



COMPANY ANNOUNCEMENT

2 October 2009

Notice of Scheme Meeting

GRD Limited advises that it has received the approval of the Federal Court to hold a shareholder meeting to vote on the Scheme of Arrangement in relation to the proposed acquisition of all shares in GRD Limited by AMEC Australia Finance Company Pty Ltd, a subsidiary of AMEC plc.

The meeting will be held at the Parmelia Hilton Hotel in Mill Street, Perth, Western Australia on Tuesday 10th of November 2009, commencing at 10.00am Western Standard Time.

The Notice of Meeting and Scheme Booklet are attached, and will be dispatched to all shareholders on 9 October 2009. An electronic version is also available on the GRD website www.grd.com.au.

ENDS

For further information contact:

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Mr Casey Cahill, Group Manager Corporate Communications and Marketing, GRD, Tel +61 8 9278 1888

About GRD

GRD Limited is an Australian engineering and development company.

www.grd.com.au

GRD Minproc, a wholly owned subsidiary of GRD Limited, is a leading global engineering and project delivery business providing high value services and specialising in the design, procurement and construction of mineral resource and waste-to-resources projects.

The company's process engineering and project record are internationally recognised with extensive experience gained in copper, gold, uranium, nickel and iron ore.

Global Renewables is a UK based development company specialising in the recovery of resources from municipal solid waste. Global Renewables is currently undertaking the Lancashire Waste Partnership PFI Project, one of the largest waste contracts of its type in the United Kingdom.



Scheme Booklet

For a scheme of arrangement in relation to the proposed acquisition of all shares in GRD Limited by AMEC Australia Finance Company Pty Ltd, a subsidiary of AMEC plc.

Each Director recommends that you **vote in favour** of the Scheme in the absence of a Superior Proposal.

A Scheme Booklet to explain the proposed scheme of arrangement between GRD Limited and Shareholders (and includes the Notice of Meeting for the Scheme Meeting).

If you are in any doubt about what action you should take, please consult your professional advisor.

Financial Advisor

Morgan Stanley

Legal Advisor

HARDY ♦ BOWEN
LAWYERS



Important Notice

Purpose of this document

This Scheme Booklet is a scheme booklet to explain the proposed scheme of arrangement between GRD Limited (**GRD**) and Shareholders (and includes the Notice of Meeting for the Scheme Meeting).

This Scheme Booklet is not a disclosure document under Chapter 6D of the Corporations Act. Section 708(17) provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under section 411(1) of the Corporations Act.

ASIC

A copy of this Scheme Booklet has been provided to ASIC for the purposes of section 411(2) of the Corporations Act. ASIC has been asked to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. Notwithstanding the making of such a statement, neither ASIC nor any of its officers take any responsibility for the contents of this Scheme Booklet.

ASX

A copy of the Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers take any responsibility for the contents of this Scheme Booklet.

Court

A copy of the Scheme Booklet has been lodged with the Court to obtain an order of the Court approving the convening of the Scheme Meeting. Orders made by the Court are made pursuant to section 411 of the Corporations Act.

Investment decisions

This Scheme Booklet is intended for all Scheme Participants collectively and does not take into account the investment objectives, financial situation and particular needs of each Scheme Participant or any other particular person. This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to the Scheme. Before making any investment decision in relation to these matters you should consider, preferably with the assistance of a professional adviser, whether that decision is appropriate in the light of your particular investment needs, objectives and financial circumstances. If you are in any doubt about what you should do you should seek independent financial and taxation advice before making any investment decision in relation to the Scheme.

Privacy

GRD may collect personal information in the process of implementing the Scheme. This information may include the names, contact details and security holdings of Scheme Participants and the names of persons appointed by Scheme Participants to act as proxy, corporate representative or attorney at the Scheme Meeting. The primary purpose of collecting this information is to assist GRD in conducting the Scheme Meeting and to enable the Scheme to be implemented by GRD in the manner described in this Scheme Booklet. Personal information may be disclosed to AMEC, the Registrar, print and mail service providers, authorised securities brokers and to related bodies corporate of GRD or AMEC. Scheme Participants have the right to access personal information that has been collected. A Scheme Participant who wishes to access personal information should contact the Registrar. Scheme Participants who appoint a named person to act as their proxy, corporate representative or attorney at the Scheme Meeting should inform that person of the matters outlined above.

Date

This Scheme Booklet is dated 1 October 2009.



Key Dates

Expected key dates for the Scheme are set out below:

Scheme Booklet and Notice of Meeting sent to Shareholders	9 October 2009
Latest time and date for receipt of proxies from Shareholders for the Scheme Meeting	10.00am on 8 November 2009
Date and time for determining eligibility to attend and vote at the Scheme Meeting	7.00pm on 8 November 2009
Scheme Meeting	10.00am on 10 November 2009
Proposed Second Court Hearing for approval of the Scheme	16 November 2009
Proposed Effective Date of the Scheme	17 November 2009
Proposed Record Date for determination of entitlements under the Scheme	23 November 2009
Scheme Implementation Date and payment of Scheme Consideration	30 November 2009

GRD reserves the right to vary the times and dates above and will announce any changes on ASX. All dates subsequent to the Scheme Meeting are indicative only and subject to court approval and may therefore change.

All times are in Western Standard Time (WST) unless stated otherwise.

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1. Letter from the Chairman

1 October 2009

Dear Shareholder,

On 20 July 2009, GRD announced the terms of the proposed acquisition of GRD by AMEC Australia Pty Ltd via a Scheme.

Under the Scheme, AMEC (the nominated acquiring entity) will acquire all of the Shares in GRD for \$0.55 cash per Share.

AMEC's offer of \$0.55 per Share in cash represents a substantial premium to GRD's unaffected share price:

- A premium of 34% to the closing price of \$0.41 per Share on 10 June 2009, being the last trading day prior to GRD's announcement of AMEC's non-binding proposal.
- A premium of 35% to the one week volume weighted average price to 10 June 2009 of \$0.41 per Share.
- A premium of 75% to the three month volume weighted average price to 10 June 2009 of \$0.31 per Share.

The Board believes AMEC's offer represents an opportunity for Shareholders to realise certainty in value and secure a significant premium for their Shares (compared to GRD's unaffected Share price prior to the announcement of AMEC's offer) at a time when GRD is subject to a number of risks. In this context:

- The current illiquid market conditions (especially in the United Kingdom) mean the value that could currently be realised for the Lancashire Project in a sale is uncertain and is likely to be less than optimal particularly as construction is not yet complete.
- GRD will be required to repay debt of \$55.3 million by 30 June 2010. Should the Scheme not proceed, repayment or refinancing of this obligation is reasonably likely to require an equity raising by GRD.
- The outlook for the mineral resources industry remains uncertain. During 2009 major projects will be completed and the slower than expected ramp-up of secured jobs combined with the ongoing delay in companies committing to large projects is placing pressure on GRD Minproc's revenue stream for the second half of 2009. As a consequence, the Board believes the second half group profit will be below the profit recorded in the first half of 2009.

Your Directors have considered the advantages and disadvantages of the Scheme and each Director recommends that Shareholders vote in favour of the Scheme in the absence of a Superior Proposal. Each Director of GRD intends to vote in favour of the Scheme with respect to their Eligible Shareholdings in the absence of a Superior Proposal.

The Independent Expert, Grant Samuel, has concluded that the Scheme is in the best interests of Shareholders in the absence of a Superior Proposal.

The Scheme requires the approval of Shareholders at the Scheme Meeting to be held at Parmelia Hilton, 14 Mill Street, Perth, Western Australia on 10 November 2009, commencing at 10.00am (WST).



Your vote is important in determining whether or not the Scheme proceeds. You should cast your vote in person or by proxy at the Scheme Meeting. If you intend to vote by proxy, you should complete and return the enclosed proxy form in the envelope provided as soon as possible, but no later than 10.00am (WST) on 8 November 2009.

This Scheme Booklet contains important information to help you make an informed decision about how to vote at the Scheme Meeting. I urge you to read it carefully.

If you have any questions about AMEC's offer, please contact the Shareholder information line on 1300 368 382 (within Australia) or +61 3 9946 4424 (International) between 8.30am and 5.00pm (AEST) on Monday to Friday.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Richard Court', with a long, sweeping horizontal stroke extending to the right.

Hon. Richard Court AC
Chairman

2. Scheme Highlights

Scheme Consideration	\$0.55 per Share.
Board Recommendation	<p>Each Director recommends that Shareholders vote in favour of the Scheme in the absence of a Superior Proposal. Each Director of GRD intends to vote in favour of the Scheme with respect to their Eligible Shareholdings in the absence of a Superior Proposal.</p> <p>The principal factor taken into account by the Directors in arriving at their recommendation was the Directors' belief that the proposed advantages of the Scheme are greater than the proposed disadvantages of the Scheme, as set out in section 4 of this Scheme Booklet.</p> <p>The Directors note that the Independent Expert has concluded that the Scheme is in the best interests of Shareholders.</p> <p>Shareholders should note the Directors' interests in section 11 of this Scheme Booklet, when considering the Directors' recommendation.</p> <p>Before making a decision about the Scheme, Scheme Participants should read the Scheme Booklet in its entirety and if you are in doubt about what action you should take, contact your professional advisor.</p>
Independent Expert's Conclusion	<p>The Directors commissioned Grant Samuel as an Independent Expert to report on the Scheme. Grant Samuel has concluded that the Scheme is not fair but reasonable and, accordingly, in the best interests of Shareholders.</p> <p>A copy of the report of the Independent Expert is in Annexure 1.</p>
No Superior Proposal	At the date of this Scheme Booklet no Superior Proposal has emerged.
Conditions	The Scheme is subject to the satisfaction of certain Conditions. Details of these Conditions are contained in the Scheme Implementation Agreement attached hereto in Annexure 2 and summarised in section 10.2 of this Scheme Booklet.



3. How to Vote

3.1 Read this Scheme Booklet carefully

This Scheme Booklet provides information necessary for you to make a decision as to how to vote on the Scheme at the Scheme Meeting. The Directors recommend you read this Scheme Booklet in its entirety.

For the Scheme to proceed, it is necessary that the Scheme is approved by a majority in number of eligible Scheme Participants who vote at the relevant Scheme Meeting. That majority must represent at least 75% of the total number of votes cast at the Scheme Meeting.

The Court must also approve the Scheme. The Court has discretion whether or not to approve the Scheme even if the Resolution in favour of the Scheme is passed by the requisite number of Scheme Participants and votes cast.

3.2 Exercise your vote

Scheme Participants may vote by attending the Scheme Meeting in person, or by proxy, attorney or, in the case of a corporation which is a Scheme Participant, by corporate representative.

3.3 Voting in person

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting to be held on 10 November 2009 at Parmelia Hilton, 14 Mill Street, Perth, Western Australia. The Scheme Meeting will commence at 10.00am.

A Scheme Participant who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting upon disclosure at the point of entry to the Scheme Meeting of their name and address.

3.4 Voting by proxy

If you wish to appoint a proxy in respect of the Scheme Meeting, you are requested to complete and sign the original loose leaf personalised proxy form sent to you with this Scheme Booklet.

Proxy forms should be sent to the Registrar as indicated in the proxy form.

Proxy forms must be received by the Registrar by no later than 10.00am on 8 November 2009 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

Shareholders may also lodge proxies online by accessing the Registry on www.investorvote.com.au. To use this facility, you will need your Securityholder Reference Number or Holder Identification Number and postcode. These details are shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website. The deadline for the lodgement of electronic proxies online is the same as the deadline above for all proxies.

A proxy will be admitted to the Scheme Meeting upon providing at the point of entry to the Scheme Meeting written evidence of their name and address.

The sending of a proxy form will not preclude a Scheme Participant from attending in person and voting at the Scheme Meeting at which the Scheme Participant is entitled to attend and vote.

3.5 Voting by attorney

Powers of attorney and authorities should be sent to the Registrar as indicated in the proxy form.

Powers of attorney must be received by the Registrar by no later than 10.00am on 8 November 2009 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

An attorney will be admitted to the Scheme Meeting upon providing at the point of entry to the Scheme Meeting written evidence of their appointment, their name and address and the identity of the appointer.

The sending of a power of attorney will not preclude a Scheme Participant from attending in person and voting at the Scheme Meeting at which the Scheme Participant is entitled to attend and vote.

3.6 Voting by corporate representative

To vote at the Scheme Meeting (other than by proxy or attorney), a corporation that is a Scheme Participant must appoint a person to act as its representative. The appointment must comply with section 250D of the Corporations Act.

An authorised corporate representative will be admitted to the Scheme Meeting upon providing at the point of entry to the Scheme Meeting written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer.

3.7 Voting entitlement

Each Scheme Participant who is registered on the Register at 7.00pm on 8 November 2009 is entitled to attend and vote at the Scheme Meeting. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

In the case of Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one holder votes in respect of jointly held Shares, only the vote of the holder whose name appears first in the Register will be counted.

3.8 Further information

If you have any questions or require further information, please contact the Shareholder information line on 1300 368 382 (within Australia) or +61 3 9946 4424 (International) between 8.30am and 5.00pm (AEST) on Monday to Friday.

If you are in any doubt about anything in this Scheme Booklet, please contact your professional adviser.



4. Reasons to Vote For or Against the Scheme

4.1 Directors' recommendation

Each of the Directors recommends that, in the absence of a Superior Proposal, Shareholders vote in favour of the Scheme.

The Directors believe that the reasons for Shareholders to vote in favour of the Scheme outweigh the reasons to vote against the Scheme, in the absence of a Superior Proposal. Accordingly, the Directors believe that the proposal is in the best interests of GRD Shareholders. These reasons and other relevant considerations are set out below.

The Scheme has a number of advantages and disadvantages which may affect Shareholders in different ways depending on their individual circumstances. In considering whether to vote in favour of the Scheme, the Directors encourage you to read this Scheme Booklet in full, including the Independent Expert's Report, and to seek professional advice on your particular circumstances, as appropriate.

