Keeping you in the loop...

It’s been an exciting 6 months at Abergeldie with the announcements of our investments in Abergeldie Harker (NZ) and Abergeldie Structural Fabrications. I am very pleased how these transitions have occurred and how these new teams have integrated to be part of our Abergeldie family.

I am proud to introduce this business update which showcases the diverse range of complex projects that our teams excel in delivering, together with an introduction of the new capabilities in our organisation.

Over the past year we have been focussed on growing across all eastern states and now New Zealand. With the current government focus in rebuilding and expanding aging utility and transport infrastructure we have been very active in the rail and tunnelling sectors. We have continued to add capability to our teams in these areas and are now undertaking rail corridor improvement, rail track replacement projects and also two major utility tunnelling projects. We have also invested in a renewal and upgrade of our pipe relining fleet which will provide our teams with new levels of safe and efficient equipment.

Our expansion of activity in these areas is a further opportunity for our employees to gain new experiences.

I feel fortunate to be part of such a diverse business that can provide rehabilitated or new infrastructure solutions to solve almost any challenge our clients face. It is not only the service that this provides to our clients, but I enjoy seeing daily, how our teams use the diverse array of experts across our operating disciplines to develop innovative solutions to complex challenges. It is one thing for a company to be diverse, but it is exciting to see how the diversity is utilised and actually applied across the Abergeldie working teams.

In following company updates I look forward to showcasing how our internal collaboration is delivering results. These are exciting times for Abergeldie and we are growing steadily. To support this growth we have significantly expanded our Health Safety and Environment team to work with employees and clients to ensure we continue to maintain and build on our current performance.

We are proud to be again named in the CSR Top 10 companies in Australia for the second year in a row by Australian Centre for Corporate Social Responsibility (ACCSR) which reflects our mission in providing the complex infrastructure needed to build better communities.

Greg Taylor
Chief Executive Officer
Abergeldie Complex Infrastructure™

June 2017

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Since our acquisition of the highly respected tunnelling and micro-tunnelling business Harker Underground Ltd in February, our New Zealand operations under the new company Abergeldie Harker Ltd have gone from strength to strength.

In March we opened our head office in Newmarket, Auckland and have been steadily integrating the IT, financial and reporting systems into our overall management structure. This along with the employment of more than 14 new staff and rebranding our equipment has meant our first few months of operation have been very busy and dynamic.

We are currently completing numerous work in hand contracts in both the north and south islands. Additionally we have won several new pipe-jacking contracts in the motorway corridor south of Auckland.

The wealth of tunnelling experience and knowledge held by the Harker staff combined with the broad infrastructure capabilities of Abergeldie has created an excellent foundation for providing support, management and construction of the projects proposed by NZ infrastructure owners in the coming decades, particularly in the water and transport industries.

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**CLIMATE CHANGE POLICY**

**- TRANSITIONING TO A RENEWABLE ENERGY COMMUNITY**

Abergeldie is a member of Sustainable Business Australia and for the last two years has been voted in the top 10 Corporate Social Responsibility companies in Australia. We understand and accept the science of climate change and the impact it is having on our communities. We foresee the economic sense and prudent business case for Abergeldie to be part of a planned transition from fossil fuel to renewable based power generation and storage.

The process of changing carbon from a solid form (such as coal and wood) to a gaseous form (such as carbon monoxide or carbon dioxide) increases the earth’s temperature and affects our climate. Gaseous carbon emissions created from burning coal in coal-fired power stations are a major contributor to the process of climate change happening in the world today. This is leading to adverse effects on our natural environment and our rural and urban communities.

We believe placing a price on the production of gaseous carbon pollution, and creating incentives for holding and maintaining solid form carbon, such as coal and trees, is the most fair and efficient way of transitioning to cleaner energy production methods. The change will take some time and planning must include assisting the communities reliant on working in coal mining today.

Abergeldie understands that mining is essential to many of our current industries and innovative product ideas. Abergeldie works in the mining sector and has developed world-leading shaft drilling technology, blind boring, which enables us to deliver the safest mine shaft construction method in the world. Abergeldie has historically provided numerous shafts for coal mines.

As part of our plan to look beyond coal mining, Abergeldie is researching and investing in developing our shaft sinking expertise for use in energy storage, waste disposal, road and rail infrastructure and sewage treatment. We are also improving the efficiency of our drilling method in the harder rock typically found around metalliferous mines. During our transition Abergeldie will continue to provide our shaft drilling expertise to existing high quality coal producing and mining regions around Australia. Abergeldie will not be pursuing opportunities at coal mines in regions that do not currently produce coal, nor will we participate in unconventional gas projects such as those accessing coal seam gases.
**PROJECTS UPDATE**

- CURRENT AND NEWLY AWARDED PROJECTS

**Track Formation Recon Package E, Hunter Valley NSW**

*ARTC*

Abergeldie delivered a package of works for ARTC across a number of track recon sites throughout the Hunter Valley. Scope involved the removal, reconditioning and replacement of existing rail track on the Ulan Line and Main North Line during rail possessions. Track was subsequently tamped utilising track resurfacing machines and welded. Total length of track work completed was 700 metres across 6 possessions. Packages were completed at Bengalla, Coggan Creek, Sandy Hollow, Scone and Wilpinjong.

Works were completed around the clock, with teams of over 100 personnel onsite during the possessions. Work locations were constrained by tight access.

