

KV3 FOCUS

YOUR ENGINEERING UPDATE



Creative, sustainable solutions for people and planet

NEWSLETTER 05/11

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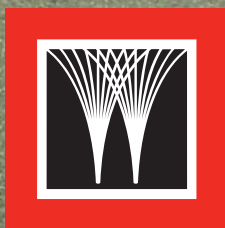
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KV3



KV3
joins
WorleyParsons



WorleyParsons

resources & energy

KV3 joins WorleyParsons

It is with great pleasure and pride that we announce that KV3 has joined the WorleyParsons organisation



WorleyParsons

resources & energy

Introduction

Following negotiations which led to a series of complex and indivisible transactions, which were approved by the Competition Commission, 70% of the shareholding in KV3 was acquired by WorleyParsons through an intermediate holding company, while the other 30% in the holding company is owned by the WorleyParsons Employee Share Trust, a registered Broad Based BEE Employee Trust.

As a result of the acquisition of the share, Kwezi V3 Engineers (Pty) Ltd changed its name to WorleyParsons RSA (Pty) Ltd.

Although we are still a proudly South African company, registered in South Africa; with a 30% BBBEE shareholder (level 3 BBBEE contributor on the construction Charter); and the same personnel that have always provided excellent service to your organisation, we now have access to the global expertise of WorleyParsons internationally.

Also, as part of the restructuring, the old KV3 acquired the existing, smaller local business of WorleyParsons which has given us access to the significant expertise in the

Hydrocarbons, Power and Minerals and Metals industry sectors. This is additional to our existing capacity and expertise in the field of Infrastructure Engineering on which we have built our name and reputation in South Africa over the last 33 years.

We are committed to continue to provide service excellence in all fields of Consulting Engineering, and are now able to access global best practices in addition to our trusted local offering – a sure advantage to our valued customers.

Acquisition rationale

The bringing together of KV3 and WorleyParsons represents the culmination of a long-term and successful partnering relationship between these organisations with a clear set of mutual benefits

- Opportunities to take South African based KV3 infrastructure business into international markets through WorleyParsons' extensive global footprint and customer relationships
- KV3 access to international best practices, specialists and world-class/globally consistent tools, processes and systems
- Increased breadth and depth of infrastructure capability within WorleyParsons' in South Africa and broader African region
- Significant expansion of WorleyParsons' presence in South Africa through KV3's extensive network of local offices
- Creation of a multi-industry sector WorleyParsons hub with capability in all four industry sectors (Hydrocarbons, Power, Minerals & Metals, Infrastructure & Environment)
- Broadening of customer base through existing relationships:
 - WorleyParsons: focus on developing public sector customers via KV3
 - KV3: access to Energy & Resources customers through WorleyParsons



The transition & integration programme

KV3 and WorleyParsons South Africa are currently undergoing a transition programme which will result in the comprehensive integration of the two businesses – enabling both to interact seamlessly with each other and deliver added value to all our customers.

WorleyParsons has an excellent track record in successful acquisitions and is using its established process to ensure the success of the 5-month transition

programme which will be completed in June 2011.

During this period priorities will be carefully balanced to ensure that both businesses continue to operate with no disruption in the levels of service which our customers currently receive.

During the transition and beyond our primary focus is, and will remain, on our customers and the successful delivery of

their projects. Customers can be assured that there will be no change in our commitment to:

- meeting all safety, technical integrity, quality, schedule and budget expectations; and
- transformation within South Africa – our Construction Charter contributor level will be maintained at level 3 within the newly merged company.



Enhanced customer value proposition

The expanded breadth of services which now exists within our South African operation has created a hub delivering small studies through to mega projects, and supporting major resource infrastructure projects both in South Africa and the broader Africa region

With more than 33 years' worth of experience in South Africa, our intimate knowledge of the region's unique challenges enables us to tailor our solutions to deliver maximum value to our customers and apply this knowledge to the broader Africa region and international customers through our:

- increased capacity and capability both within and available to our customers in South Africa and broader Africa region;
- expanded service offering in Hydrocarbons, Power, Minerals & Metals and Infrastructure & Environment sectors to meet a range of larger and more complex technical challenges for our customers;

- access to international best practice, world-class and globally consistent tools, processes and systems;
- closer proximity to our customers through an expanded office network within South Africa, to provide local access to our expertise wherever required;
- breadth and depth of expertise in infrastructure with which to service our customers in South Africa and the broader Africa region:
 - resource infrastructure projects for our energy customers
 - specialist infrastructure capabilities for public sector and private developers; and
- Multi-Sector Hub within and for Africa to support major and mega-projects across the region.