4.2 Voting intentions of Directors

In the absence of a Superior Proposal, each of the Directors intends to vote in favour of the Scheme at the Scheme Meeting in relation to their Eligible Shareholdings.

The interests of Directors are disclosed in section 11 of this Scheme Booklet.

4.3 Reasons to vote in favour of the Scheme

The Directors have each concluded that the Scheme is in the best interests of Shareholders and recommend that Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal, for the following reasons:

(a) **Premium to the Share market price**

The Scheme Consideration of \$0.55 in cash for each Share represents a significant premium to GRD's unaffected Share price prior to the announcement of AMEC's non-binding proposal. The Scheme Consideration represents:

- (i) a premium of 34% to the closing price of \$0.41 per Share on 10 June 2009, being the last trading day prior to GRD's announcement of AMEC's non-binding proposal;
- (ii) a premium of 35% to the one week volume weighted average price to 10 June 2009 of \$0.41 per Share; and
- (iii) a premium of 75% to the three month volume weighted average price to 10 June 2009 of \$0.31 per Share.

Figure 1 - Scheme Consideration relative to historical Share market price



Note: Volume weighted average price (VWAP) calculated up until close of trading on 10 June 2009.

(b) **Conclusion of the Independent Expert**

The Independent Expert, Grant Samuel, has concluded that the Scheme is not fair but reasonable and, accordingly, is in the best interests of Shareholders.

The Independent Expert has assessed a value for GRD of \$0.695 - \$0.962 per Share. This reflects the estimated full underlying value of GRD including a premium for control. As the Scheme Consideration is \$0.55 per Share, the Independent Expert has concluded that the Scheme Consideration is not "fair".

The Scheme may however be "reasonable" if there are sufficient reasons for Shareholders to vote in favour of the Scheme in the absence of a Superior Proposal.

The Independent Expert has considered a number of factors in assessing the reasonableness of the Scheme including:

- (i) the uncertainty of judgements regarding the valuation of the Lancashire Project;
- (ii) the likelihood of an alternative offer that could realise fair value;
- (iii) the likely market price and liquidity of the Shares in the absence of the Scheme; and
- (iv) the refinancing risk facing GRD over the next 12 months.

Based on its consideration of these and other factors, the Independent Expert has concluded that, if no Superior Proposal emerges prior to the Scheme meeting, Shareholders would be better off voting in favour of the Scheme.

Annexure 1 of this Scheme Booklet contains a complete copy of the Independent Expert's Report. The Directors encourage you to read the Independent Expert's Report.

(c) **No Superior Proposal has emerged**



Since the announcement of the Scheme on 20 July 2009 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the Board is not aware of any Superior Proposal that is likely to emerge.

The Scheme Implementation Agreement restricts GRD from soliciting alternative proposals or responding to Competing Proposals unless not responding would be in breach of the Directors' fiduciary obligations or would otherwise be unlawful (see section 10.4 of this Scheme Booklet). However, these restrictions do not in any way prevent or restrict a third party from making an alternative proposal.

The Directors believe that GRD's agreement to the non-solicitation provisions of the Scheme Implementation Agreement was appropriate on the basis that:

- (i) they were part of the broader commercial negotiations between GRD and AMEC that enabled the Scheme to be presented to Shareholders;
- (ii) they do not prevent the Directors from considering an alternative proposal should one emerge; and
- (iii) the market is fully informed and aware of the opportunity to submit an alternative proposal.

(d) **If the Scheme is not approved, the Share price is likely to fall**

GRD announced AMEC plc's non-binding proposal on 11 June 2009. The Share price closed at \$0.41 on the last trading day prior to this announcement. GRD subsequently announced on 20 July 2009 that GRD and AMEC had entered into a binding Scheme Implementation Agreement.

Since the announcement of AMEC plc's non-binding proposal on 11 June 2009, GRD's Share price has consistently traded below the Scheme Consideration of \$0.55. The Directors believe that if the Scheme is not approved and AMEC withdraws, and no alternative proposal emerges, GRD's Share price is likely to fall below the Scheme Consideration.

If the Scheme is not approved, GRD will continue to operate as a standalone company. In that scenario, Shareholders are exposed to a number of business risks that are summarised in section 6.9 of this Scheme Booklet. These risks include:

- (i) funding the balance of the deferred purchase consideration given that GRD is unlikely to generate sufficient operating cashflow to meet in full the repayment obligations. The deferred purchase consideration consists of a \$9 million repayment due by 31 December 2009, a \$4 million repayment due by 30 May 2010 and a \$42.3 million bullet repayment on 30 June 2010. It is reasonably likely that GRD will be required to undertake an equity raising to meet the bullet repayment obligation on 30 June 2010;
- (ii) the risks associated with the Lancashire Project, including delays in completing the construction and ramp up stages and ongoing operational risks. The Independent Expert's Report highlights the uncertainty of judgements regarding the valuation of the Lancashire Project and states "If no value is attributed to Global Renewables (i.e. the gross value for the Lancashire Waste Project is less than the project senior debt) the value range for GRD would be \$96.7-122.1 million (50.3-63.5 cents per share) and the consideration under the Proposal would be within the fair value range". In addition, the current illiquid market conditions (especially in the United Kingdom) mean the value that could currently be realised for the Lancashire Project in a sale is uncertain and is likely to be less than optimal;
- (iii) that the outlook for the mineral resources industry remains uncertain. During 2009 major projects will be completed and the slower than expected ramp-up of secured jobs combined with the ongoing delay in

companies committing to large projects is placing pressure on GRD Minproc's revenue stream for the second half of 2009. As a consequence, management believe the second half group profit will be below the profit recorded in the first half of 2009;

- (iv) commodity prices;
- (v) general economic condition; and
- (vi) exchange rate and interest rate.

Any one of the risks mentioned above could have an adverse impact on GRD's Share price and cause it to fall below the Scheme Consideration.

(e) **No brokerage or stamp duty**

Shareholders will not incur any brokerage or stamp duty in connection with the Scheme.

4.4 Potential disadvantages of the Scheme

Although the Scheme is recommended by each of your Directors, in the absence of a Superior Proposal, the Scheme has a number of potential disadvantages and risks that Shareholders should consider in deciding whether or not to vote in favour of the Scheme. A summary of the potential disadvantages associated with the Scheme are as follows:

(a) **The Scheme**

You may hold a different view to the Directors and the Independent Expert in relation to the Scheme.

(b) **Scheme Participants will cease to have any interest in GRD**

If the Scheme is implemented, Scheme Participants will transfer their Scheme Shares to AMEC in return for \$0.55 cash per Share.

Consequently, Scheme Participants will no longer receive dividends or participate in any future growth opportunities for GRD. However, there is no guarantee of future dividends or growth in earnings due to operational, financial and external risks, as summarised in section 6.9 of this Scheme Booklet.

(c) **Possibility of a Superior Proposal emerging**

The Directors are not presently aware of a Superior Proposal. If the Scheme does not proceed, it is possible that an alternative acquirer or merger partner could emerge that offers greater value for Shareholders than would be realised under the Scheme.

(d) **Tax consequences for Scheme Participants**

If the Scheme proceeds, there are likely to be tax consequences for Scheme Participants which may include tax payable on any gain on the disposal of Scheme Shares. Further information on the relevant tax consequences for Australian tax residents is included in section 8 of this Scheme Booklet. However, the Scheme Participants should seek their own professional advice regarding the individual tax consequences applicable to them.



5. Frequently Asked Questions

This Scheme Booklet contains detailed information on the proposed Scheme. The following section provides summary answers to some basic questions you may have in relation to the Scheme and will assist you to locate further detailed information in this Scheme Booklet.

Question	Answer
What is the Scheme?	<p>On 20 July 2009, GRD announced it had entered into a Scheme Implementation Agreement with AMEC Australia Pty Ltd under which AMEC Australia Pty Ltd agreed to acquire all of the Shares by way of a Scheme. Subsequently, AMEC Australia Pty Ltd has nominated AMEC to be the acquiring entity.</p> <p>The Scheme is between GRD and the Shareholders in relation to the Shares, requiring approval by both Shareholders and the Court.</p> <p>A summary of the Scheme is set out in sections 9 and 10 of this Scheme Booklet and the terms of the Scheme are set out in full in Annexure 5.</p>
What is the effect of the Scheme if implemented?	<p>If the Scheme is implemented, you will receive the Scheme Consideration of \$0.55 cash per Share that you hold on the Record Date.</p> <p>GRD will become a wholly owned subsidiary of AMEC, which will apply for GRD to be removed from ASX.</p>
When and where will the Scheme Meeting be held?	<p>A Scheme Meeting of Shareholders will be held at Parmelia Hilton, 14 Mill Street, Perth, Western Australia on 10 November 2009 at 10.00am to approve the Scheme.</p>
What do the Directors recommend?	<p>Each Director recommends that Shareholders vote in favour of the Scheme in the absence of a Superior Proposal.</p> <p>In doing so, the GRD Directors have considered the advantages and disadvantages of the Scheme and believe that the Scheme is in the best interests of Shareholders. The Independent Expert has also concluded that the Scheme is in the best interests of Shareholders.</p> <p>Before making a decision about the Scheme, Scheme Participants should read the Scheme Booklet in its entirety and if you are in doubt about what action to take, you should contact your professional advisor.</p> <p>For details of the reasons to vote in favour of the Scheme see section 4.3 of this Scheme Booklet.</p>
How do GRD Directors intend to vote?	<p>Each Director intends to vote in favour of the Scheme with respect to their Eligible Shareholdings, in the absence of a Superior Proposal.</p> <p>For details on the Directors interests see section 11.1 of this Scheme Booklet.</p>
What is the Independent Expert's	<p>The Independent Expert has concluded that the Scheme is not fair but reasonable and, accordingly, is in the best interests of</p>

Question	Answer
conclusion?	Shareholders. The Independent Expert's Report is included in Annexure 1.
What are the potential disadvantages of the Scheme?	The GRD Board considers that potential disadvantages for Scheme Participants if the Scheme is implemented include: <ul style="list-style-type: none"> • You will cease to have any interest in GRD. • GRD gives up the opportunity to pursue a Superior Proposal that could emerge in the future. • There may be taxation implications of the Scheme for Scheme Participants. For details of potential disadvantages of the Scheme see section 4.4 of this Scheme Booklet.
Is the Scheme subject to any conditions?	Completion of the Scheme is subject to a number of Conditions that will need to be satisfied or waived before the Scheme can be Effective. The Conditions are set out in the Scheme Implementation Agreement. A copy of the Scheme Implementation Agreement is included in Annexure 2.
How will the Scheme be implemented?	For the Scheme to proceed, votes in favour of the Resolution must be received at the Scheme Meeting from: <ul style="list-style-type: none"> • A majority in number (more than 50%) of Shareholders present and voting at the Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate Shareholders, by a corporate representative). • At least 75% of the total number of votes cast on the Resolution at the Scheme Meeting by members entitled to vote on the Resolution. If Shareholders approve the Scheme, the Scheme will be implemented by a Court order.
Will I have to pay brokerage fees or stamp duty?	No brokerage or stamp duty will be payable by Scheme Participants in relation to the Scheme.
When will I receive the Scheme Consideration?	If the Scheme is implemented, you should expect to receive the Scheme Consideration from AMEC on 30 November 2009 (although this date may change).
Who is entitled to vote in the Scheme?	To be entitled to vote on the Resolution at the Scheme Meeting, you will need to be registered as a Shareholder at 7.00pm on 8 November 2009.
Is voting compulsory?	Voting is not compulsory. However, your vote is important. If you cannot attend the Scheme Meeting to be held on 10 November 2009, you can complete and return the proxy form enclosed with this Scheme Booklet. For further details regarding voting and submitting proxy forms



Question	Answer
	for the Scheme Meeting, see section 3 of this Scheme Booklet.
What happens if I do not vote?	If you are a Scheme Participant on the Record Date and the Scheme has been approved, your Shares will be transferred under the Scheme and you will receive the Scheme Consideration for your Shares. This is regardless of whether you voted for or against the Scheme. If the Scheme is not approved, you will remain a Shareholder.
Can I sell my Shares now?	You can sell your Shares on market at any time before the close of trading on ASX on the Effective Date at the prevailing market price. At this stage, the Effective Date is expected to be 17 November 2009 (although this date may change).
What are the tax consequences of the Scheme for me?	Section 8 of this Scheme Booklet provides a description of the general tax implications of the Scheme for Australian residents. You should consult with your own tax adviser regarding the consequences of the Scheme, in light of current tax laws and your particular investment circumstances.
When will the results of the Scheme Meeting be available?	The results of the Scheme Meeting are expected to be available shortly after the conclusion of the Scheme Meeting and will be announced to ASX once available. Even if the Resolution is passed by the Scheme Meeting, the Scheme is subject to the approval of the Court.
Who will manage GRD following the completion of the Scheme?	If the Scheme is implemented, GRD will become a wholly owned subsidiary of AMEC. AMEC will apply for GRD to be removed from the official list of ASX and the current Directors of GRD will resign following implementation of the Scheme.
What happens if the Scheme is not approved or fails?	If the Scheme is not approved by the requisite number of Shareholders at the Scheme Meeting, or by the Court, or fails for some other reason: <ul style="list-style-type: none">• Shareholders will not receive the Scheme Consideration.• Shareholders will retain their Shares.• GRD will continue to operate as a standalone company listed on ASX. In that scenario, Shareholders are exposed to a number of business risks that are summarised in sections 4.3(d) and 6.9 of this Scheme Booklet.• GRD's Share price may fall below the value of the Scheme Consideration in the absence of an alternative proposal.
What happens if a higher offer for GRD emerges?	If an alternative offer for GRD emerges, the Directors will carefully consider the offer in accordance with their fiduciary obligations.

