenters' rights and will be bound by the terms of the Plan of Merger. Submitting a proxy card that does not direct how the shares represented by that proxy are to be voted will give the proxy discretion to vote as it determines appropriate. In addition, failure to vote your shares, or a vote against the proposal to adopt the Plan of Merger and approve the transactions contemplated by the Plan of Merger, including the merger, will not alone satisfy the notice requirement referred to above. You must send all notices to the Company to the Company at 2nd Floor, 382 Jan Smuts Avenue, Craighall, Johannesburg, South Africa marked for the attention of Dominique de la Roche.

If you are considering dissenting, you should be aware that the fair value of your shares determined under Section 179 of the BVI Business Companies Act could be more than, the same as, or less than the £1.81 in cash without interest for each share of the Company that you would otherwise receive as consideration in the merger. In addition, in any proceedings for determination of the fair value of the shares covered by a Notice of Dissent, the Company and the Buyer Filing Persons intend to assert that the per share merger consideration of £1.81 is equal to the fair value of each of your shares.

The provisions of Section 179 of the BVI Business Companies Act are technical and complex. If you fail to comply strictly with the procedures set forth in Section 179, you will lose your Dissenters' Rights. You are advised to consult your British Virgin Islands legal counsel if you wish to exercise Dissenters' Rights.

SHARE OWNERSHIP OF KEY SHAREHOLDERS INVOLVED WITH THE MANAGEMENT OF THE COMPANY

The following table sets forth information with respect to the beneficial ownership of our shares, as of the date of this explanatory statement, by Key Shareholders involved with the management of the Company:

<i>Name of Key Shareholder</i>	<i>Number of Shares Beneficially Held</i>
Pipestone Capital Inc	7,017,871
Waterfall Limited	250,000
Emirate Investments Limited	6,287,060
Alchemy Holdings Limited	2,208,960
MS Investment Trust	524,238

MATERIAL INCOME TAX CONSEQUENCES

The receipt of cash pursuant to the merger or through the exercise of dissenters' rights may be a taxable transaction for income tax purposes for certain shareholders and may also be a taxable transaction for certain shareholders under other tax laws. The tax consequences of the merger or the exercise of dissenters' rights to you will depend upon your personal circumstances. You should consult your tax advisors for a full understanding of tax consequences of the merger to you.

The British Virgin Islands currently have no form of income, corporate or capital gains tax and no estate duty, inheritance tax or gift tax. No taxes, fees or charges will be payable (either by direct assessment or withholding) to the government or other taxing authority in the British Virgin Islands under the laws of the British Virgin Islands in respect of the merger or the receipt of cash for our shares under the terms of the merger. This is subject to the qualification that registration fees will be payable by the Company to the Registrar of Corporate Affairs in the British Virgin Islands to register the articles of merger.

FUTURE SHAREHOLDER PROPOSALS

If the merger is completed, we will not have public shareholders and there will be no public participants in any future shareholders' meeting. However, if the merger is not completed, an annual general meeting is expected to be held in Monaco on Friday 6 September 2013.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this explanatory statement, the documents attached hereto and the documents incorporated by reference in this explanatory statement are forward-looking statements based on estimates and assumptions. These include statements as to such things as our financial condition, results of operations, plans, objectives, future performance and business, as well as forward-looking statements relating to the merger. Such forward-looking statements are based on facts and conditions as they exist at the time such statements are made. Forward-looking statements are also based on current expectations, estimates and projections about our business and the merger, the accurate prediction of which may be difficult and involve the assessment of events beyond our control. The forward-looking statements are further based on assumptions made by management. Forward-looking statements can be identified by forward-looking language, including words such as “believes,” “anticipates,” “expects,” “estimates,” “intends,” “may,” “plans,” “predicts,” “projects,” “will,” “would” and similar expressions, or the negative of these words. These statements are not guarantees of the underlying expectations or future performance and involve risks and uncertainties that are difficult to predict. Readers of this explanatory statement are cautioned to consider these risks and uncertainties and not to place undue reliance on any forward-looking statements.