Transaction opens up a world of possibilities

Following the transactions, Dr Franklin Sonn has been re-appointed as the Chairman of the new combined business. Over the past ten years, Dr Sonn has contributed a wealth of business, commercial and corporate governance expertise to KV3 as the Chairman of the Board, and will continue to do so.

The joining together of the KV3 and WorleyParsons South African businesses will allow us to grow significantly in the future, resulting in exciting new developments for the company, our customers and our valued staff members.

With regards to the transactions, Dr Sonn commented:

"The acquisition of the majority shareholding in KV3 by world-renowned WorleyParsons, one of the largest and most diverse engineering companies in the world, has been a happy one for both organisations."

"KV3 is not so presumptuous as to believe that as far as size and depth of international knowledge and experience is concerned, it is any way compared to WorleyParsons. We are therefore truly gratified that we are able to come to an arrangement with WorleyParsons so quickly, efficiently and mutually satisfying. However, we are equally humbled by the positive comments made by WorleyParsons at the completion of the due diligence process about the engineering quality of KV3 and the company as a whole."

"WorleyParsons RSA (Pty) Ltd, as the entity will henceforth be known and branded, stands ready to bring value to its prospective international clients, whilst remaining strongly rooted in South Africa and the African continent, in order to facilitate the growth and development so urgently required in these developing countries. We are committed to providing service excellence in all fields of Consulting Engineering and with assurance of access

to international best practice, specialist knowledge and proven systems; we will be equipped to rise to challenges of an increasingly complex engineering environment."

"We have also come to the agreement that all of our South African transformation strategies and goals will continue to be vigorously pursued. This relates to our established CSI projects as well as our focus on Black Economic Empowerment, with 30% of the shares contained within WorleyParsons RSA Employee Share Trust being allocated to qualifying employees to bring about equity in the shortest period of time. Training and mobility opportunities are now improved"

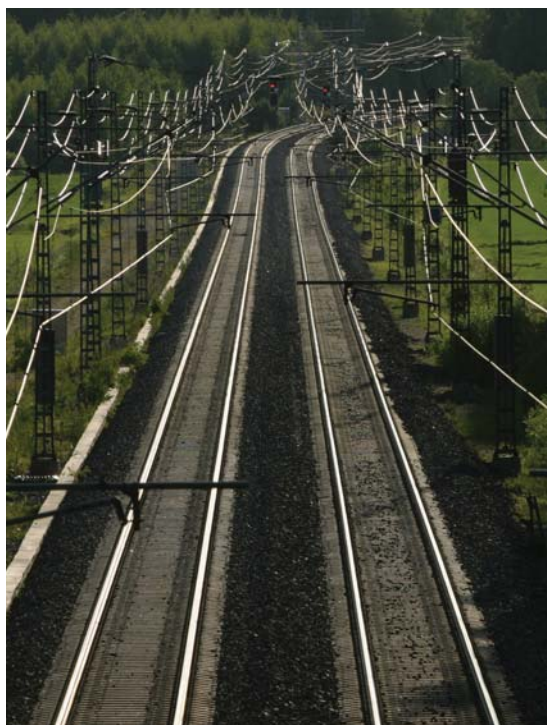
"Both WorleyParsons and renamed KV3 preserve the principles of respect for the integrity of the Engineering profession and have therefore ensured that the engineers themselves were completely satisfied that the merger was in their best interest."

"As chairman of WorleyParsons RSA (Pty) Ltd, I am very pleased with this achievement and I am devoted to ensuring that we make significant progress towards the delivery of goals for both the government and the private sector. We endeavour to see the global picture, whilst remaining fully focussed. Immediate local needs and opportunities will be our new vision."

Below: **Dr Franklin Sonn**, Chairman, WorleyParsons RSA (Pty) Ltd.