6. Information about GRD

6.1 Background

GRD is an independent engineering and development company with its head office in Perth, Western Australia. GRD provides its services under two entities, GRD Minproc and Global Renewables.

Figure 2 - GRD Group Structure



The Company has offices in Australia, Brazil, Chile, South Africa and the UK and employs approximately 808 personnel globally.

Figure 3 - GRD Group Offices



6.2 GRD Minproc

GRD Minproc, a wholly owned subsidiary of GRD with its head office based in Perth, is a leading independent global engineering and project delivery business specialising in the design, procurement and construction of mineral resources and waste-to-resources projects.

GRD Minproc services the entire resources product development cycle from concept to project delivery. The range of services offered by GRD Minproc includes mining and



geological estimates, feasibility studies, process design, detailed engineering, project delivery, ongoing training and operational support and maintenance. GRD Minproc focuses on the processing facilities and less on the associated infrastructure components. The Company prefers to enter into joint ventures with civil construction companies to deliver infrastructure solutions.

GRD Minproc has experience in most minerals including gold, uranium, platinum, iron ore, nickel, copper, lead, zinc, coal, cobalt and mineral sands. The Company has strategically focused on commodities that require high technical expertise and is an industry leader in hydrometallurgical processing.

Over the last 30 years, GRD Minproc has successfully completed more than 400 feasibility studies and over 240 major design and construction projects in 37 countries across the globe. The Company has developed significant remote location expertise.

(a) **Current major projects**

GRD Minproc is currently undertaking various roles on the development projects listed below. The "Total Estimated Project Capital Cost" of each development project does not represent the value of GRD Minproc's role.

Figure 4 - Major Projects:

Name	Commodity	Location	Total Estimated Project Capital Cost(1) (US\$M)	GRD Minproc's Project Role(2)
Sino	Iron Ore	Australia	4,200	Engineering support (Processing Plant only)
Pedra de Ferro	Iron Ore	Brazil	1,600	Basic Engineering (Processing Plant only)
Tenke Fungurume	Copper, Cobalt	DRC	1,800	Engineering, Procurement and Construction Management
Lancashire	Waste	UK	500	Engineering, Procurement and Construction (JV)
Essakane	Gold	Burkina Faso	360	Engineering and Procurement
Moolarben	Coal	Australia	300	Engineering
Córrego de Sítio	Gold	Brazil	200	Engineering
Phu Kham	Copper	Laos	65	Engineering
Undisclosed	Uranium	Australia	50	Engineering and Procurement
Olympic Dam Process Analysis	Uranium / Copper /Gold	Australia	Undisclosed	Technical Services
Nueva Andina Phase II	Copper	Chile	Undisclosed	Client's Engineer

Note:

(1) The "Total Estimated Project Capital Cost" represents the estimated total capital value of each project to the client and provides a useful indicator as to the size of each project. Importantly, the

“Total Estimated Project Capital Cost” for each project does not represent the value of “GRD Minproc’s Project Role”.

(2) GRD Minproc is not the sole provider of services on all of the above listed projects.

Some of these projects are nearing their completion, for example Tenke Fungurume, and will not contribute to earnings beyond 2009.

In addition, GRD Minproc is working on a number of definitive feasibility studies. There are no assurances that these feasibility studies will result in a development project for GRD Minproc, particularly in light of the current market environment.

Figure 5 - Definitive Feasibility Studies

Commodity	Location	Estimated Project Capital Cost (US\$M) (1)
Copper/Molybdenum	PNG	1,500
Iron Ore	Australia	1,500
Copper/Gold	Peru	850
Copper/Molybdenum	Peru	700
Gold	Colombia	500
Uranium	Namibia	400
Gold	Laos	150
Copper	Botswana	120
Gold	Brazil	100
Uranium	Zambia	95
Gold	Mali	70

Note:

(1) The "Estimated Project Capital Cost" of each project does not represent the value of the definitive feasibility study work to GRD Minproc.

GRD Minproc is also working on a number of prefeasibility studies and scoping studies.

6.3 Global Renewables

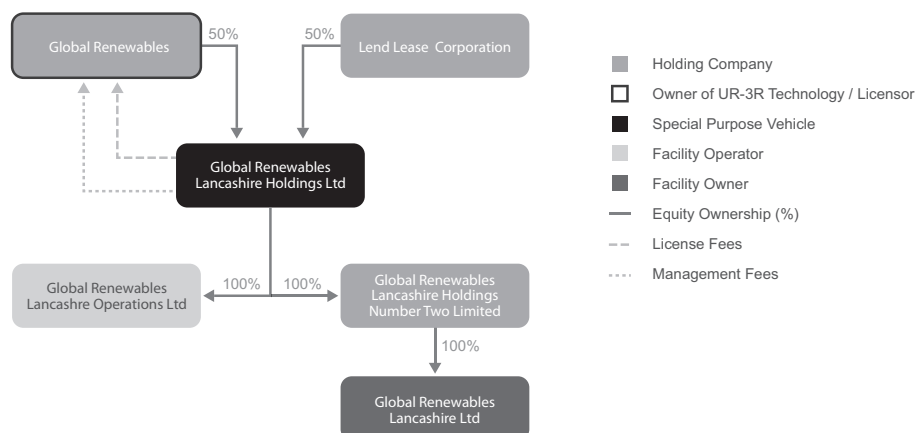
Global Renewables, a wholly owned subsidiary of GRD, is a development company based in the UK, specialising in the recovery of resources from MSW.

Global Renewables is focused on waste processes that maximise the recovery of resources from municipal waste streams and the reduction of greenhouse gas emissions. The Company’s UR-3R Process[®] incorporates a mechanical biological treatment to process MSW through integrated sorting, anaerobic digestion and composting to deliver a highly environmentally responsible solution to the problem of municipal waste. Global Renewables has registrable patent rights to key parts of the UR-3R Process[®] in the United Kingdom, Europe and North America and holds technology licenses for the sorting and percolation elements within the process.

(a) Lancashire Project

In March 2007, the Authority awarded the 25 year Lancashire Project to Global Renewables Lancashire Ltd which is a partnership between GRD and Lend Lease Corporation Ltd. The Lancashire Project is one of the largest waste contracts of its type in the UK.

Figure 6 - Global Renewables Lancashire Ltd ownership structure



Under the terms of the project agreement with the Authority, Global Renewables Lancashire Ltd, with project financing from 18 major international banks, is investing more than £350 million in the design, construction and operation of two environmentally advanced waste management technology parks at Leyland, near Preston, and Thornton, near Blackpool. Together these waste management technology parks will 'process' up to 500,000 tonnes of waste per annum, and will 'handle' (but not process) an additional 93,600 tonnes of source-separated waste and 5,300 tonnes of bulky waste per annum.

The facility design, procurement, installation and commissioning work is being undertaken by a special purpose vehicle established between GRD Minproc and Bovis Lend Lease Limited. This entity, Waste 2 Resources Project Lancashire LLP, has been established as a limited liability partnership.

The total fixed price capital cost of the project is £252 million. The remaining project costs include upfront fees payable to equity investors, total capital costs, project development fees and capitalised interest.

As at 30 June 2009, the total capital expended was £180 million and construction of the facilities was 73.3% complete. The key dates in respect of construction and commissioning at the two sites are summarised in Figure 7.

Figure 7 - Key Dates

Milestone	Thornton	Leyland
Practical Completion	February 2010	July 2010
Full Service Commencement	February 2011	July 2011

The project is on schedule to reach its target completion dates. GRD has already cash funded its total equity investment into the Lancashire Project.

6.4 Capital structure and ownership

(a) Capital Structure

The capital structure of GRD as at 31 August 2009 is as follows:

Number of Shares	192,384,982
Number of Unlisted Options	11,493,750

The unlisted Options GRD has granted are:

- (i) 125,000 Options each to subscribe for 1 Share exercisable at \$0.75, vested on 1 January 2002 and having no expiry date.
- (ii) 125,000 Options each to subscribe for 1 Share exercisable at \$0.75, vested on 1 January 2004 and having no expiry date.
- (iii) 2,000,000 Options each to subscribe for 1 Share exercisable at \$1.40, vested on 2 March 2007 and having no expiry date.
- (iv) 1,000,000 Options each to subscribe for 1 Share exercisable at \$1.90, vested on 2 March 2007 and having no expiry date.
- (v) 1,000,000 Options each to subscribe for 1 Share exercisable at \$2.40, vested on 2 March 2007 and having no expiry date.
- (vi) 750,000 Options each to subscribe for 1 Share exercisable at \$2.90, vested on 30 September 2006 and expiring on 30 September 2015.
- (vii) 150,000 Options each to subscribe for 1 Share exercisable at \$1.95, vested on 1 January 2007 and having no expiry date.
- (viii) 1,000,000 Options each to subscribe for 1 Share exercisable at \$2.40, vested on 31 March 2007 and expiring on 1 June 2016.
- (ix) 1,000,000 Options each to subscribe for 1 Share exercisable at \$2.40, vested on 31 March 2008 and expiring on 1 June 2016.
- (x) 1,000,000 Options each to subscribe for 1 Share exercisable at \$2.90, vested on 2 March 2007 and expiring on 1 June 2016.
- (xi) 1,200,000 Options each to subscribe for 1 Share exercisable at \$2.29, vesting on 1 January 2010 and expiring on 1 June 2012.
- (xii) 200,000 Options each to subscribe for 1 Share exercisable at \$2.37, vesting on 1 May 2010 and expiring on 1 October 2012.
- (xiii) 468,750 Options each to subscribe for 1 Share exercisable at \$1.50 vesting on 1 June 2010 and expiring on 1 June 2013.
- (xiv) 937,500 Options each to subscribe for 1 Share exercisable at \$1.50 vested on 31 December 2010 and expiring on 1 June 2013.
- (xv) 537,500 Options each to subscribe for 1 Share exercisable at \$1.50 vested on 1 June 2009 and expiring on 1 June 2013.

(b) **Twenty Largest Shareholders**

The names of the twenty largest Shareholders as at 31 August 2009 are listed below:

Name	Number of Shares	% of Issued Shares
I7 Pty Limited	23,500,000	12.22%
RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C>	17,400,123	9.04%
Macquarie Technology Investments Ltd <IBG PRINCIPAL A/C>	17,000,000	8.84%
National Nominees Limited	16,040,176	8.34%
Citicorp Nominees Pty Limited	11,184,125	5.81%
JP Morgan Nominees Australia Limited	10,098,670	5.25%



Holdex Nominees Pty Ltd <NO 399 A/C>	9,276,864	4.82%
HSBC Custody Nominees (Australia) Limited	6,227,746	3.24%
UBS Nominee Pty Ltd	6,095,245	3.17%
GRD ESAP Pty Ltd <GRD ESAP A/C>	4,843,857	2.52%
Leet Investments Pty Ltd	3,860,000	2.01%
HSBC Custody Nominees (Australia) Limited A/C 2	3,859,840	2.01%
ANZ Nominees Limited <Cash Income A/C>	3,401,413	1.77%
Yandal Investments Pty Ltd	2,672,787	1.39%
HSBC Custody Nominees (Australia) Limited-GSCO ECA	2,258,970	1.17%
Cogent Nominees Pty Limited	2,172,755	1.13%
Sandhurst Trustees Ltd <SISF A/C>	1,989,000	1.03%
Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 14 A/C>	1,856,000	0.96%
Yandal Investments Pty Ltd	1,654,884	0.86%
Queensland Investment Corporation	1,021,507	0.53%
Total Top 20	146,413,962	76.10%
Others	45,971,020	23.90%
Total Ordinary Securities on Issue	192,384,982	100.0%

(c) **Substantial Shareholders**

The names of the substantial Shareholders listed in GRD's register as at 31 August 2009 are:

Shareholder	Number of Shares	% of Issued Shares
Seven Network	23,500,000	12.22%
Investors Mutual	23,281,287	12.10%
Schroder Investment Management	18,280,516	9.50%
Macquarie Group Limited	17,915,812	9.31%
Newton Investment Management Limited	15,711,535	8.17%
UBS Nominees Pty Limited	9,706,428	5.05%

6.5 Recent Share performance

During the previous 3 months prior to the date of this Scheme Booklet, the maximum price of Shares has been \$0.54 on 29 September 2009 and the lowest price has been \$0.45 on 13 July 2009.

The price of Shares on 30 September 2009, that being the day immediately prior to the date of this Scheme Booklet, was \$0.53.

6.6 Litigation

In common with most engineering and construction businesses, GRD Minproc and its subsidiaries are involved in various disputes from time to time, which are usually resolved in the ordinary course of business. The only current material dispute relates to the non-payment of invoices by a client of a subsidiary of GRD Minproc. The subsidiary commenced arbitration proceedings in June 2009 claiming payment of outstanding invoices totalling approximately \$3.7 million (based on exchange rates at 2 September 2009) plus interest. Although GRD Minproc feels confident in relation to the merits of the claim, at this early stage of the arbitration it is difficult to ascertain the likelihood of recovery of the full amount.

6.7 Financial information

All financial information is prepared in accordance with the measurement and recognition requirements (but not all the disclosure requirements) of Australian Accounting Standards incorporating Australian Equivalents to International Financial Reporting Standards (AIFRS). The financial information contained in this section has been presented in abbreviated form. It does not contain all the disclosures usually provided in an annual financial report or a half year financial report prepared in accordance with the Corporations Act.

GRD's financial results for the 12 months ended 31 December 2008 and 6 months to 30 June 2009 are summarised below. Notes to and forming part of the Income Statement and Balance Sheet are set out in GRD's annual financial report for the year ended 31 December 2008 and in GRD's half-year financial report for the 6 months ended 30 June 2009. A copy of these reports can be obtained free of charge. See section 6.10.

