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The Manager
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Operations Update

E&A Limited (ASX "EAL") is pleased to announce that two of its subsidiaries, E&A Contractors Pty Ltd (E&A Contractors) and Ottoway Engineering Pty Ltd (Ottoway Engineering) are recruiting skilled welders to meet increased demand from their established customers.

This follows additional work received by E&A Contractors from Onesteel, BHP Billiton, Cavpower and the Australian Submarine Corporation (ASC).

As a consequence, E&A Contractors has already taken on 12 labour hire welders and is now seeking to permanently recruit in Whyalla a further 20 skilled welders and technical tradespersons.

This increased level of activity will more than compensate for the recent decision made by Newcrest Mining to undertake all future procurement for its recently acquired subsidiary, Lihir Gold. E&A Contractors' Louminco Division was awarded certain procurement activities by Lihir Gold in 2009. Newcrest subsequently took over Lihir Gold this year and has elected not to extend Louminco's contract as it intends to undertake all procurement utilising its own team.

The Executive Chairman of E&A Limited, Mr Stephen Young, said a transition plan had been established to handle the wind down of Louminco procurement activities from a supplier's perspective and the redeployment of the three personnel directly engaged on the Lihir Gold Contract. Mr Young said the non renewal of the Lihir Gold contract would not have a material impact on EAL. The transition plan is expected to be completed prior to 30 June 2011.

Mr Young said EAL subsidiary Ottoway Engineering had been requested by Sino Iron Pty Ltd (Sino Iron) to increase the number of skilled labour it has on site in the Pilbara from 120 to 140 persons in order to ensure the 450 megawatt combined cycle power plant being constructed by Ottoway is practically complete by 15 August 2011.

"The plant will be commissioned by Ottoway Engineering personnel following practical completion and we expect a significant number of personnel will remain on the site working on commissioning and associated works until Christmas," he said.

“Both Ottoway and E&A Contractors are preferred suppliers to ASC for its Air Warfare Destroyer (AWD) Contract and are in discussions with ASC regarding the provision of further support to assist ASC in undertaking the additional work it has been allocated as a consequence of the decision made by the AWD Alliance to relocate some block fabrication works from Williamstown to Adelaide and Newcastle.”

Mr Young said that the recruitment of skilled personnel for fly-in fly-out activities such as Sino Iron remained achievable however the recruitment of skilled personnel for the subsidiary workshops was becoming increasingly problematic. As a consequence both Ottoway Engineering and E&A Contractors were travelling to the Philippines this month to recommence the recruitment of skilled workers under the 457 Visa Program which was suspended by EAL during the Global Financial Crisis”.

Mr Young said “EAL subsidiaries had employed more than 150 persons from the Philippines and many of these employees had applied for and been granted Australian residency under the 857 Visa Program. Mr Young said “These employees were making a valuable contribution to the broader community in the same way as immigrants from Britain and Continental Europe had in prior years.

“We expect this recruitment initiative will provide the additional labour capacity needed to meet the demand for work which we anticipate will steadily increase over the next 12 to 24 months,” he said

“In this regard, it is pleasing to note that BHP Billiton has released its Supplementary Environmental Impact Statement and that we now understand that the South Australian Government would pass the necessary Indenture legislation to allow the Olympic Dam expansion to occur prior to Christmas.

“Once the Indenture has been passed, BHP Billiton will be able to make a final investment decision on the timing and phasing of the proposed Olympic Dam expansion”.

For further information:

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