The South African story



WorleyParsons employs over 1,100 people in South Africa, providing a full range of engineering, procurement, project and construction management services

We work with our customers across all stages of the asset lifecycle – from the assessment of potential project opportunities to the operating, maintenance and improvement of assets within the Hydrocarbons, Power, Minerals & Metals and Infrastructure & Environment sectors.

Our South African operations were established in January 2008, when Pangaea formed a 50/50 joint-equity company with WorleyParsons. In 2011, WorleyParsons acquired the remaining 50% of shares in WorleyParsons South Africa and acquired KV3 Engineers.

Founded in 1977, KV3 Engineers is one of South Africa's leading multi-disciplinary consultancies in the fields of engineering and development services. The company brings over 850 personnel working within an extensive network of offices across South Africa, as well as established operations in Namibia and Libya.

33+
years in operation in
South Africa

20+
offices in South Africa

1,100+
personnel in
South Africa



The company is now called WorleyParsons RSA



"The coming together of WorleyParsons and KV3 Engineers presents an opportunity to offer a unique value proposition to the people and industries of South Africa. We will continue to strive to deliver certainty of project outcomes for all of our customers, irrespective of how large or small their projects might be. We believe that by operating in this manner and continuing the development of our company with both local and international resources, we will be able to play a greater and more valuable part in the continued economic development of South Africa."

Francois Jacobs, CEO – WorleyParsons RSA, francois.jacobs@worleyparsons.com

WorleyParsons corporate overview

WorleyParsons is a leading global provider of professional services to the resources and energy sectors, and the complex process industries.



32,900 employees | **41** countries

Across WorleyParsons' comprehensive global network our four customer sector groups use their extensive expertise to deliver small studies through to mega-projects.

Infrastructure & Environment

Complete solutions for the transportation, coastal & marine, water and wastewater, resources & energy, municipal and urban infrastructure sectors

Power

Renewable energy, clean coal, nuclear and natural gas generation, transmission networks and retrofit project solutions, from pre-feasibility to asset operation and maintenance

Hydrocarbons

Full-scope global project delivery in deepwater, floating, subsea & conventional structures, topsides, onshore oil & gas, pipelines, LNG and refining & petrochemicals

Minerals & Metals

Delivering comprehensive 'mine to market' projects and solutions in base metals, alumina, aluminium, coal, iron ore, steel and chemicals across the world



Our vision

WorleyParsons will be the preferred global provider of technical, project and operational support services to our customers, using the distinctive WorleyParsons culture to create value for them and prosperity for our people.

LEADERSHIP

- Committed, empowered and rewarded people
- EcoNomics™ – Delivering profitable sustainability
- Integrity in all aspects of business
- Energy and excitement
- Minimum bureaucracy

AGILITY

- Smallest assignment to world-scale developments
- Local capability with global leverage
- Responsive to customer preferences
- Optimum solutions customised to needs

RELATIONSHIPS

- Rapport with all stakeholders
- Open and respectful
- Collaborative approach to business