The following factors, among others, could cause actual results or matters related to the merger to differ materially from what is expressed or forecasted in the forward-looking statements:

- the satisfaction of the conditions to completion of the merger, including the approval of the Plan of Merger by the Company’s shareholders;
- the occurrence of any event, change or other circumstance that could give rise to the termination of the Plan of Merger;
- the cash position of the Company and its subsidiaries, at the effective time of the merger;
- debt financing may not be funded on at the effective time of the merger because of the failure of Sedgman Limited to meet the closing conditions or for other reasons, which may result in the merger not being completed promptly or at all;
- the effect of the announcement or pendency of the merger on our business relationships, operating results and business generally;
- risk that the merger may not be completed in a timely manner or at all, which may adversely affect our business and the prices of our shares;
- the potential adverse effect on our business, properties and operations because of certain covenants we agreed to in the Plan of Merger;
- diversion of our management’s attention from our ongoing business operations;
- the amount of the costs, fees, expenses and charges related to the merger and the actual terms of the financings that will be obtained for the merger; and
- the outcome of any legal proceedings, regulatory proceedings or enforcement matters that may be instituted against us and others relating to the merger.

Furthermore, the forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, collaborations, dividends or investments made by the parties. We believe that the assumptions on which our forward-looking statements are based are reasonable. However, many of the factors that will determine our future results are beyond our ability to control or predict and we cannot guarantee any future results, levels of activity, performance or achievements. We cannot assure you that the actual results or developments we anticipate will be realised or, if realised, that they will have the expected effects on our business or operations. In light of the significant uncertainties inherent in the forward-looking statements, readers should not place undue reliance on forward-looking statements, which speak only as of the date on which the statements were made and it should not be assumed that the statements remain accurate as of any future date. All subsequent written and oral forward-looking

statements concerning the merger or other matters addressed in this explanatory statement and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Further, forward-looking statements speak only as of the date they are made and, except as required by applicable law or regulation, we undertake no obligation to update these forward-looking statements to reflect future events or circumstances.

WHERE YOU CAN FIND MORE INFORMATION

We undertake to provide you without charge to each person to whom a copy of this explanatory statement has been delivered, upon request, by first class mail or other equally prompt means, within one business day of receipt of the request, a copy of any or all of the documents incorporated by reference into this explanatory statement, other than the exhibits to these documents, unless the exhibits are specifically incorporated by reference into the information that this explanatory statement incorporates.

Requests for copies of our filings should be directed to Capita Registrars, at the address and phone numbers provided in this explanatory statement.

THIS EXPLANATORY STATEMENT DOES NOT CONSTITUTE THE SOLICITATION OF A PROXY IN ANY JURISDICTION TO OR FROM ANY PERSON TO WHOM OR FROM WHOM IT IS UNLAWFUL TO MAKE SUCH PROXY SOLICITATION IN THAT JURISDICTION. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROXY STATEMENT TO VOTE YOUR SHARES AT THE EXTRAORDINARY GENERAL MEETING. WE HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT FROM WHAT IS CONTAINED IN THIS EXPLANATORY STATEMENT.

THIS EXPLANATORY STATEMENT IS DATED 4 DECEMBER 2012. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS EXPLANATORY STATEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THAT DATE, AND THE MAILING OF THIS EXPLANATORY STATEMENT TO SHAREHOLDERS DOES NOT CREATE ANY IMPLICATION TO THE CONTRARY.

ANNEX A: PLAN OF MERGER

PLAN OF MERGER

This Plan of Merger is made the ___ day of _____ 2012 between Sedgman Africa Investments Limited (sometimes hereinafter referred to as “**SDM BVI**” or the “**Surviving Company**”) and MDM Engineering Group Limited (“**MDM**”). SDM BVI and MDM are herein collectively referred to as the “**Companies**”.

WHEREAS SDM BVI and MDM are each a BVI Business Company incorporated and existing under and by virtue of the BVI Business Companies Act, 2004 (as amended) (the “**Act**”) and are each entering into this Plan of Merger pursuant to the provisions of Section 170 of the Act.

AND WHEREAS the directors of the Companies deem it desirable and in the best interests of the Companies and their members as the case may be that MDM be merged with and into SDM BVI.