Consolidated Income Statement	31-Dec-08 Full Year \$'000	30-Jun-09 Half-Year \$'000
Continuing Operations		
Revenue	251,143	100,523
Other income	2,883	1,929
Expenses excluding finance costs	(246,992)	(94,547)
Share of net profit of investments accounted for using the equity method	6,728	627
Profit from continuing operations before tax and finance costs	13,762	8,532
Finance costs	(4,794)	(2,098)
Profit before income tax expense	8,968	6,434
Income tax expense	(2,679)	(1,193)
Profit from continuing operations	6,289	5,241
Discontinued Operations		
Loss from Discontinued Operations after Income Tax	(68,580)	(38)
Net profit/(loss) for the period	(62,291)	5,203



Consolidated Balance Sheet	31-Dec-08 \$'000	30-Jun-09 \$'000
Current Assets		
Cash and cash equivalents	23,551	9,554
Trade and other receivables	39,012	41,962
Inventories	12,162	20,757
Other assets	854	2,696
Assets of disposal group classified as held for sale	41,493	-
Total Current Assets	117,072	74,969
Non-Current Assets		
Investments accounted for using the equity method	32,074	49,836
Other financial assets	36	48
Property, plant and equipment	7,628	7,615
Intangible assets and goodwill	17,390	16,901
Deferred tax assets	20,145	20,625
Total Non-Current Assets	77,273	95,025
Total Assets	194,345	169,994
Current Liabilities		
Trade and other payables	20,389	17,754
Interest bearing liabilities	11,000	59,769
Provisions	4,665	7,058
Tax liabilities	2,196	1,973
Liabilities directly associated with the assets classified as held for sale	53,104	750
Total Current Liabilities	91,354	87,304
Non-Current Liabilities		
Interest bearing liabilities	46,263	-
Provisions	1,357	754
Total Non-Current Liabilities	47,620	754
Total Liabilities	138,974	88,058
NET ASSETS	55,371	81,936

Equity

Issued capital	81,505	81,434
Reserves	(3,759)	15,354
(Accumulated losses)	(20,055)	(14,852)
Reserves attributable to disposal group classified as held for sale	(2,320)	-
TOTAL EQUITY	55,371	81,936

Interest Bearing Debt

The acquisition of Global Renewables in 2005 included a deferred purchase consideration of \$65 million, payable by GRD on or before 30 June 2010, which has been paid down to \$55.3 million by 30 June 2009. The deferred purchase consideration carries an effective interest rate of 7.29% per annum over the life of the loan.

Pursuant to a deed executed with Hastings Funds Management in January 2009, \$9 million of repayments are scheduled to be made by 31 December 2009, a further \$4 million is due to be paid by 30 May 2010 with the \$42.3 million balance of the loan to be repaid on 30 June 2010.

GRD is unlikely to be in a position to fund the whole of the \$42.3 million bullet repayment due on 30 June 2010 from operating cash flows. GRD has been investigating options available to fund repayment of this obligation, which include:

- (a) Raising equity;
- (b) Selling all or part of GRD's interest in the Lancashire Project;
- (c) Agreeing an extension to the loan term with Hastings Funds Management;
- (d) Refinancing the loan with a third party; or
- (e) A combination of some of the above options.

It is reasonably likely that GRD will be required to undertake an equity raising as part of any refinancing and/or repayment option.

If the Scheme is not implemented and the Directors are required to implement one of the above options, there is a risk that GRD's Share price may be adversely affected.

6.8 Significant movements since GRD's last accounts published

There have been no material changes in GRD's financial position since the 30 June 2009 half year financial report was published on 31 August 2009.

6.9 GRD's business risks

Shareholders are already exposed to a number of risks through their existing Shareholding. A number of these risks are inherent in investing in shares generally and also inherent in an engineering and development business like that of GRD.

GRD's management have identified the key risks currently facing GRD, which continue to be monitored and managed by GRD:

(a) Interest Bearing Debt

The balance of the deferred purchase consideration to Hastings Funds Management is due to be repaid by 30 June 2010. There is a \$42.3 million bullet repayment due at expiry of the loan which is unlikely to be wholly funded from operating cash flows and therefore repayment and/or refinancing of this obligation represents a material risk to GRD (refer to section 6.7 for further details).



(b) **Commodity prices**

GRD Minproc's business is fundamentally exposed to commodity prices and the ability of clients and potential clients to raise funds for exploration and project development.

(c) **Project delays and cancellations**

GRD Minproc is exposed to the risk of clients delaying and/or cancelling projects due to financing limitations and resource price deterioration. This risk is accentuated when GRD Minproc has engaged and mobilised personnel to commence working on the project prior to the delay or cancellation.

(d) **Project pipeline**

The outlook for the mineral resources industry remains uncertain. Over the past few years major projects have contributed significantly to GRD Minproc's order book and earnings (for example Ravensthorpe and Tenke Fungurume). During 2009, major projects will be completed and the slower than expected ramp-up of secured jobs combined with the ongoing delay in companies committing to large projects is placing pressure on GRD Minproc's revenue stream for the second half of 2009. As a consequence, management believe the second half group profit will be below the profit recorded in the first half of 2009.

(e) **Construction, development and operational risk**

As with all international engineering and construction companies, GRD is exposed to a number of construction and development risks with its projects. This is especially relevant to the Lancashire Project as the construction contract is a large fixed price contract. Completing construction and ramp up of the Lancashire Project on time and on budget is a key focus of GRD. When the Lancashire Project facilities are operational, managing operational risks will be a priority.

(f) **Foreign exchange rate risk**

GRD is exposed to the following foreign exchange related risks:

- (i) From time to time GRD has certain foreign exchange exposures arising from sales and purchases in currencies other than the local currency of GRD's businesses. These risks are assessed and, if material, appropriate risk mitigation strategies are implemented.
- (ii) Due to the need to consolidate and report GRD's financial position and performance in Australian dollars, the balance sheets and profit of GRD's non-Australian subsidiaries are translated to Australian dollars periodically, and therefore the consolidated entity's balance sheet and profit can be affected by movements in the exchange rate between the Australian dollar and the local currency of GRD's non-Australian subsidiaries.
- (iii) From 2011 GRD will be exposed to exchange rate risk on its share of any profit earned by the Lancashire Project. At present this share of profit is unhedged.
- (iv) The Lancashire Project construction joint venture hedges its foreign exchange exposure on forecast construction costs. Under Accounting Standards the foreign exchange hedges held by this associate generate accounting entries to the consolidated entity's income statement and balance sheet based on the periodic assessment of the fair value of the foreign currency hedges. Exchange fluctuations can therefore cause volatility in operating results and the financial condition of GRD, as reported in its consolidated financial report.

(g) **Interest rate risks**

Global Renewables Lancashire Limited (the partnership between GRD and Lend Lease Corporation Ltd), has significant bank debt and has entered into interest rate swaps in order to fix the interest rate on 100% of its forecast debt. Under Accounting Standards the interest rate hedges held by the associate generate accounting entries to the consolidated entity's income statement and balance sheet based on the periodic assessment of the fair value of these hedges and their deemed effectiveness. Interest rate fluctuations can therefore cause volatility in operating results and the financial condition of GRD, as reported in its consolidated financial report.

(h) **Share risk**

There is no guarantee of profitability, dividends, return of capital or of the price at which Shares will trade on any market. Historical share price performance of Shares should not be taken as a guide to future share price performance as the price of shares can fluctuate.

(i) **General economic condition**

The performance of GRD and the price at which its Shares will trade on ASX may be determined by a range of factors including, but not limited to, the following:

- (i) movements in the local and international equity and credit markets and general investor sentiment in those markets;
- (ii) recommendations by brokers and analysts;
- (iii) general economic conditions and outlook;
- (iv) availability of skilled workforce;
- (v) changes in government, fiscal, monetary and regulatory policies;
- (vi) changes in commodity prices;
- (vii) costs of operations;
- (viii) environmental impacts;
- (ix) global geo-political events and hostilities and acts of terrorism;
- (x) announcement of new technologies; and
- (xi) changes in the engineering and construction industry.

(j) **Competition**

A number of other engineering and construction companies operate in Australia and globally that compete with GRD. These competitors may have access to resources and key personnel which could result in a competitive advantage.

(k) **Dependence on key personnel**

GRD is dependent on the efforts and abilities of key technical and managerial personnel. As such, any unanticipated loss of a number of key personnel may impede GRD's future performance.

(l) **Key customers**

GRD maintains a number of key relationships with its customers globally. Although GRD has developed and maintains direct and transparent relationships with its customers, there can be no guarantee that future contracts will be able to be negotiated with these customers.



6.10 Further information on GRD

As a disclosing entity under the Corporations Act, GRD is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC may be obtained from or inspected at any ASIC office.

Prior to the Scheme Meeting, Scheme Participants have a right to obtain, free of charge, copies of the 31 December 2008 annual financial report for GRD, the 30 June 2009 half-year financial report for GRD and continuous disclosure notices that have been lodged since the 2008 annual report was lodged with ASIC and ASX. All annual and half-yearly financial reports and announcements made under continuous disclosure are lodged with the ASX and can be viewed and downloaded at www.asx.com.au.

All requests for copies of those documents should be addressed to the Company Secretary at GRD Limited, Level 14, AMP Building, 140 St Georges Terrace, Perth WA 6000.

GRD maintains a Register of Shareholders and Optionholders, including copies of all option records, in accordance with Part 2C.1 of the Corporations Act. Shareholders and GRD Optionholders may inspect and obtain copies of these registers and records in accordance with the provisions of the Corporations Act.

Shareholders may also find investor information on the GRD website at www.grd.com.au.

7. Information about AMEC

7.1 Overview of AMEC

AMEC plc is a leading supplier of high-value consultancy, engineering and project management services to the world's energy, power and process industries. AMEC Group provides total life of asset services including the design, delivery and maintenance of complex assets in sectors such as oil and gas, mining, power, water and nuclear.

AMEC plc is headquartered in London, with operations in over 30 countries across Europe, the Americas, Africa, Asia, and Australia. AMEC Group employs over 21,000 people and services customers which range from blue chip companies to national and local governments.

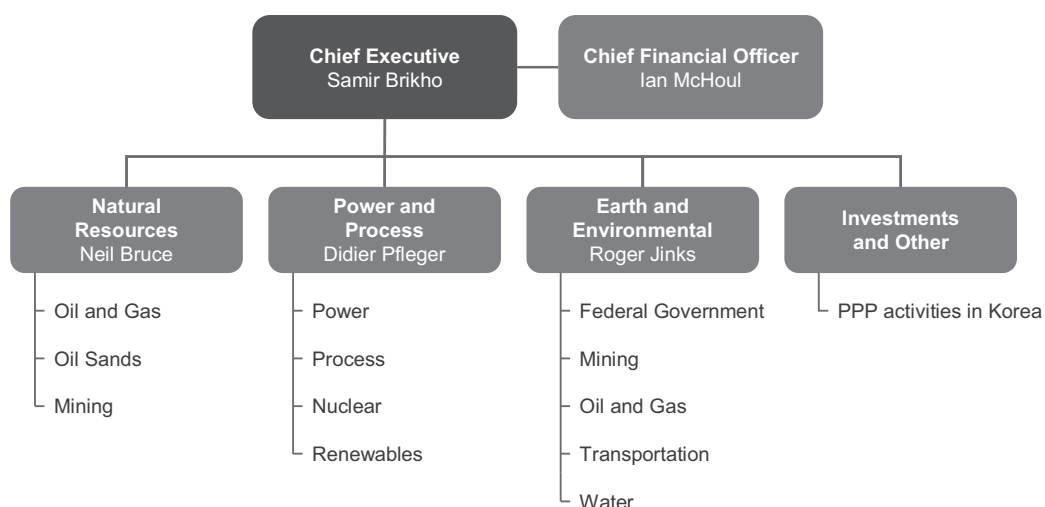
In the financial year ended 31 December 2008, AMEC plc's group revenue from continuing operations was £2,606 million (\$5,023 million), an increase of 11% from the previous year. In the same period, AMEC plc reported profit before income tax of £307 million (\$591 million) from continuing operations, an increase of 102% from the previous financial year.

AMEC plc is traded on the London Stock Exchange and had a market capitalisation of £2,453 million (\$4,728 million) as at 4 September 2009. AMEC plc was first listed in 1982 and has been a constituent of the FTSE 100 Index since December 2007, being listed in the Oil Equipment and Services sector (LSE: AMEC.L)

AMEC plc is an equal opportunity employer, is ranked as the sector leader for sustainability in the oil equipment and services sector of the worldwide Dow Jones Sustainability Index and recently achieved a gold standard ranking from the UK's Corporate Responsibility Index. AMEC plc has also recently been added to the register of United Nations Global Compact participants, a register of companies committed to best practice in the areas of human rights, labour relations, environment and anti-corruption.

AMEC plc's Chief Executive is Samir Brikho and its Chief Financial Officer is Ian McHoul. Both, together with Neil Bruce, Chief Operating Officer of AMEC plc's Natural Resources division, are also Executive Directors of AMEC plc (see section 7.3). AMEC plc's organisational structure and the sectors serviced by each of AMEC plc's divisions are outlined in the diagram below:

Figure 8 - Organisational Structure



7.2 Overview of business divisions

AMEC plc's three main business divisions consist of Natural Resources, Power and Process and Earth and Environmental. AMEC Group is also a shareholder in the Incheon Bridge project, a Public Private Partnership project in Korea.

(a) **Natural Resources**

The Natural Resources business carries out activities in oil and gas services, oil sands and mining, with global experience in delivering large and complex projects.

(i) **Oil and gas services**

AMEC Group consults on, designs, manages delivery of, maintains and upgrades production assets for a broad range of oil and gas companies worldwide. With strong, long-term customer relationships, AMEC Group is a leading supplier in the UK's North Sea and has strong positions in growth regions, including the Caspian.

AMEC Group has global experience of delivering large and complex projects, with capabilities in deepwater and hostile conditions including Arctic environments and earthquake-prone regions. In the Opex arena, AMEC Group is a leading provider of international asset support, servicing more than 200 facilities each day.