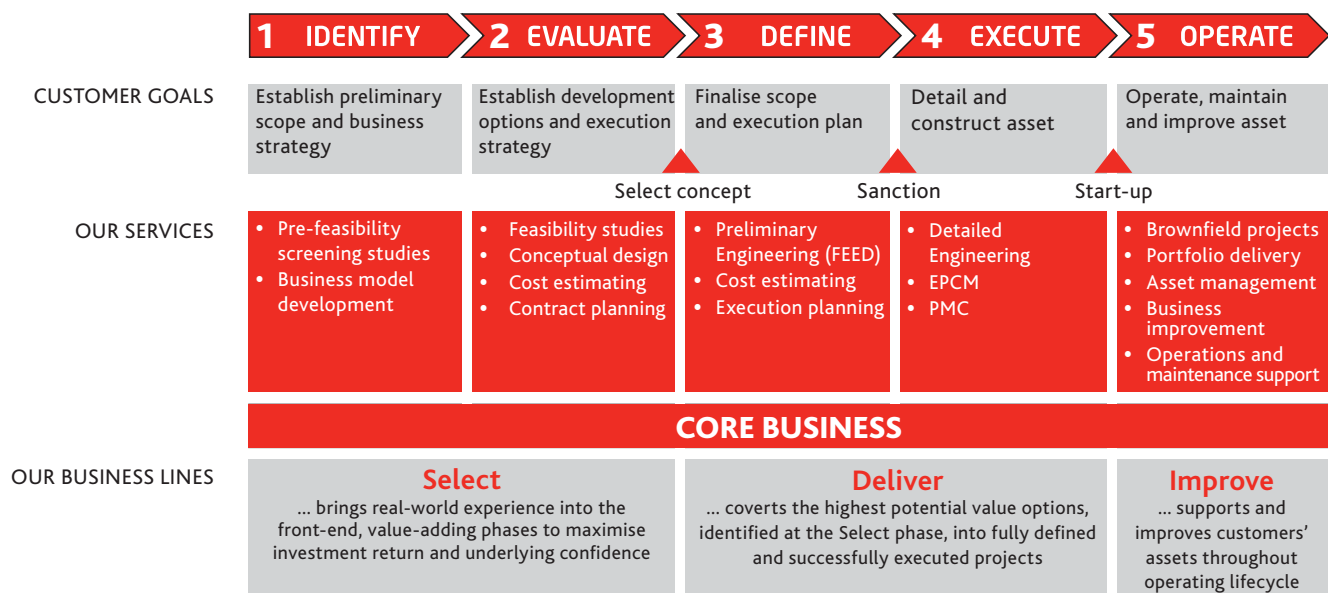
PERFORMANCE

- Zero harm
- Results for our customers and employees
- Creating wealth for our shareholders
- World-class resources, capability and experience

Service phases

Our services cover the full spectrum both in size and lifecycle – from the creation of new assets to services that sustain and enhance operating assets.

WorleyParsons' EXPERIENCE COVERS ALL FIVE PHASES OF THE ASSET LIFECYCLE



Delivering profitable sustainability **EcoNomics™**

... profitably embeds environmental, social, and financial sustainability into project delivery across the asset lifecycle

WorleyParsons has been delivering engineering and project management services to the global hydrocarbons industry for over sixty years.

Our capability and experience spans all oil and gas extraction and processing facility types.

Upstream		Downstream
• Fixed offshore production facilities	• LNG	• Refining & petrochemicals
• Floating and deepwater solutions	• Onshore oil and gas production facilities	• Sulphur management
• Offshore pipelines & Subsea systems	• Heavy oil and oil sands	• Speciality chemicals
• Onshore pipelines & Receiving terminals		

Representative South African Projects



Project Mozambique to Secunda Gas Pipeline

Customer Sasol Technology

Project Location South Africa

Phases IDENTIFY >> EVALUATE >> DEFINE >> EXECUTE >> OPERATE

WorleyParsons undertook the Basic Engineering Package (BEP) for this project. The 865km, 600mm diameter pipeline started from the Central Processing Facility at the Temane Gas Fields in Mozambique to the Sasol Synfuels Plant in Secunda (South Africa). The total capacity of the pipeline is 120 GJ/annum upgradable to 240 GJ/annum. CAPEX value – R1.6 billion.



Project New Multi-Product Pipeline Project (NMPP)

Customer Transnet

Project Location Jameson Park, South Africa

Phases IDENTIFY >> EVALUATE >> DEFINE >> EXECUTE >> OPERATE

WorleyParsons, in a joint venture with the NMPP Alliance, is providing the FEED and full EPCM for the multi-product fuel pipeline from Durban to southern Johannesburg. The project includes a 550km, 24 inch multi-products pipeline from a coastal terminal at Durban to an inland terminal at Jameson Park near Johannesburg, Gauteng. In addition, there are 160km of 16 inch pipelines transporting the products within the Gauteng region. The main 24 inch trunkline will have eight electric-driven pump stations by 2020. The pipeline development is seen as key to improving security of supply to South Africa’s economic heartland of Gauteng, as demand expands and as the existing pipeline network reaches the limits of its capacity.