**Value:** $3 million

**Sewer Relining, Wannon District VIC**

*WANNON WATER*

Abergeldie Watertech was awarded a contract in December 2016 for relining 16.5km of sewer pipe servicing the South West areas of Victoria. The remote works have taken place in Coleraine, Hamilton, Warrnambool, Portland and Camperdown, 4 hours west of Melbourne. The relining works have involved a mixture of Ex and Spiral Wound relining methods and have included over 900 junction seals installed. The works, which need to be completed by the end of financial year, are progressing on time despite the original schedule being reduced from 26 to 18 weeks due to project award prior to Christmas shutdown. On time and on budget, this successful project is nearing completion for a happy client.

**Value:** $2.3 million

**Coates Hire Newcastle 500 Zones 2-4, Newcastle NSW**

*IEDM*

In October 2016, Destination New South Wales (DNSW) and Supercars Australia announced Newcastle as the new location for the Supercars 2017 Grand Finale.

Abergeldie is proud to announce it has been awarded three zones of track preparation. Additionally we will be the major contractor tasked with preparing existing infrastructure for the race event and constructing a new section of pavement to compete the 2.6km race circuit. This project cements the relationships forged during Abergeldie’s involvement in the full eight years the V8s were held at Sydney Olympic Park. Works will include service relocations, service upgrades and pavement works. We commenced on site in late May 2017, and will be completed in readiness for the inaugural event, with the V8’s ready to hit Newcastle 24 November 2017.

**Value:** $10 million

**Picton WRP Stage 2 Upgrade, Picton NSW**

*SYDNEY WATER*

In June 2016 Abergeldie in Joint Venture with RCR O’Donnell Griffin were awarded this project to upgrade Picton Water Recycling Plant (WRP). The upgrades are required to service future projected growth as well as the connection of a new trade waste customer (the Ingham’s Turkey Processing Facility) and the transfer of wastewater flow from Buxton and Bargo. The scope of works involve design, supply, installation, testing and commissioning of a new inlet works, new switchroom and blower building, two new intermittently decanted aerated lagoons (IDALs), two new biosolids lagoons, mechanical fitout and pipework as well as associated ancillary works. Works are progressing well with concrete works to the biosolids lagoons, switchroom and blower building slabs and IDALs now complete. Concrete works to the inlet works are well advanced and major mechanical supply items have started landing which will soon be followed by installation of these items. Major electrical works have also commenced and the project is due for completion in April 2018.

**Contract Value $22 million**
In April 2017, Abergeldie was engaged by Yarra Valley Water (YVW) to construct Stage 1A – 1D of the new Kalkallo Creek Main Sewer (KCMS). This exciting $28.4 million project is part of the Kalkallo Sewer Servicing Strategy for the northern growth corridor, on the outskirts of Melbourne. The total length of the proposed sewer is over 13 km comprising of three stages of which Stage 1 is approximately 3.4km long.

The scope includes:

- Excavation of launch and receiveal shafts for tunnel boring and pipe jacking
- Tunnelling and pipe jacking of 3369m of 1.395m internal diameter glass reinforced pipe
- Maintenance hole installation at various locations of varying sizes from 2400mm to 3500mm
- A number of smaller connection lines to exiting maintenance holes
- Installation of a 2400m diameter vortex drop maintenance hole

The tunnel alignment includes crossings beneath Merri Creek and the Hume Freeway and a connection to the existing Amaroo Main Sewer, where the tunnel boring access shaft will be converted into a manhole.

Tunnel boring and pipe boring is being carried out using Abergeldie’s in-house owned, maintained and operated Herrenknecht equipment.

Detailed surveying is required to confirm the line and level of new sewers and of existing sewers at tie-in positions.

Close interface management with parties involved in other real estate development and infrastructure projects nearby, including the Kallo Estate Development, Clovertown Estate Development, Merrifield Business Park Development, Kandy Drive Branch Sewer, Lockerbie South Branch Sewer and Merrifield Central Branch Sewer is crucial to the smooth running of the project.

Works began in April 2017 and are expected to be completed at the end of June 2018.

ABERGELDIE STRUCTURAL FABRICATIONS

Following the recent full acquisition of ASM Fabrications by Abergeldie Complex Infrastructure, the newly branded Abergeldie Structural Fabrications is poised to grow. It has the people, experience, systems and financial resources in place to become a more significant supplier of structural steelwork in NSW.

ASM Fabrications has been an important supply partner of Abergeldie Complex Infrastructure for over 20 years by providing most of the structural steelwork installed throughout the projects it has delivered in NSW.

Eight years ago, in recognition of the strategic importance of the relationship, Abergeldie Complex Infrastructure became 50% owners of ASM Fabrications. The fabrications workshop was relocated adjacent to the Abergeldie Complex Infrastructure head office in Regents Park NSW.

"By providing high quality steelwork at commercially competitive prices, the partnership with ASM has not been an unimportant factor in the success and growth of Abergeldie” said Mick Boyle Executive Chairman and founder of Abergeldie Complex Infrastructure.

In early March 2017 Abergeldie Complex Infrastructure reached agreement with Mukesh Handa, Managing Director and founder of ASM Fabrications to buy his 50% share of ASM Fabrications.

“The relationship with Abergeldie has been important to the success of ASM. I have felt ASM has been an important part of the Abergeldie team especially over the last 8 years. We have helped Abergeldie build award winning projects such as the V8 Supercars in Sydney and the Burrrinjuck Dam upgrade near Yass. The purchase by Abergeldie of 100% of ASM is a logical evolution of our close relationship” said Mukesh Handa who will remain in the business as Operations Manager.

“The great advantage of having an in-house steel fabrication capability is that Abergeldie can be even more timely, flexible and innovative when responding to our clients’ needs” said Greg Taylor.