A selection of AMEC Group's recent contract wins include the award by INPEX of a contract for a Front End Engineering Design (FEED) for the Ichthys Field, offshore Western Australia; a two-year contract extension by BG International Ltd for engineering, procurement, construction, commissioning and project management services for BG Group's UK assets in the North Sea; and selection by BP to provide long-term engineering and project management services for offshore developments around the world.

(ii) **Oil sands**

AMEC Group is the market leader in project management, engineering services and the provision of infrastructure to the upstream surface mining oil sands sector. Having helped to build the world's first oil sands plant in 1967, AMEC Group's operations have matured along with the industry, with participation in most recent oil sands developments. During 2008, the acquisition of BDR strengthened AMEC Group's position in the market for specialist technical engineering services in the emerging upstream in-situ sector.

AMEC Group's recent contract wins include the selection by Imperial Oil Limited as engineering, procurement and construction management contractor for phase 1 facilities of their Kearl Oil Sands project in northern Alberta, Canada.

(iii) **Mining**

AMEC Group provides mining consultancy, design and project and construction management services to global mining customers producing commodities including potash, gold, diamonds, base metals, iron ore and uranium. The business has a strong track record in the execution of large and complex projects and is a recognised leader in northern and Arctic environments where projects have significant logistical challenges associated with their remote location.

Recent contracts include a four year engineering and project management services contract with PotashCorp Canada on the Rocanville Potash mine.

(b) **Power and Process**

The Power and Process business provides services across the value chain to public and private sector customers, including major utilities, principally in the UK and Americas.

(i) Nuclear

AMEC Group provides services across the nuclear life cycle, offering programme and asset management, project management, consultancy, engineering and scientific services primarily in the UK, Canada, Central and Eastern Europe and South Africa.

Recent contracts include involvement in the restart of reactors 1 and 2 for Bruce Power in Ontario, Canada; and nuclear decommissioning work as part of the Nuclear Management Partners consortium at Sellafield in the UK.

(ii) Power

This sector comprises the generation of electricity from all sources other than nuclear (including renewables projects such as waste to energy, wind and hydro), together with electricity transmission and distribution facilities. AMEC Group provides consulting and feasibility studies through to detailed EPC (engineering, project management and construction), contracting and commissioning services.

Recent contracts include long-term agreements with National Grid for replacement gas infrastructure and upgrading of electricity networks, including National Grid's first long-term contract in the US; and engineering, permits, procurement and construction for the Clean Power Income Fund in relation to wind farms in Port Burwell, Ontario, Canada.

(iii) Process

The process sector represents just under half the activities of the Power and Process division. Activities cover a broad range of industries, but are principally in gas processing and transmission, pulp and paper, petrochemicals and bio-tech.

Recent contract wins include the provision of engineering and construction management services for Range Fuels, Inc.'s first commercial scale cellulosic biofuels plant in Georgia, US.

(c) Earth and Environmental

AMEC Group is a leading international environmental and engineering consulting organisation. AMEC Group's full service capabilities cover a range of disciplines including environmental engineering and science, geotechnical engineering, water resources, materials testing and engineering, engineering and surveying, and programme management.

A selection of AMEC Group's recent Earth and Environmental contracts include programme management, design, surveying and construction management for Lake Havasu City's wastewater infrastructure in the US; environmental and geotechnical engineering work on Kearsarge Oil Sands project for Imperial Oil; and multiple projects at bases globally for US Air Force Center.

(d) Investments and other activities

AMEC Group is a shareholder in a Public Private Partnership in Korea for the Incheon Bridge and is currently project managing its construction. The Incheon Bridge is now almost complete and will be one of the world's longest spanning cable stayed bridges.

7.3 Directors of AMEC

AMEC plc's board members bring a wealth of experience in many different areas. Brief profiles of the directors of AMEC plc are set out below.

Jock Green-Armytage – Chairman, Non-Executive director

Jock was appointed non-executive Chairman in January 2004, having joined the board as a non-executive director in 1996. Jock was previously a senior corporate financier at the



merchant bank N M Rothschild and has headed three major companies, with experience encompassing aviation, heavy electrical equipment, fire protection, automotives, textiles and gas.

Jock was born in Canada and holds a BA (Economics) from McGill University, Montreal, and an MBA from Columbia University, New York. Jock is also Chairman of both JZ International Limited and Star Capital Partners Limited and a director of REA Holdings PLC and several other companies.

Samir Brikho – Chief Executive

Samir was appointed Chief Executive in October 2006 and has spearheaded a strategy to transform AMEC plc into a leading supplier of high-value consultancy, engineering and project management services.

Born in Lebanon in 1958, Samir subsequently moved to Sweden where he holds citizenship. Much of his career prior to joining AMEC plc was at ABB, where he was latterly a member of the Group Executive Committee and Chairman of ABB Lummus Global.

Samir holds a Master of Science degree in Thermal Technology from the Royal High School of Technology in Stockholm, Sweden.

Ian McHoul – Chief Financial Officer

Ian was appointed Chief Financial Officer in September 2008. He was previously Group Finance Director of Scottish and Newcastle plc and is a non-executive director and Chairman of the audit committee of Premier Foods plc.

Peter Byrom – Non-Executive Director

Peter was appointed a non-executive director in February 2005 and is Chairman of the audit committee. He is Chairman of Domino Printing Sciences plc and a non-executive director of Rolls-Royce plc. He was a director of N M Rothschild from 1977 to 1996.

Martha Hesse – Non-Executive Director

Martha was appointed a non-executive director in June 2000. She is Chairman of the compliance and ethics committee. She was President of Hesse Gas Company until 2003 and is the former Chairman of the US Federal Energy Regulatory Commission and Assistant Secretary for management and administration of the US Department of Energy. She is Chairman of Enbridge Energy Partners, L.P., Enbridge Energy Management, L.L.C. and Enbridge Energy Company Inc. and a director of Terra Industries Inc. and Mutual Trust Financial Group. All these entities are based in the US and Canada.

Tim Faithful – Non-Executive Director

Tim was appointed a non-executive director in February 2005 and Senior Independent Director in May 2009. He is Chairman of the remuneration committee. He is a non-executive director of Canadian Pacific Railway, TransAlta Corporation, a director of Enerflex Systems Income Fund and Shell Pensions Trust Limited and was President and Chief Executive of Shell Canada Limited between 1999 and 2003.

Neil Bruce – Executive Director

Neil was appointed an executive director in January 2009. He is Chief Operating Officer of AMEC plc's Natural Resources division. Neil has over 30 years' experience in oil and gas and natural resources and joined AMEC Group in 1997.

A Chartered Engineer, Neil has a Masters Degree from Newcastle University. During 2006, he completed a three year term as Chairman of the Offshore Contractors Association.

Simon Thompson – Non-Executive Director

Simon was appointed a non-executive director in January 2009. He was previously an executive director of Anglo American plc, Chairman of the Tarmac Group and held positions with SG Warburg and N M Rothschild. Simon is currently the Non-Executive Director of Newmont Mining Corporation (US), Sandvik AB (Sweden) and UC Rusal (Russia).

7.4 Corporate Structure

(a) Major shareholders

Major shareholdings in AMEC plc of 3 per cent or more, as at 12 March 2009, are as set out below:

	Number	%
BlackRock, Inc	16,921,408	5.09
Barclays PLC	14,410,295	4.33
Legal & General Investment Management Ltd	13,588,869	4.09
ABN-AMRO Bank NV	13,317,635	4.01
Credit Suisse Securities (Europe) Limited and Credit Suisse International	13,216,909	3.97

7.5 Scheme rationale, structure and funding

(a) Rationale for the Scheme

AMEC plc believes that a number of strategic and financial benefits will arise from the proposed combination of AMEC and GRD. These include the following:

- GRD's scale in the Australasian region combined with the AMEC Group's existing oil and gas presence provides the foundation to build a leading regional Natural Resources business with an expanded service offering that will benefit both the AMEC Group and GRD's existing and future customers;
- GRD's world class technical capabilities and strong client base in Australia, Africa and South America will enhance the AMEC Group's mining business. In turn, GRD will benefit from the AMEC Group's metals and mining expertise and considerable international client base;
- A combination of GRD and AMEC may give rise to economies of scale that may translate into better quality services at more competitive prices for GRD's current customers;
- GRD's growth may be supported by the AMEC Group's significantly enhanced financial capacity, particularly with respect to winning large scale contracts;
- GRD staff will benefit from the wider skill development and global career opportunities arising from the AMEC Group's international and multidisciplinary engineering presence; and
- GRD and the AMEC Group have a complementary approach to risk management procedures and safety with a focus on achieving industry best practice target Lost Time Incident Frequency Rate (LTIFR) and Total Recordable Incident Frequency Rate (TRIFR).



(b) **Structure of the acquisition**

AMEC Australia Pty Ltd entered in the Scheme Implementation Agreement and subsequently nominated another AMEC plc subsidiary to be the acquiring entity. The Scheme Implementation Agreement was novated from AMEC Australia Pty Ltd to AMEC on 17 August 2009.

AMEC Australia Finance Company Pty Ltd will be the legal entity acquiring GRD Shares if the Scheme is approved and implemented. AMEC Australia Finance Company Pty Ltd is a wholly owned subsidiary of AMEC plc.

GRD will form part of AMEC plc's Natural Resource's division within the Growth Regions' business.

(c) **Scheme Consideration**

If the Scheme becomes effective, AMEC will pay each Scheme Participant \$0.55 cash per GRD Share on the Scheme Implementation Date.

(d) **Funding arrangement**

Although the Scheme is not conditional upon finance arrangements, this section 7.5 outlines how AMEC intends to finance the payment of the Scheme Consideration.

Based on AMEC plc's 2009 Interim Results as at 30 June 2009, AMEC plc had net cash of £699 million (\$1,347 million) and virtually no debt

If the Scheme is implemented, AMEC will pay Scheme Participants a total of approximately \$105.8 million under the Scheme. AMEC intends to fund the aggregate Scheme Consideration from its own internal financial resources without recourse to any funds from an external third party.

AMEC plc has, and if the Scheme is implemented, will have on the Implementation Date, sufficient cash funds to pay the aggregate Scheme Consideration to all GRD Shareholders in full.

7.6 Post-acquisition intentions of AMEC

This section 7.6 sets out AMEC's current intentions in relation to:

- (a) the continuation of the business of GRD;
- (b) the board of GRD;
- (c) any major changes to the business of GRD and any redeployment of the fixed assets of GRD, if AMEC acquires all of the Shares on issue through the approval and implementation of the Scheme; and
- (d) the future employment of the current employees of GRD.

These intentions are based on the information concerning GRD, its business and the general business environment that is known to AMEC at the time of the preparation of this Scheme Booklet, which is limited to publicly available information and a due diligence review of certain non-public information provided by GRD. Final decisions in relation to the ongoing prospects for GRD will only be reached after AMEC has had an opportunity to undertake a detailed review of GRD's operations. Accordingly, the statements set out in this section 7.6 are statements of current intention only which may change as new information becomes available or circumstances change.

AMEC's current intention if the Scheme is approved is that:

- (a) GRD will be removed from the official list of the ASX;
- (b) GRD's current head office will remain and become the head office for AMEC's Australian operations;

- (c) AMEC will consider the replacement of members of the GRD Board with the nominees of AMEC. Replacement Board members have not yet been identified by AMEC and their identity will depend on the circumstances at the relevant time. However, it is expected that the majority of the replacement Board members will be members of the AMEC Group management team in the Asia Pacific region;
- (d) Samir Brikho will become Chief Executive Officer;
- (e) Following implementation of the Proposed Transaction, AMEC intends to conduct a broad based review of GRD's operations at both a strategic and practical level with a view to enhancing the future growth of GRD's assets in the interest of AMEC plc's shareholders; and
- (f) Subject to the review referred to above, AMEC does not intend to make material changes to GRD's operations or to the employment of the current employees of GRD.

7.7 Other information about AMEC

(a) **AMEC's interest in GRD**

As at the date of this Scheme Booklet, neither AMEC nor any of its associates has a relevant interest in the GRD Shares.

(b) **No dealings in GRD Shares in previous four months.**

Except for the consideration to be provided under the Scheme, during the period of four months before the date of this Scheme Booklet, neither AMEC nor any of its Associates have provided or agreed to provide consideration for any GRD Shares under a purchase or an agreement.

(c) **Benefits to holders of GRD Shares**

During the four months before the date of this Scheme Booklet, neither AMEC nor any of its Associates have given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate, to:

- (i) vote in favour of the Scheme; or
- (ii) dispose of GRD Shares,

And where the benefit was not offered to all GRD Shareholders.

(d) **Benefits to current GRD Directors**

Subject to those payments disclosed in section 11.5, AMEC will not be making any payment or give any benefit to any current member of the GRD Board as compensation or consideration for, or otherwise in connection with, their resignation from the GRD Board, if the Scheme becomes effective and the Board is accordingly reconstituted.

(e) **Public information available for inspection**

AMEC plc is listed on the London Stock Exchange and is subject to the periodic reporting and disclosure obligations imposed by UK legislation and the UK listing rules.

AMEC plc will provide a copy of any of the following documents free of charge to any person who requests a copy prior to the Scheme Meeting. Some of these documents are also available (or may be accessed) from AMEC plc's website at amec.com:

- (i) AMEC plc's Memorandum and Articles of Association;



- (ii) AMEC plc's 2008 annual report, which contains the consolidated financial statements of AMEC for the year ended 31 December 2008 (see amec.com/investors/financial_reports/financial_reports.htm); and
- (iii) any other document or financial statements lodged by AMEC plc with the Financial Services Authority or London Stock Exchange under the continuous disclosure reporting requirements in the period after the lodgement of the annual financial statements for the year ended 31 December 2008 and before the date of this Scheme Booklet with ASIC (see amec.com/investors/regulatory_news.htm).