Project Volatile Organic Compounds (VOC) Abatement Project

Customer Sasol (Sastech)

Project Location South Africa

Phases IDENTIFY >> EVALUATE >> DEFINE >> EXECUTE >> OPERATE

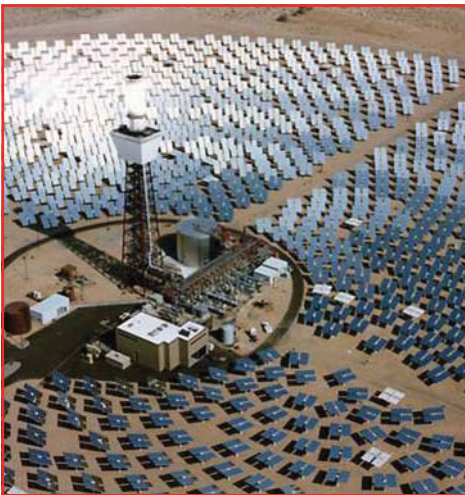
This project is the first major EPCM project with Sasol and a milestone in our long-term relationship with this customer. The scope of this project includes reducing the total Volatile Organic Compound (VOC) emissions from the Secunda Refinery over the next few years. In addition to achieving the overall reductions, each individual VOC abatement process must meet the World Bank standards as a minimum. The project is being executed from both the Pretoria and Secunda offices in South Africa and in conjunction with workshare from Beijing.

WorleyParsons has been providing a comprehensive range of professional services to the power industry for over 100 years.

We deliver these services to all segments of the power customer sector:

- | | | |
|--------------------------------|-------------------------|----------------------------|
| • Advanced coal | • Coal | • Gas turbine based plants |
| • New and existing coal plants | • Nuclear | • Renewable energy |
| • Air quality control | • Transmission networks | |

Representative South African Projects



Project Solar Power Projects
Customer Various (Confidential) / Eskom
Project Location South Africa
Phases IDENTIFY >> EVALUATE >> DEFINE >> EXECUTE >> OPERATE

WorleyParsons is providing specialist solar power generation services to various customers in South Africa for planned parabolic trough and power tower projects in the Northern Cape. Plant sizes range from 50 – 150 MW. The scope includes geotechnical studies of potential sites; environmental permitting; water supply design and permitting; grid interconnection design and permitting; plant licensing; and capital and operating expenditure cost estimates.



Project Coega Power Station
Customer Coega Development Corporation (CDC)
Project Location South Africa
Phases IDENTIFY >> EVALUATE >> DEFINE >> EXECUTE >> OPERATE

CDC intends to develop a power station in the industrial development zone. This would support the power requirements for other intended industrial applications. Numerous large projects have been earmarked for the Coega industrial zone, subject to power availability. The scope of service initially requires a pre-feasibility and detailed feasibility study, and thereafter the technical advisory services throughout the execution of the project.



Project SCAW Co-Generation Power Plant
Customer SCAW Metals
Project Location South Africa
Phases IDENTIFY >> EVALUATE >> DEFINE >> EXECUTE >> OPERATE

SCAW Metals operate arc furnaces and kilns. There are various waste streams of energy that are to be utilised for the generation of electricity, principally for internal consumption at the host plant. WorleyParsons are providing a basic engineering package and a cost estimate to support the customer’s financial model and project approval process. The customer anticipates executing the project through either an EPCM platform, or alternatively through an EPC model and approach.

WorleyParsons has built a reputation as a provider of quality engineering and project services to the minerals, metals and chemicals industries and has achieved particular recognition for the delivery of complex processing plants.

Our minerals and metals sector has capabilities in the following sub-sectors:

• Base metals	• Chemicals	• Coal
• Aluminium	• Ferrous metals	• Alumina
• Iron Ore		

Representative South African Projects



Coal Project Shondoni Colliery

Customer Sasol Mining

Project Location South Africa

Phases IDENTIFY > EVALUATE > DEFINE > EXECUTE > OPERATE

WorleyParsons has been working together with Sasol Mining to conduct a pre-feasibility, techno-economic study and feasibility study for the replacement mine for Middelbult reserves at Shondoni Colliery. The purpose of this project is to replace the existing Sasol Mining (Pty) Ltd Middelbult Mine’s Main and West shaft with a new shaft complex. The objective of the pre-feasibility study is to ensure the sustainability of the West shaft by relocating it into Shondoni through the most viable technical and economic option.



