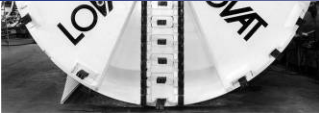


Supply of TBM for Construcciones Sando S.A. - Coslada Sewer Tunnel Project, Madrid, Spain



LOVAT and contractor Construcciones Sando S.A. have recently signed a contract for the supply of a refurbished LOVAT RME185SE Series 20002 Earth Pressure Balance Tunnel Boring Machine (TBM). The 4.7 meter diameter mixed face TBM will be used in the construction of the Coslada Sewer Tunnels in Madrid, Spain. This will be the TBM's third project, following successful drives in North America and the U.K.

Surficial geology along the 3,650 meter long tunnel alignment consists of man-made fill underlain by quaternary sandy clayey deposits. Fragments of flint overlying tertiary deposits, comprised of highly plastic clays with silty sands and dispersed crystals of gypsum are also expected. At the tunnel horizon, geology along the first drive is expected to be gypsum, and the second drive consisting of clay, sandy clay and fractured gypsum.

The TBM will be shipped from its current location to the jobsite in Spain, where it will be fully inspected prior to undergoing a complete refurbishment under LOVAT supervision. Mining is expected to commence in early 2008.