8. Tax Implications of the Scheme

8.1 Tax consequences for Scheme Participants

The following is a general summary of the potential Australian capital gains tax (CGT) consequences for Scheme Participants of disposing of Shares under the Scheme. This summary is based on the law and practice in effect on the date this Scheme Booklet was lodged with ASIC. However, the summary is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every Scheme Participant.

The summary is only relevant to Australian resident Scheme Participants who hold Shares on capital or revenue account for investment purposes. All Shareholders are advised to seek independent professional advice in relation to their particular circumstances. In particular, non-resident Shareholders should seek their own advice on the Australian and foreign tax consequences.

8.2 CGT consequences on disposal of Shares

(a) Post-CGT Shares

Any Scheme Participant who acquired their Shares on or after 20 September 1985 will make a capital gain equal to the amount by which the Scheme Consideration exceeds the cost base of the Shares the subject of the Scheme. Subject to the availability of the CGT discount (see below) and any losses available to be offset against the capital gain, this amount will be included in the Scheme Participant's taxable income.

A Scheme Participant will alternatively make a capital loss equal to the amount by which the reduced cost base of the Shares the subject of the Scheme exceeds the Scheme Consideration. A capital loss may be used to offset a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year, subject to the satisfaction of certain loss recoupment tests applicable to companies and trusts.

(b) Cost base of Shares

The cost base of Shares will generally be equal to the cost of acquiring the Shares, including any stamp duty and brokerage fees.

(c) Shares acquired before 21 September 1999

Any Scheme Participant who acquired their Shares before 11.45am (by legal time in the Australian Capital Territory) on 21 September 1999 may index the cost base of their Shares to take account of inflation between the calendar quarter in which the Shares were acquired and the calendar quarter ended 30 September 1999.

If a Scheme Participant who is an individual, the trustee of a trust or a complying superannuation entity chooses to index the cost base of Shares, then the CGT discount will not be available (see below). Note that the cost base of Shares cannot be indexed in working out the amount of any capital loss.

(d) CGT discount

Any Scheme Participant who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain provided that:

- (i) the Shares were acquired at least 12 months prior to disposal under the Scheme;
- (ii) the Scheme Participant did not choose to index the cost base of their Shares (see above); and



- (iii) the CGT discount is applied to the capital gain after any available capital losses are first offset against that capital gain.

A Scheme Participant who is an individual or the trustee of a trust may discount the capital gain by 50% and include 50% of the capital gain in the taxable income of that individual or trust.

A Scheme Participant who is a complying superannuation entity may discount the capital gain by 33 and 1/3% and include 66 and 2/3% of the capital gain in the taxable income of that complying superannuation entity.

The CGT discount is not available to a Scheme Participant that is a company.

8.3 Shares held on revenue account (but not as trading stock)

If a Scheme Participant who holds Shares on revenue account (but not as trading stock) then any profit on sales will be included in the shareholder's assessable income or any loss should be an allowable deduction. We note that disposal of Shares under the Scheme will constitute a sale for these purposes. We specifically note that the CGT discount discussed above does not apply to Scheme Participants who hold their Shares on revenue account.

The gain or loss will be calculated as the difference between:

- (a) the value of the consideration; and
- (b) the cost of acquiring the Shares.

8.4 Goods and services tax and stamp duty

No Australian goods and services tax or stamp duty will be payable by Scheme Participants under the Scheme.

9. Effect of the Scheme

9.1 Scheme Implementation Agreement

On 18 July 2009, GRD, AMEC Australia Pty Ltd and AMEC plc entered into a Scheme Implementation Agreement.

A summary of the Scheme Implementation Agreement is in section 10 and a full copy is in Annexure 2 of this Scheme Booklet.

9.2 Novation Deed

On 17 August 2009, GRD, AMEC, AMEC Australia Pty Ltd and AMEC plc entered a deed of novation pursuant to which AMEC Australia Pty Ltd novated its rights and obligations under the Scheme Implementation Agreement to AMEC. Consequently, AMEC will be the acquiring entity.

9.3 Deed Poll

On 4 September 2009, AMEC executed the Deed Poll, pursuant to which AMEC agreed, subject to the Scheme becoming Effective, to provide each Scheme Participant with the relevant Scheme Consideration to which it is entitled under the Scheme. A copy of the Deed Poll is in Annexure 4 of this Scheme Booklet.

9.4 Scheme Meeting

On or about the date of this Scheme Booklet, the Court ordered that the Scheme Meeting be convened in accordance with the Notice of Meeting and appointed Richard Court to chair the Scheme Meeting. The Notice of Meeting is in Annexure 6 of this Scheme Booklet.

Each Shareholder who is registered on the Register at 7.00pm on 8 November 2009 is entitled to attend and vote at the Scheme Meeting, either in person or by proxy or attorney or, in the case of a body corporate, by its corporate representative appointed in accordance with section 250D of the Corporations Act. Voting at the Scheme Meeting will be by poll.

To be approved under section 411(4)(a)(ii) of the Corporations Act, the Resolution in favour of the Scheme must be passed at the Scheme Meeting by:

- (a) a majority in number (more than 50%) of Shareholders present and voting at the Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate Shareholders, by a corporate representation); and
- (b) at least 75% of the total number of votes cast on the Resolution at the Scheme Meeting by members entitled to vote on the Resolution.

Instructions on how to attend and vote at the Scheme Meeting (in person or by proxy), are set out in section 3 of this Scheme Booklet and in the notes for the Notice of Meeting in Annexure 6 of this Scheme Booklet.

9.5 Court approval of the Scheme

In the event that:

- (a) the Scheme is agreed to by the requisite majorities of Shareholders at the Scheme Meeting; and
- (b) all Conditions have been satisfied or waived (if they are capable of being waived) (see section 10.2 of this Scheme Booklet),

Then GRD will apply to the Court for orders approving the Scheme.

Each Shareholder has the right to appear at the Second Court Hearing.



9.6 Effective Date

The Scheme will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. GRD will, on the Scheme becoming Effective, give notice of that event to the ASX.

GRD intends to apply to the ASX for the Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date.

9.7 Record Date

Those Shareholders on the Register on the Record Date will become entitled to the Scheme Consideration in respect of the Shares they hold at that time (in this Scheme Booklet, those Shareholders are referred to as 'Scheme Participants').

9.8 Determination of persons entitled to Scheme Consideration

(a) Dealings on or prior to the Record Date

For the purposes of calculating entitlements under the Scheme, any dealing in Shares will only be recognised if:

- (i) in the case of dealings of the type to be effected by CHESS, the transferee is registered in the Register as the holder of the relevant Shares on the Record Date; and
- (ii) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date at the Registry.

Subject to the Corporations Act, ASX Listing Rules and the Constitution, GRD must register transmission applications or transfers which it receives by the Record Date. GRD will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after the Record Date.

(b) Dealings after the Record Date

For the purposes of determining the entitlement to Scheme Consideration, GRD will, until the Scheme Consideration has been provided, maintain the Register, subject to the comments in section 9.8(a) of this Scheme Booklet, in its form as at the Record Date. The Register in this form will solely determine entitlements to Scheme Consideration.

From the Record Date:

- (i) all statements of holding in respect of Shares cease to have effect as documents of title in respect of such Shares; and
- (ii) each entry on the Register will cease to be of any effect except as evidence of entitlement to Scheme Consideration in respect of the Shares relating to that entry.

9.9 Scheme Implementation Date

The Scheme Implementation Date is the fifth Business Day after the Record Date. On the Scheme Implementation Date, AMEC will pay each Scheme Participant the Scheme Consideration for the Shares held by that Scheme Participant and the Shares will be transferred to AMEC.

In the case of Shares held in joint names, the Scheme Consideration shall be paid to the holder whose name appears first in the Register as at the Record Date.

9.10 Delisting GRD

On a date after the Scheme Implementation Date, GRD will apply:

- (a) for termination of the official quotation of Shares on the ASX; and
- (b) to have itself removed from the official list of the ASX.



10. Key Terms of the Scheme Implementation Agreement

10.1 Overview

GRD, AMEC Australia Pty Ltd and AMEC plc entered into a Scheme Implementation Agreement on 18 July 2009 in relation to the Scheme.

AMEC Australia Pty Ltd is a wholly-owned subsidiary of AMEC plc and obligations of AMEC are guaranteed by AMEC plc under the Scheme Implementation Agreement. As noted in paragraph 9.2 above, AMEC Australia Pty Ltd subsequently novated the Scheme Implementation Agreement to AMEC, which is also a wholly-owned subsidiary of AMEC plc. Consequently, the terms of the Scheme Implementation Agreement are now binding on AMEC.

The Scheme Implementation Agreement is included in full in Annexure 2 to this Scheme Booklet.

10.2 Conditions

Implementation of the Scheme is subject to a number of conditions precedent which must be satisfied, including the following:

- (a) **Regulatory Approvals** - the Regulatory Approvals are obtained before the Second Court Date.
- (b) **Shareholder Approval** - Shareholders resolve at a general meeting to approve a Resolution in favour of:
 - (i) the Scheme of Arrangement pursuant to section 411(4)(a)(ii) of the Corporations Act; and
 - (ii) all other matters that Shareholders need to approve to implement the Scheme and give effect to the Scheme Implementation Agreement.
- (c) **No GRD Prescribed Occurrences** - no Prescribed Occurrence occurs before the Second Court Date.
- (d) **No Material Adverse Change** - no Material Adverse Change occurs before the Second Court Date.
- (e) **Representations and Warranties** - the representations and warranties of GRD and AMEC in the Scheme Implementation Agreement being true and correct in all material respects on the Second Court Date.
- (f) **Court Approval** - the Court orders the convening of the Scheme Meeting or Scheme Meetings under section 411(1); the Court makes orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme; an office copy of the Court order approving the Scheme is lodged with ASIC under section 411(4)(b).

The terms 'Material Adverse Change', 'Prescribed Occurrence' and 'Regulatory Approvals' are defined in clause 1.1 of the Scheme Implementation Agreement.

10.3 Board recommendation

GRD will procure that each member of the Board will recommend to the Shareholders to vote in favor of the Scheme. The Board recommendation can only be withdrawn if:

- (a) there is a Superior Proposal, which is a publicly announced proposal that the Board determines is both reasonably capable of being completed and more favourable to Shareholders than the Scheme; or
- (b) the Independent Expert's Report concludes that the Scheme is not in the best interests of Shareholders.

10.4 Non-Solicitation

Until the earlier of the date the Scheme is approved by the Court or the date of termination, GRD must ensure that it:

- (a) does not, except with the consent of AMEC, directly or indirectly solicit, encourage, initiate, invite or facilitate any negotiations or discussions or communicate any intention to do any of these things with any person other than AMEC with respect to a Competing Proposal; and
- (b) does not provide non-public information or permit any person to undertake due diligence investigations to facilitate consideration by any person, other than AMEC, to submit a Competing Proposal.

GRD's non-solicitation obligations will not apply to the extent that these obligations:

- (a) restrict GRD or the Board from taking or refusing to take any action with respect to a Competing Proposal provided that the Board has determined, in good faith and based on the written opinion of senior counsel, that failing to respond to such a bona fide Competing Proposal would be reasonably likely to constitute a breach of the Board's fiduciary or statutory obligations;
- (b) would otherwise be unlawful or a breach of the Listing Rules; or
- (c) prevent GRD from continuing to make normal presentations to brokers, portfolio investors and analysts in the ordinary course of business.

10.5 Notification of approaches

GRD must notify AMEC promptly if it becomes aware of any negotiations or discussion or any approach in respect of any expression of interest, offer or proposal.

10.6 Right to match

If at any time GRD receives a Superior Proposal, then AMEC will have the right to match the Superior Proposal.

The term 'Superior Proposal' is defined in clause 1.1 of the Scheme Implementation Agreement. In summary it means a publicly announced Competing Proposal which the Board determines in good faith (based on the written opinion of its financial and legal advisors) is:

- (a) reasonably capable of being completed taking into account all material aspects of the Competing Proposal; and
- (b) in the best interests of the Shareholders compared to the Scheme.

10.7 Break fee

AMEC's break fee is capped at \$1,000,000. This cap has been calculated in accordance with the current Takeovers Panel policy. AMEC will be entitled to this Break Fee if:

- (a) the Board withdraws its recommendation to the Shareholders; or
- (b) a Competing Proposal is consummated that was facilitated by GRD.

10.8 Termination

The Scheme Implementation Agreement may be terminated prior to the Second Court Date by either party in the following circumstances:

- (a) Board withdraws the Board recommendation;
- (b) Shareholder approval is not obtained;



- (c) either party is in material breach of the Scheme Implementation Agreement and such breach is not remedied;
- (d) the Court or other governmental agency has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Scheme;
- (e) a condition precedent is not satisfied or waived by the Condition Date; or
- (f) the Scheme is not effective within six (6) months of the date of the Scheme Implementation Agreement (unless extended by agreement of both parties).

10.9 Obligations of GRD and AMEC

Full details of GRD, AMEC and AMEC plc's obligations can be found in the Scheme Implementation Agreement contained in Annexure 2 of this Scheme Booklet.