Chemicals Project Calcium Ammonium Nitrate (CAN) Granulation Plant

Customer Sasol Nitro

Project Location Secunda, South Africa

Phases IDENTIFY > EVALUATE > DEFINE > EXECUTE > OPERATE

WorleyParsons is the project management consultant for the new Calcium Ammonium Nitrate (CAN) production facility at Secunda, Mpumalanga. WorleyParsons were part of the basic engineering and added significant value to the quality of the design of the CAN Plant. WorleyParsons negotiated the design and construction contract on behalf of Sasol Nitro for the execution phase of the project and achieved significant savings. We also played a key role in finalising the R1 billion estimate for board approval and are currently contributing to various value adding exercises to ensure cost savings and quality engineering and construction deliverables. The new plant will have a capacity of 400 000 tons/ annum and construction will be completed in January 2012.



Iron Ore Project Kumba Iron Ore

Customer Sishen Expansion Project

Project Location South Africa

Phases IDENTIFY > EVALUATE > DEFINE > EXECUTE > OPERATE

This engineering and PMC appointment was based on the finalisation of a number of outstanding technical issues as a result of the extensive expansion project executed by Kumba Iron Ore in Sishen. This is part of the Improve service delivery offered by WorleyParsons. We placed several engineers on site and through our facilitation and participation we managed to reduce the outstanding issues and get the plant closer to “name plate” capacity.

WorleyParsons has over 50 years experience in the infrastructure industry and has delivered technically outstanding, cost effective solutions to some of the most challenging infrastructure projects in the world.

Our infrastructure and environment sector has capabilities in the following sub-sectors:

- Resources and energy
- Coastal and marine
- Environmental
- Urban, rural and industrial infrastructure
- Water and wastewater
- Transport

Representative South African Projects



Transport Project *Gautrain – Rapid Rail Link*
Customer *Bombela Civils Joint Venture*
Project Location *Pretoria/Johannesburg*
Phases IDENTIFY >> EVALUATE >> DEFINE >> EXECUTE >> OPERATE

The Gautrain Project is a state-of-the-art rapid rail network linking the O.R. Tambo International Airport to Johannesburg CBD and Pretoria. This is a flagship transportation project for the onset of the 2010 FIFA World Cup. WorleyParsons in joint venture with WS Atkins in the preliminary design phase, and then subsequently as sub-consultant to WS Atkins International in the detail design and execution phase, was appointed by the Bombela Civil Joint Venture (BCJV) for the design of the underground components of the South-North Section running through Johannesburg, including three underground stations – Park, Rosebank and Sandton. WorleyParsons also undertook the design and project management of the enabling works for the utilities and roads during the construction phase.



Transport Project *Upgrading of National Route N17*
Customer *South African National Roads Agency Ltd (SANRAL)*
Project Location *Gauteng Province, South Africa*
Phases IDENTIFY >> EVALUATE >> DEFINE >> EXECUTE >> OPERATE