NOW THEREFORE this Plan of Merger witnesseth as follows:

1. The constituent companies to this Plan of Merger are SDM BVI and MDM.
2. The Surviving Company to the merger is SDM BVI.
3. SDM BVI has 1 share of a single class in issue and MDM has 37,459,107 shares of a single class in issue. All of the shares issued by the Companies are each entitled to vote on the merger as one class.
4. Upon the merger, the separate corporate existence of MDM shall cease and the Surviving Company shall become the owner, without other transfer, of all the rights and property of the Companies and the Surviving Company shall become subject to all claims, debts, liabilities and obligations of the constituent companies.
5. The terms and conditions of the merger including the manner and basis of cancelling the shares of MDM for the agreed merger consideration comprising other property are set out in the merger agreement entered into between Sedgman Limited, MDM and SDM BVI dated 27 November 2012 (the “**Merger Implementation Agreement**”) and summarized below:
 - (a) each share of SDM BVI issued and outstanding on the effective date of the merger shall continue to be one share with no par value in the Surviving Company;
 - (b) each issued share of MDM owned by the Key Shareholders (as defined in the Merger Implementation Agreement) shall be cancelled in exchange for consideration comprising (i) the issue of 0.9475 shares of Sedgman Limited, a company incorporated in Australia with ACN 088 471 667, and (ii) payment of cash consideration of £1.27 per share in accordance with the terms of the Merger Implementation Agreement; and
 - (c) each issued share of MDM not owned by the Key Shareholders (as defined in the Merger Implementation Agreement) shall be cancelled in exchange for payment of cash consideration of £1.81 per share in accordance with the terms of the Merger Implementation Agreement; and
 - (d) each share option held under the MDM Global Share Option Plan shall be cancelled upon the effectiveness of the merger and each optionholder shall be paid cash consideration equivalent to the difference between the amount paid per MDM share cancelled pursuant to Section 5(c) above (being £1.81) and the exercise price applicable to the relevant option, the terms of which cancellation are more fully set out in the deeds of release and cancellation made between MDM and each optionholder.
6. The constituent documents of SDM BVI as in effect on the effective date shall be the constituent documents of the Surviving Company until the same shall be altered or amended or until new constituent documents are adopted as provided therein.

- 7. This Plan of Merger shall be submitted to the members of each of the constituent companies for their approval by a resolution of members.
- 8. The merger shall be effective as provided by the laws of the British Virgin Islands.
- 9. This Plan of Merger may be executed in counterparts which when taken together shall constitute one instrument.

In witness whereof the parties hereto have caused this Plan of Merger to be executed on this day of , 2012.

SIGNED for and on behalf of) _____
 Sedgman Africa Investments Limited)
 by) Director

SIGNED for and on behalf of) _____
 MDM Engineering Group Limited)
 by) Director

ANNEX B: BRITISH VIRGIN ISLANDS BUSINESS COMPANIES ACT, 2004,

AS AMENDED – SECTION 179

- 179.** (1) A member of a company is entitled to payment of the fair value of his shares upon dissenting from
- (a) a merger, if the company is a constituent company, unless the company is the surviving company and the member continues to hold the same or similar shares;
 - (b) a consolidation, if the company is a constituent company;
 - (c) any sale, transfer, lease, exchange or other disposition of more than 50 per cent. in value of the assets or business of the company, if not made in the usual or regular course of the business carried on by the company, but not including
 - (i) a disposition pursuant to an order of the Court having jurisdiction in the matter,
 - (ii) a disposition for money on terms requiring all or substantially all net proceeds to be distributed to the members in accordance with their respective interests within one year after the date of disposition, or
 - (iii) a transfer pursuant to the power described in section **28(2)**;
 - (d) a redemption of his shares by the company pursuant to section **176**; and
 - (e) an arrangement, if permitted by the Court.
- (2) A member who desires to exercise his entitlement under subsection (1) shall give to the company, before the meeting of members at which the action is submitted to a vote, or at the meeting but before the vote, written objection to the action; but an objection is not required from a member to whom the company did not give notice of the meeting in accordance with this Act or where the proposed action is authorised by written consent of members without a meeting.
- (3) An objection under subsection (2) shall include a statement that the member proposes to demand payment for his shares if the action is taken.
- (4) Within 20 days immediately following the date on which the vote of members authorizing the action is taken, or the date on which written consent of members without a meeting is obtained, the company shall give written notice of the authorization or consent to each member who gave written objection or from whom written objection was not required, except those members who voted for, or consented in writing to, the proposed action.
- (5) A member to whom the company was required to give notice who elects to dissent shall, within 20 days immediately following the date on which the notice referred to in subsection (4) is given, give to the company a written notice of his decision to elect to dissent, stating
- (a) his name and address;
 - (b) the number and classes of shares in respect of which he dissents; and
 - (c) a demand for payment of the fair value of his shares;
- and a member who elects to dissent from a merger under section 172 shall give to the company a written notice of his decision to elect to dissent within 20 days immediately following the date on which the copy of the plan of merger or an outline thereof is given to him in accordance with section 172.
- (6) A member who dissents shall do so in respect of all shares that he holds in the company.