11. Additional Information

11.1 Interests of Directors

(a) Directors' interests in Shares and Options

As at the date of this Scheme Booklet, the Shares and Options held for or on behalf of each Director is as follows:

Director	Direct Interest in Shares	Indirect Interest in Shares	Direct Interest in Options
Hon Richard Court AC	-	127,000 ⁽¹⁾	-
Mr Cliff Lawrenson	290,270 ⁽²⁾	-	3,750,000 ⁽³⁾
Mr Richard J Linnell	-	-	-
Mr Bruce G Thomas	-	3,860,000 ⁽⁴⁾	-
Dr John D White	-	155,142 ⁽⁵⁾	4,000,000 ⁽⁶⁾
Dr Christopher R Pointon	-	33,000 ⁽⁷⁾	-

Notes:

- (1) The Hon Richard Court AC's Shares are held through Tower Life Pty Ltd.
- (2) Cliff Lawrenson's Shares includes 40,270 Shares that have vested and are held beneficially by the ESAP Trustee in Mr Cliff Lawrenson's name pursuant to the ESAP.
- (3) Cliff Lawrenson holds:
 - 750,000 Options to subscribe for 1 Share exercisable at \$2.90, vested 30 September 2006 and expiring on 30 September 2015.
 - 2,000,000 Options to subscribe for 1 Share exercisable at \$2.40, half vested 31 March 2007, half vested on 31 March 2009, and expiring on 1 June 2016.
 - 1,000,000 Options to subscribe for 1 Share exercisable at \$2.90 vested on 2 March 2007 and expiring on 1 June 2016.
- (4) Mr Bruce Thomas' holds 3,100,000 Shares through Leet Investments Pty Ltd and 760,000 Shares through Leet Investments Pty Ltd [Superannuation Fund a/c].
- (5) Dr John D White holds 20,000 Shares through JJIS Pty Ltd and 135,142 Shares through JJIS Pty Ltd [Superannuation Fund a/c].
- (6) Dr John White holds:
 - 2,000,000 Options to subscribe for 1 Share exercisable at \$1.40, vested on 2 March 2007 and having no expiry date.
 - 1,000,000 Options to subscribe for 1 Share exercisable at \$1.90, vested on 2 March 2007 and having no expiry date.
 - 1,000,000 Options to subscribe for 1 Share exercisable at \$2.40, vested on 2 March 2007 and having no expiry date.
- (7) Dr Chris Pointon's Shares are held though HSBC Custody Nominees (Australia) Ltd for the account of Mrs E. A. Pointon.

(b) Dealings in Shares

No Director has acquired or disposed of a relevant interest in Shares or Options in the 4 month period ending on the date immediately before the date of this Scheme Booklet.

(c) AMEC Securities

- (i) As at the date of this Scheme Booklet, no Director had a relevant interest in any AMEC Securities.



- (ii) No Director has acquired or disposed of a relevant interest in any AMEC Securities in the 4 month period on the date immediately before the date of this Scheme Booklet.

11.2 Options

Under the Scheme Implementation Agreement, it was agreed that GRD and AMEC would use all reasonable endeavours to procure that, prior to the Scheme Implementation Date, each Optionholder would agree to cancel their Options on terms acceptable to AMEC.

Optionholders who enter into a Cancellation Deed and agree to cancel their Options will not receive Shares for those Options and will not participate in the Scheme as Scheme Participants in respect of those Options. However, in consideration for the cancellation of the relevant Options, and subject to the Scheme being Effective, each Optionholder will be paid fair value consideration for each cancelled Option as determined using a Black and Scholes option pricing method.

AMEC has agreed to the consideration to be paid by GRD to each Optionholder on cancellation of the Options on the condition that GRD does not execute any Cancellation Deeds until all Optionholders have executed Cancellation Deeds.

Dr John D White has entered into a Cancellation Deed to cancel all of his 4,000,000 Options for a total consideration of \$450,200. Mr Cliff Lawrenson has entered into a Cancellation Deed to cancel all of his 3,750,000 Options for a total consideration of \$175,825. GRD will only execute these deeds if all other Optionholders agree to cancel their Options and execute Cancellation Deeds.

If GRD executes Cancellation Deeds it will make an announcement to ASX.

11.3 AMEC's voting power in GRD

At the date of this Scheme Booklet, no member of the AMEC Group has a relevant interest in any Shares or other securities of GRD. No member of the AMEC Group has any voting power in GRD.

11.4 Status of AMEC's regulatory approvals

AMEC has sought approval for the Scheme from the Foreign Review Investment Board, and has obtained a notice that there are no objections to the proposed acquisition of GRD by AMEC.

No further regulatory approvals for the Scheme are required by any member of the AMEC Group.

11.5 Termination from office and agreements

(a) Termination from office

Mr Cliff Lawrenson will have his employment terminated on the Effective Date. Pursuant to the terms of his employment contract dated 31 March 2006, Mr Lawrenson will be paid a termination payment the lesser of three times his current annual base salary or the amount calculated in accordance with the statutory retirement provisions of the Corporations Act. This termination payment will be \$2,550,000, plus any accrued benefits.

Mr Ian McCubbing will have his employment terminated on the Effective Date. Pursuant to the terms of his employment contract dated on or about 7 July 2008, Mr McCubbing will be paid a termination payment of twelve times his base monthly salary. This termination payment will be \$450,000, plus any accrued benefits.

(b) **Agreements connected with or conditional on the Scheme**

There are no other agreements or arrangements made between a Director or member of senior management and GRD or another person in connection with, or conditional on, the outcome of the Scheme other than as set out below or disclosed in this Scheme Booklet:

- (i) AMEC and AMEC plc agreed to indemnify each director, officer and employee of GRD and each of its subsidiaries parties from and against all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings of whatever nature and however arising which any of the indemnified persons may suffer or incur by reason of any breach of any of the representations and warranties in clause 8.1(b) of the Scheme Implementation Agreement.

(c) **Indemnity and Insurance**

Each Director has the benefit of a deed of indemnity, access and insurance with GRD.

(d) **ESAP**

The vesting conditions in respect of any unvested ESAP Shares will cease to apply on the Effective Date and all ESAP Shares will automatically vest. As at the date of this Scheme Booklet, the Directors and GRD executives who hold unvested ESAP Shares that will benefit from this automatic vesting are:

Name and Title	Unvested ESAP Shares
Mr Ian McCubbing – Chief Financial Officer	151,775
Mr Simon Cater – Company Secretary	80,297
Mr Malcom Brown – GRD Minproc Chief Executive Officer	56,329
Mr Thomas Revy – GRD Minproc Director Development	31,456
Mr Peter Kelsall – General Manager Waste-to-Resources	24,586

(e) **Other payments or benefits**

Except as disclosed in this Scheme Booklet, it is not proposed that any payment or other benefit (other than a benefit permitted under sections 200E or 200F of the Corporations Act) will be made or given to any Director, secretary or executive officer of GRD, or of any body corporate related to GRD, as compensation for loss of, or as consideration for, or in connection with, his retirement from office in GRD, or in any body corporate related to GRD.

11.6 Administrator

It is not proposed that any person be appointed to manage or administer the Scheme.

11.7 Consents to be named

- (a) Hardy Bowen has given, and before the signing of this Scheme Booklet has not withdrawn, its consent to be named as legal advisor to GRD in this Scheme Booklet in the form and the context in which it is so named. Hardy Bowen has not otherwise authorised or caused the issue of the Scheme Booklet and takes no responsibility for its contents.
- (b) Grant Samuel has given, and before the signing of this Scheme Booklet has not withdrawn, its consent to be named as the Independent Expert and to the inclusion of the Independent Expert's Report in Annexure 1 to this Scheme Booklet and to

the references to its conclusions and reports in this Scheme Booklet in the form and the context in which it is so named. Grant Samuel has not otherwise authorised or caused the issue of the Scheme Booklet and takes no responsibility for any other part of the Scheme Booklet.

- (c) Morgan Stanley has given, and before the signing of this Scheme Booklet has not withdrawn, its consent to be named as financial advisor to GRD in this Scheme Booklet in the form and the context in which it is so named. Morgan Stanley has not otherwise authorised or caused the issue of the Scheme Booklet and takes no responsibility for its contents.
- (d) AMEC plc has given, and before the signing of this Scheme Booklet has not withdrawn, its consent to contain statements made by the AMEC Group in relation to the AMEC Information in this Scheme Booklet in the form and the context in which it is so named. AMEC plc has not otherwise authorised or caused the issue of the Scheme Booklet and takes no responsibility for its contents.
- (e) Further each person named in section 11.7:
 - (i) has not authorised or caused the issue of this Scheme Booklet;
 - (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
 - (A) AMEC in respect of the AMEC Information;
 - (B) Grant Samuel, in relation to its Independent Expert's Report;
 - (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 11.7(e).

11.8 Fees

Each of the persons named in section 11.7 of this Scheme Booklet performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet, will be entitled to receive professional fees charged in accordance with their normal basis of charging.

11.9 No effect on creditors

The Scheme will have no effect on the rights or payments of any creditors of GRD.

11.10 No unacceptable circumstances

The Directors believe that the Scheme does not involve any circumstances in relation to the affairs of any Shareholder that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

11.11 No other material information

There is no information material to the making of a decision in relation to the Scheme, or a decision by a Scheme Participant whether or not to agree to the Scheme, being information that is within the knowledge of any director of GRD or of a related body corporate that has not previously been disclosed to Scheme Participants other than as in this Scheme Booklet (including its annexures).

12. Glossary

12.1 Definitions

In this Scheme Booklet (including the annexures), except where the context otherwise requires, the following terms shall bear the following meanings:

\$ means Australian dollars, except where used in a context that clearly indicates US\$.

AEST or (AEST) means Australian Eastern Standard Time.

AMEC means AMEC Australia Finance Company Pty Ltd ACN 138 831 464 of Level 1, 30 The Esplanade Perth, Western Australia.

AMEC Australia Pty Ltd means AMEC Australia Pty Ltd ACN 000 436 680 of Level 1, 30 The Esplanade Perth, Western Australia.

AMEC Group means AMEC plc and each of its subsidiaries including AMEC.

AMEC Information means the information contained in sections 7, 11.3 and 11.4.

AMEC plc means AMEC plc, a company registered in the United Kingdom registration no. 1675285 of Booths Park, Chelford Road, Knutsford, WA16 8QZ, United Kingdom.

AMEC Securities means any shares, options or other securities in any members of the AMEC Group.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Authority means the Lancashire County Council and Blackpool District Council.

Board means the board of directors of GRD.

Business Day has the meaning given to that expression in the Listing Rules.

Cancellation Deed means a deed (in the form to be agreed by AMEC and GRD) between GRD and each Optionholder in accordance with clause 4.1 of the Scheme Implementation Agreement, in respect of the cancellation of each Optionholder's Options.

CHES means the clearing house electronic sub-register system of share transfers operated by ASX Settlement and Transfer Corporation Pty Ltd.

Competing Proposal has the meaning given to it in clause 1.1 of the Scheme Implementation Agreement.

Condition means a condition in schedule 1 of the Scheme Implementation Agreement, a summary of which is in section 10.2 of this Scheme Booklet.

Constitution means GRD's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Federal Court of Australia.

Director means a director of GRD.

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Eligible Shareholding means those Shares which a Director has the power to exercise, or control the exercise of, voting rights attached to such Shares.

ESAP means the GRD employee share acquisition plan governed by the trust deed between GRD and the ESAP Trustee dated 2 July 2001 (as amended from time to time).



ESAP Shares means Shares that are issued and held on trust for ESAP participants pursuant to the ESAP.

ESAP Trustee means GRD ESAP Pty Limited ACN 097 185 307.

Global Renewables means GRD Renewables Pty Ltd ACN 105 038 766.

Grant Samuel means Grant Samuel & Associates Pty Limited ACN 050 036 372 whose offices are located at Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney, New South Wales 2000.

GRD or Company means GRD Limited ACN 009 201 754.

GRD Minproc means GRD Minproc Limited ACN 008 992 694.

Hardy Bowen means Hardy Bowen Lawyers whose offices are located at Level 1, 28 Ord Street, West Perth, Western Australia 6872.

Independent Expert means Grant Samuel.

Independent Expert's Report means the report on the Scheme by the Independent Expert in Annexure 1.

Lancashire Project means the Lancashire Waste Partnership PFI Project governed by the Project Agreement between Lancashire County Council and Global Renewables Lancashire Limited on 2 March 2007.

Listing Rules means Official Listing Rules of ASX, as amended from time to time.

Morgan Stanley means Morgan Stanley Australia Limited whose offices are located at Level 39, The Chifley Tower, 2 Chifley Square, Sydney, New South Wales 2000.

MSW means municipal solid waste.

Notice of Meeting means the notice of meeting in Annexure 6.

Option means an unlisted option to acquire a Share issued by the Company.

Optionholder means each person who is registered in the register of the Optionholders as a holder of an Option.

Pounds or £ means British pounds.

Record Date means 5.00pm on the day which is five (5) Business Days following the Effective Date or any other date agreed by the Parties with ASX to be the record date to determine entitlements to receive Scheme Consideration

Register means the register of Shareholders maintained in accordance with the Corporations Act.

Registrar means Computershare Investor Services Pty Ltd, Level 2, 45 St Georges Terrace, Perth Western Australia 6000.

Registry means the register of Shareholders maintained in accordance with the Corporations Act.

Regulations means the Corporations Regulations 2001.

Resolution means the resolution to agree to the terms of the Scheme.

Scheme means the scheme of arrangement between GRD and Shareholders, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, the form in Annexure 5.

Scheme Booklet means this document.

Scheme Consideration means \$0.55 for each Share.

Scheme Implementation Agreement means the agreement dated 18 July 2009 between GRD, AMEC Australia Pty Ltd and AMEC plc, a copy of which is in Annexure 2, such

agreement having been novated from AMEC Australia Pty Ltd to AMEC on 17 August 2009, a copy of which is in Annexure 3.

Scheme Implementation Date means five (5) Business Days after the Record Date.

Scheme Meeting means the meeting of Scheme Participants ordered by the Court under section 411(1) of the Corporations Act to be convened for the purposes of the Scheme.

Scheme Participant means a Shareholder as at the Record Date.

Second Court Hearing means the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Share means a fully paid ordinary share in GRD.

Shareholder means the holder of Shares.

Superior Proposal has the meaning given to it in clause 1.1 of the Scheme Implementation Agreement.

US\$ means United States dollars.

WST or (WST) means Western Standard Time.