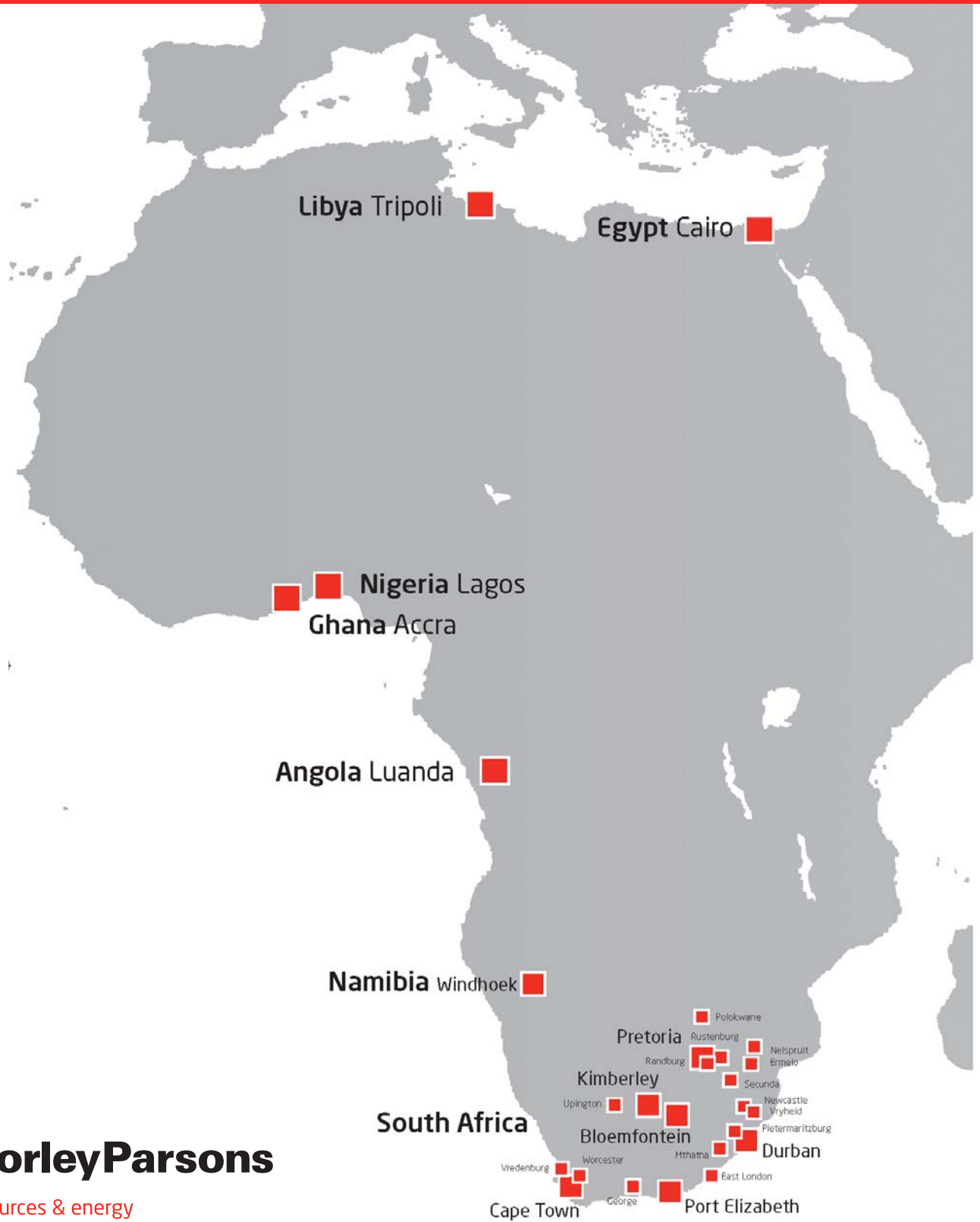
The existing single carriageway road from Leven Station to Trichardt (18km) was upgraded to an undivided four-lane carriageway. The existing surface, base and a portion of the sub-base were reworked in situ and stabilised to a 250mm C3 sub-base. A new 150mm G1 base-course was constructed. The new surfacing consists of a double cape seal on some sections with an asphalt surfacing on the remaining sections. The structural work consisted of four road-over-road bridges and alterations to a road-over-rail bridge. Design and construction of a major interchange was also included. Services provided by WorleyParsons were an evaluation report, preliminary design, detail design, compilation of tender documents and site supervision.



Urban Infrastructure Project *Nelson Mandela Bay Stadium*
Customer *Nelson Mandela Metropolitan Municipality*
Project Location *Port Elizabeth, South Africa*
Phases IDENTIFY >> EVALUATE >> DEFINE >> EXECUTE >> OPERATE

The five-tier, R2 billion Nelson Mandela Bay Stadium is one of three new coastal stadiums built for the 2010 FIFA World Cup. It regularly hosts large-scale football and rugby union matches and is also used as a concert venue. The stadium seats 50,000 people. WorleyParsons was the lead consultant in the JV appointed to carry out the structural detail design. In addition to the structural design, WorleyParsons was significantly responsible for the construction management of the reinforced concrete structure. The project won WorleyParsons the 2010 CESA Glenrand MIB Engineering Excellence Award – Soccer Stadiums.

WorleyParsons RSA



WorleyParsons

resources & energy

FOR FURTHER INFORMATION ABOUT OUR CAPABILITY
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