- (7) Upon the giving of a notice of election to dissent, the member to whom the notice relates ceases to have any of the rights of a member except the right to be paid the fair value of his shares.
- (8) Within 7 days immediately following the date of the expiration of the period within which members may give their notices of election to dissent, or within 7 days immediately following the date on which the proposed action is put into effect, whichever is later, the company or, in the case of a merger or consolidation, the surviving company or the consolidated company shall make a written offer to each dissenting member to purchase his shares at a specified price that the company determines to be their fair value; and if, within 30 days immediately following the date on which the offer is made, the company making the offer and the dissenting member agree upon the price to be paid for his shares, the company shall pay to the member the amount in money upon the surrender of the certificates representing his shares.
- (9) If the company and a dissenting member fail, within the period of 30 days referred to in subsection (8), to agree on the price to be paid for the shares owned by the member, within 20 days immediately following the date on which the period of 30 days expires, the following shall apply:
 - (a) the company and the dissenting member shall each designate an appraiser;
 - (b) the two designated appraisers together shall designate an appraiser;
 - (c) the three appraisers shall fix the fair value of the shares owned by the dissenting member as of the close of business on the day prior to the date on which the vote of members authorising the action was taken or the date on which written consent of members without a meeting was obtained, excluding any appreciation or depreciation directly or indirectly induced by the action or its proposal, and that value is binding on the company and the dissenting member for all purposes; and
 - (d) the company shall pay to the member the amount in money upon the surrender by him of the certificates representing his shares.
- (10) Shares acquired by the company pursuant to subsection (8) or (9) shall be cancelled but if the shares are shares of a surviving company, they shall be available for reissue.
- (11) The enforcement by a member of his entitlement under this section excludes the enforcement by the member of a right to which he might otherwise be entitled by virtue of his holding shares, except that this section does not exclude the right of the member to institute proceedings to obtain relief on the ground that the action is illegal.
- (12) Only subsections (1) and (8) to (11) shall apply in the case of a redemption of shares by a company pursuant to the provisions of section 176 and in such case the written offer to be made to the dissenting member pursuant to subsection (8) shall be made within 7 days immediately following the direction given to a company pursuant to section 176 to redeem its shares.

ANNEX C: DIRECTORS AND EXECUTIVE OFFICERS OF EACH FILING PERSON

1. Directors and Executive Officers of the Company

The Company is a company organised under the laws of the British Virgin Islands with its principal business address at 2nd Floor, 382 Jan Smuts Avenue, Craighall, Johannesburg, South Africa, and our telephone number at this address is +27 11 993 4300. The name, business address, present principal employment and citizenship of each director and executive officer of the Company are set forth below.

<i>Name</i>	<i>Business Address</i>	<i>Present Principal Employment</i>	<i>Citizenship</i>
Bill Nairn –	2 nd Floor, 382 Jan Smuts Avenue, Craighall, Johannesburg, South Africa	Non-Executive Chairman of the Company	South African
Martin Smith	2 nd Floor, 382 Jan Smuts Avenue, Craighall, Johannesburg, South Africa	Chief Executive Officer of the Company	South African
George Bennett	2 nd Floor, 382 Jan Smuts Avenue, Craighall, Johannesburg, South Africa	Executive Director of the Company	South African
Dominique de la Roche	2 nd Floor, 382 Jan Smuts Avenue, Craighall, Johannesburg, South Africa	Finance Director of the Company	South African
Mark Summers	2 nd Floor, 382 Jan Smuts Avenue, Craighall, Johannesburg, South Africa	Non-executive Director of the Company	South African
David Dodd	2 nd Floor, 382 Jan Smuts Avenue, Craighall, Johannesburg, South Africa	Chief Metallurgist of the Company	South African
Rob Moosmann	2 nd Floor, 382 Jan Smuts Avenue, Craighall, Johannesburg, South Africa	Design Manager of the Company	South African

