



ASX RELEASE

10 May 2013

For immediate release to the market

Trading Update

GR Engineering Services Limited (ASX:GNG) (**GR Engineering** or **Company**) wishes to update the market in relation to recent operational and trading developments.

The Company advises that the notice of award issued by Saracen Mineral Holdings Limited (ASX:SAR) for the \$16 million Carosue Dam Tertiary Crushing Project EPC Contract announced on 25 February 2013 has been indefinitely suspended by Saracen. This follows Saracen's decision to suspend the project due to the recent fall in the gold price. It is estimated that the suspension of the project will result in a reduction to 2H13 revenue of approximately \$4 million.

In response to this development and prevailing adverse market conditions, GR Engineering has made operational decisions to reposition itself for a market recovery. These decisions have included some employee redundancies and additional measures to reduce labour costs.

Commenting on the Company's trading update, GR Engineering's Managing Director, Mr Joe Ricciardo said:

"Whilst the continued challenging market environment has adversely impacted GR Engineering's operations, we are confident of being able to take full advantage of an eventual market recovery. GR Engineering is in the fortunate position to be able to preserve its balance sheet and ultimately leverage off the quality of its people and reputation to achieve growth."

GR Engineering is maintaining its high standard of execution, with successful time and budget outcomes being achieved on current projects.

Ends.

For further information:

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GR Engineering Services Limited (ASX:GNG) is an engineering, consulting and contracting company specialising in fixed price engineering design and construction services to the resources and mineral processing industry.

Founded in Perth, Western Australia in 2006, GR Engineering has rapidly grown through the completion of design and construction projects for a diverse range of clients, including global mining houses, mid-tier miners and junior developers undertaking their first project.

GR Engineering has undertaken feasibility studies for projects in over 20 countries. These studies play a key role in delivering organic growth opportunities through their conversion into design and construction projects.

GR Engineering directly employs approximately 230 professional and support staff at its offices in Perth, Kalgoorlie and Brisbane in addition to its direct construction workforce and subcontractors.