2. Directors and Executive Officers of Sedgman Limited

<i>Name</i>	<i>Business Address</i>	<i>Present Principal Employment</i>	<i>Citizenship</i>
Russell Kempnich	Level 2, 2 Gardner Close, Milton, QLD Australia	Sedgman Limited	Australian
Nicholas Jukes	Level 2, 2 Gardner Close, Milton, QLD Australia	Sedgman Limited	Australian
Don Argent	c/- Level 2, 2 Gardner Close, Milton, QLD Australia	Sedgman Limited	Australian
Adrian Relf	Level 2, 2 Gardner Close, Milton, QLD Australia	Sedgman Limited	Australian
Rob McDonald	c/- Level 2, 2 Gardner Close, Milton, QLD Australia	The Minera Group Pty Ltd	Australian
Roger Short	c/- Level 2, 2 Gardner Close, Milton, QLD Australia	Sedgman Limited	Australian
Bruce Munro	c/- Level 2, 2 Gardner Close, Milton, QLD Australia	Thiess Pty Ltd	Australian
Peter Richards	c/- Level 2, 2 Gardner Close, Milton, QLD Australia	Sedgman Limited	Australian
Ian Poole	Level 2, 2 Gardner Close, Milton, QLD, Australia	Sedgman Limited	Australian

3. Directors and Executive Officers of Sedgman BVI

<i>Name</i>	<i>Business Address</i>	<i>Present Principal Employment</i>	<i>Citizenship</i>
Adrian Relf	Level 2, 2 Gardner Close, Milton, QLD Australia	Sedgman Limited	Australian

ANNEX D: FORM OF PROXY CARD AND WRITTEN DIRECTION FOR

MDM ENGINEERING GROUP LIMITED

For use at the Extraordinary General Meeting (“EGM”) to be held on Thursday 20 December 2012 (or at any Postponement or Adjournment thereof).

The Proxy Card and Written Direction is Valid Only when Signed and Dated

PROXY CARD

MDM ENGINEERING GROUP LIMITED

(the “Company”)

I/We.....
(insert name in block capitals please)

of:.....

(insert address in block capitals please)

being a member/members of the Company, hereby appoint the Chairman of the Extraordinary General Meeting of the Company to be held at Villa Graziella, 17 Avenue de la Costa, 98003 Monaco Cedex, Monaco on Thursday 20 December 2012, at 11:00 a.m. (CET) (the “EGM”) or

 as my/our proxy to attend, speak and vote for me/us on my/our behalf at the EGM and at any adjourned meeting.

I have indicated with a ‘X’ how I/we wish my/our votes to be cast on the following resolutions which are referred to in the notice convening the EGM (the “Notice”) (see note 1 below).

RESOLUTIONS	FOR	AGAINST	VOTE WITHHELD
1. Special resolution that the plan of merger (the “ Plan of Merger ”), among Sedgman BVI and the Company (a copy of which is attached as Annex A to the explanatory statement accompanying the Notice and made available for inspection at the EGM), and the transactions contemplated by the Plan of Merger, including the merger, be and are approved by the Company.			
2. Special resolution that the directors of the Company be, and are, authorised to do all things necessary to give effect to the Plan of Merger.			
3. Special resolution that the chairman of the EGM be instructed to adjourn or postpone the EGM in order to allow the Company to solicit additional votes in the event that there are insufficient votes received at the time of the EGM to pass the above special resolutions proposed at the EGM.			

SignatureDate..... 2012.

Please tick here you are appointing more than one proxy.

Number of shares proxy appointed over.

In the case of a Corporation, this proxy must be signed under its common seal or be signed on its behalf by an attorney or officer duly authorised, stating their capacity (e.g. director or secretary).

Notes for Proxy

1. Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the EGM. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided (see over). If the proxy is being appointed in relation to less than your full voting entitlement, please enter the number of shares in relation to which they are authorized to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
2. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
3. The 'Vote Withheld' option above is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
4. The completion and return of this form will not preclude a member from attending the EGM and voting in person. In order to be valid an appointment of proxy must be returned in hard copy form by post, by courier or by hand to the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU. And in each case must be received by the time being 48 hours prior to the EGM.
5. In order to be able to attend and vote at the EGM or any adjourned meeting, (and also for the purpose of calculating how many votes a person may cast) a person must have his/her name entered on the register of members of the Company close of business on AIM on 19 December 2012. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at such meeting.
6. In the case of joint holders the vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names of the holders stand in the register of members in respect of the joint holding.

Please indicate with a cross in the appropriate box how you wish the proxy to vote. In the absence of any indication, the proxy will exercise his/her discretion as to whether and how he/she votes.

FORM OF DIRECTION
MDM ENGINEERING GROUP LIMITED
(the “Company”)

Form of Direction for completion by holders of Depository Interests representing shares on a 1 for 1 basis in the Issuer Company in respect of the Extraordinary General Meeting (the “EGM”) to be held at Villa Graziella, 17 Avenue de la Costa, 98003 Monaco Cedex, Monaco on Thursday 20 December 2012, at 11:00 a.m.(CET).

I/We.....
Please insert full name(s) and address(es) in BLOCK CAPITALS

of:.....

being a holder of Depository Interests representing shares in the Issuer Company hereby instruct Capita IRG Trustees Limited, the Depository, to vote for me/us and on my/our behalf or by proxy at the EGM to be held on the above date (and at any adjournment thereof) as directed by an X in the spaces below.

Please indicate with an “X” in the spaces below how you wish your vote to be cast on the following resolutions which are referred to in the notice convening the EGM (the “Notice”). If no indication is given, you will be deemed as instructing the Depository to abstain from voting on the specified resolution.

RESOLUTIONS	FOR	AGAINST	VOTE WITHHELD
1. Special resolution that the plan of merger (the “Plan of Merger”), among Sedgman BVI and the Company (a copy of which is attached as Annex A to the explanatory statement accompanying the Notice and produced and made available for inspection at the EGM), and the transactions contemplated by the Plan of Merger, including the merger, be and are approved by the Company.			
2. Special resolution that the directors of the Company be, and are, authorised to do all things necessary to give effect to the Plan of Merger.			
3. Special resolution that the chairman of the EGM be instructed to adjourn or postpone the EGM in order to allow the Company to solicit additional votes in the event that there are insufficient votes received at the time of the EGM to pass the above special resolutions proposed at the EGM.			

SignatureDate..... 2012.

Notes for Direction

- To be effective, this Form of Direction and the power of attorney or other authority (if any) under which it is signed, or a notarially or otherwise certified copy of such power or authority, must be returned to the Company’s registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU not later than 72 hours before the time appointed for holding the EGM.
- Any alterations made to this Form of Direction should be initialled.
- In the case of a corporation this Form of Direction should be given under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
- Please indicate how you wish your votes to be cast by placing “X” in the box provided. On receipt of this form duly signed, you will be deemed to have authorised Capita IRG Trustees Limited to vote, or to abstain from voting as per your instruction.
- The ‘Vote Withheld’ option above is provided to enable you to abstain on any particular resolution. However, it should be noted that a ‘Vote Withheld’ is not a vote in law and will not be counted in the calculation of the proportion of the votes ‘For’ and ‘Against’ a resolution

6. Depository interests held in uncertified form (i.e. in CREST), representing shares on a one for one basis in the Issuer Company, may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.
7. The Depository will appoint the Chairman of the meeting as its proxy to cast your votes. The Chairman may also vote or abstain from voting as he or she thinks fit on any other business (including amendments to resolutions) which may properly come before the meeting.

Depository interest holders wishing to attend the meeting should contact the Depository at Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU or email custodymgt@capitaregistrars.com by no later than 72 hours before the time of the EGM.