12.2 Interpretation

In this Scheme Booklet (including the annexures), except where the context otherwise requires:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any statutory instrument issued under, that legislation or legislative provision;
- (b) a word denoting the singular number includes the plural number and vice versa;
- (c) a word denoting an individual or person includes a corporation, firm, authority, government or governmental authority and vice versa;
- (d) a word denoting a gender includes all genders;
- (e) a reference to a clause is to a clause of this Scheme Booklet; a reference to an annexure is to an annexure to this Scheme Booklet; and annexures to this Scheme Booklet form part of this Scheme Booklet;
- (f) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;
- (g) a reference to any party to the Scheme, or any other document or arrangement, includes that party's executors, administrators, substitutes, successors and permitted assigns;
- (h) a reference to a "subsidiary" of a body corporate is to a body corporate which is a subsidiary of the first-mentioned body corporate under section 46 of the Corporations Act;
- (i) a reference to the "holder" of a Share at a particular time includes a reference to a person who, as a result of a dealing received by GRD or its share Registrar on or before that time, is entitled to be entered in the Register as the holder of that Share;
- (j) words and phrases defined elsewhere in this Scheme Booklet shall have the meaning there ascribed to them;
- (k) words and phrases defined in the Corporations Act shall have the meaning there ascribed to them;
- (l) the word "includes" in any form is not a word of limitation;



- (m) headings are for convenience of reference only and do not affect interpretation;
and
- (n) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning.

ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

GRANT SAMUEL



GRANT SAMUEL & ASSOCIATES

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www.grantsamuel.com.au

1 October 2009

The Directors
GRD Limited
Level 14, AMP Building
140 St Georges Terrace
Perth WA 6000

Dear Directors

AMEC Proposal

1 Introduction

On 11 June 2009, GRD Limited ("GRD") announced that it had received a conditional proposal from AMEC plc ("AMEC") to acquire all of the shares in GRD for a price of 55 cents per share subject to completion of due diligence and further negotiations.

On 20 July 2009, GRD announced that it had agreed to recommend the offer from AMEC of 55 cents per share to acquire all of the issued shares in GRD ("the Proposal").¹ The Proposal will be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act, 2001 to be approved by GRD shareholders and also by the Federal Court of Australia ("the Scheme"). The Proposal is subject to the satisfaction of a number of conditions which are set out in full in the Notice of Meeting and Explanatory Memorandum ("Scheme Booklet") to be sent by GRD to shareholders.

The directors of GRD have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the Proposal is in the best interests of GRD shareholders and to state the reasons for that opinion. A copy of this report will accompany the Scheme Booklet to be sent to shareholders by GRD. This letter contains a summary of Grant Samuel's opinion and main conclusions.

2 Opinion

In Grant Samuel's opinion, the Proposal is in the best interests of GRD shareholders. The Proposal does not deliver a full premium for control. However, unless a superior alternative proposal emerges before the Scheme meeting, GRD shareholders are likely to be better off voting in favour of the Proposal.

Valuation of GRD is subject to considerable uncertainty given the range of valuation conclusions that could be reached in relation to the Lancashire Waste Project. Accordingly, other factors need to be taken account as to whether the Proposal is in the best interests of GRD shareholders. The assessment of the Proposal is an overall conclusion having regard to all these factors.

Grant Samuel has valued GRD in the range of \$133.7-185.1 million, or 69.5-96.2 cents per share. The valuation reflects the estimated full underlying value for GRD and exceeds the price at which Grant Samuel would expect GRD shares to trade in the absence of the Proposal or speculation regarding some alternative corporate transaction.

The consideration under the Proposal of 55 cents per share is less than Grant Samuel's estimate of the full underlying value of GRD. Accordingly, the Proposal is not in the fair value range. This suggests that GRD shareholders have not been offered a full premium for control.

It can be argued that GRD shareholders need not accept an offer that is not "fair":

¹ Options over unissued GRD shares will be subject to arrangements outside of the Scheme (refer Section 11.2 of the Scheme Booklet).

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- alternative proposals could emerge. There are no impediments to an alternative proposal and there is ample time for an alternative proposal to be made before the Scheme meeting;
- if the Proposal is rejected, AMEC may improve its offer;
- GRD could ultimately deliver value above 55 cents through the sale of its interest in Global Renewables following commissioning of the Lancashire Waste Project, albeit in the medium term; and
- the Proposal has been put forward in a period of adverse market conditions for GRD Minproc and during the construction phase of the Lancashire Waste Project. It may not be the optimal time for shareholders to sell.

On the other hand:

- given the uncertainty of judgements regarding GRD's valuation (particularly in relation to the Lancashire Waste Project), the conclusion that the Proposal is not "fair" needs to be treated with some caution. It should be recognised that there remains significant risk associated with the Lancashire Waste Project. If no value is attributed to Global Renewables (i.e. the gross value for the Lancashire Waste Project is less than the project senior debt) the value range for GRD would be \$96.7-122.1 million (50.3-63.5 cents per share) and the consideration under the Proposal would be within the fair value range;
- GRD Minproc and Global Renewables are entirely different businesses and it is difficult to envisage buyers equally interested in both. Inevitably an offeror for GRD would discount the value of one of the businesses;
- the Proposal is the only firm offer that has been received. The scheme process establishes a clear value benchmark and a defined timetable within which alternative interested parties could act. If no superior proposal is received prior to the Scheme meeting it could be argued that the Proposal represents fair value; and
- there is no evidence to suggest that AMEC would improve its offer.

Furthermore, in considering whether the Proposal is reasonable, the following factors have been taken into account:

- GRD is relatively highly geared and is required to repay \$55.3 million of deferred purchase consideration by 30 June 2010. In the absence of the Proposal and given the continuation of current market conditions, GRD faces significant refinancing risk over the next 12 months and is likely to need to raise equity;
- if the Proposal is approved, shareholders will receive 55 cents cash. GRD shares have not traded above 55 cents since October 2008 despite improving equity markets and the Proposal; and
- if the Proposal is rejected, under current market conditions GRD shares are likely to trade below 55 cents for the foreseeable future, particularly in view of the risk associated with the Lancashire Waste Project and the refinancing risk facing GRD.

It is Grant Samuel's judgement that, if no superior proposal emerges prior to the Scheme meeting, there are sufficient reasons for shareholders to vote for the Proposal notwithstanding that it is not in the fair range value. Therefore, in Grant Samuel's opinion, the Proposal is not fair but reasonable and, accordingly, the Proposal is in the best interests of shareholders.

3 Key Conclusions

- Grant Samuel has valued GRD in the range of \$133.7-185.1 million

Grant Samuel's valuation of GRD is summarised below:

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GRD - Valuation Summary (\$ millions)		
	Value Range	
	Low	High
GRD Minproc	120.0	140.0
Global Renewables ²	37.0	63.0
Corporate costs (net of savings)	-	-
Enterprise value	157.0	203.0
Other assets and liabilities	26.9	32.3
Net borrowings at 30 June 2009	(50.2)	(50.2)
Value of equity	133.7	185.1
Shares on issue (millions)	192.4	192.4
Value per share	69.5 cents	96.2 cents

In considering this value range, the following should be noted:

- the value range for GRD Minproc is an overall judgement having regard to a number of valuation methodologies and parameters including capitalisation of earnings (multiples of EBITDA³ and EBIT⁴) and discounted cash flow ("DCF") analysis. It takes into consideration the historical performance, market position and short to medium term growth outlook for GRD Minproc as well market evidence in terms of multiples implied by the acquisition of engineering consulting businesses focussed in the mineral resources sector and share prices of listed Australian and international engineering consulting companies;
 - the principal approach to valuing Global Renewables (including a 50% interest in the Lancashire Waste Project) was by DCF analysis. The value for Global Renewables is subject to significant uncertainty as it depends on judgements regarding the future operations of the Lancashire Waste Project which is not due to be fully commissioned until July 2011;
 - the value is based on earnings which exclude corporate overhead costs of \$4.0 million (including listed company costs) which most buyers of GRD would be able to save and allows for substantial surplus working capital as at 30 June 2009; and
 - the value includes a premium for control.
- **The consideration of 55 cents per share is less than Grant Samuel's estimate of full underlying value and, therefore, the Proposal is not fair**

GRD has been valued in the range of 69.5-96.2 cents per share. The consideration under the Proposal is 55 cents for each GRD share. The consideration is less than Grant Samuel's estimate of full underlying value for GRD and, therefore, the Proposal is not fair.

However, the value of GRD is subject to significant uncertainty as it depends on judgements regarding the future operation of the Lancashire Waste Project. This project is currently under construction and is not due to be fully commissioned until July 2011. Although the project is expected to be delivered on time and on budget, significant operational risk (including some technology risk) remains.

Grant Samuel's value for Global Renewables reflects a gross value for 100% of the Lancashire Waste Project of £230-250 million based on DCF analysis. However, DCF analysis is highly sensitive to changes in assumptions and the scenarios reviewed resulted in NPV outcomes ranging from £170-370 million. Shareholders with different views on the future prospects and risk profile of the Lancashire Waste Project could reasonably reach different conclusions on the value of GRD. For example, if no value is attributed to Global Renewables (i.e. where the gross value of the

² Value range of £18.5-31.5 million converted at a spot exchange rate of A\$1.00=£0.50.

³ EBITDA is earnings before net interest, tax, depreciation, amortisation, investment income, equity accounted profits and significant and non-recurring items.

⁴ EBIT is earnings before net interest, tax, investment income, equity accounted profits and significant and non-recurring items.



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Lancashire Waste Project was significantly less than the project senior debt) then the value range for GRD would be \$96.7-122.1 million (50.3-63.5 cents per share) and the consideration under the Proposal would be within the fair value range.

Moreover, although a number of corporate approaches have been received by GRD in recent years, none (other than the Proposal) were sufficiently developed such that they could be presented to shareholders for consideration. No developed proposals have been received by GRD since the announcement of AMEC's conditional proposal in June 2009. The Proposal is the only offer that has been received for GRD. Although no formal sales process has been undertaken by GRD, if a superior offer does not emerge before the Scheme meeting there would be some grounds to argue that the Proposal represents fair value.

■ **A premium for control over the prevailing share prices is being paid**

The consideration of 55 cents represents a 34.1% premium to the price at which GRD shares last traded prior to the announcement of the Proposal:

GRD – Premium over Pre-announcement Prices		
Period	Share Price (cents)	Premium
10 June 2009 – Pre-announcement price	41.0	34.1%
1 month prior to 10 June 2009 – VWAP ⁵	41.1	33.8%
3 months prior to 10 June 2009 – VWAP	31.8	73.1%
6 months prior to 10 June 2009 – VWAP	31.1	77.0%
12 months prior to 10 June 2009 – VWAP	53.6	2.6%

The level of premiums observed in takeovers varies depending on the circumstances of the target and other factors (such as the extent for potential for competing offers) but tend to fall in the range 20-35%. The premium over recent GRD share prices is consistent with those normally seen in takeover offers. Relative to the period 3-6 months prior to the offer, the premium is higher than typically observed in takeovers although this period coincides with the low point in the equity markets since the global economic downturn emerged in 2007. The low premium over the VWAP for the 12 months prior to 10 June 2009 may reflect a change in market sentiment towards GRD following the losses associated with the Eastern Creek Facility and a reassessment of the risks associated with the Lancashire Waste Project.

However, in Grant Samuel's opinion, the GRD share price is not a particularly good indicator of value. The market for GRD shares is not deep with a constrained free float and the GRD share price has been significantly impacted by negative sentiment surrounding Global Renewables. Grant Samuel's estimate of the full underlying value for GRD implies large premia (69.5-134.7%) over the share price prevailing prior to 10 June 2009.

■ **GRD faces significant refinancing risk over the next 12 months**

GRD is relatively highly geared. GRD's debt at 30 June 2009 primarily comprises \$55.3 million of deferred purchase consideration in relation to the acquisition of Hastings' 50% interest in Global Renewables in 2005. This amount is payable in full by 30 June 2010. GRD expects to meet scheduled repayments totalling \$13 million from operating cash flow but will need to refinance around \$42 million in June 2010. In the absence of the Proposal and given the continuation of current market conditions, refinancing such an amount is likely to be difficult and may require the divestment of Global Renewables (the value of which is subject to considerable uncertainty) and/or the introduction of new equity.

⁵ VWAP is volume weighted average price.

G R A N T S A M U E L



■ **The price of shares in GRD is likely to fall below 55 cents in the absence of the Proposal**

The GRD share price prior to the announcement of AMEC's conditional proposal to GRD was around 35-40 cents. In the absence of the Proposal or a similar transaction, it is likely that GRD shares, under current market conditions, will trade at prices below 55 cents for the foreseeable future, particularly in view of the operating risk associated with the Lancashire Waste Project, the refinancing risk facing GRD over the next 12 months, the lack of a certain dividend stream and the lack of liquidity for GRD shares.

■ **A more attractive alternative is unlikely to become available to GRD shareholders**

There is no impediment to an alternative acquisition proposal being put by any other party. AMEC has no shareholding in GRD and the \$1 million break fee (approximately 0.5 cents per share) is not of a magnitude to represent a barrier to alternate proposals. However, the Proposal is the only offer that GRD has received that has been sufficiently developed such that it should be presented to shareholders for consideration. Moreover, since the announcement of AMEC's conditional proposal there has been ample opportunity for any other interested party to make a superior offer. No such offer has been made although the opportunity to do so remains until the Scheme meeting.

AMEC has demonstrated its commitment to owning 100% of GRD by incurring substantial costs on due diligence and advisers. It would be open to shareholders to vote against the Proposal in the hope that AMEC would make a subsequent higher offer. However, there is no evidence that AMEC would be prepared to pay a higher price.

■ **Other factors**

Other factors that shareholders should take into consideration are:

- the Proposal enables shareholders to realise their investment in GRD at a certain cash price which incorporates some premium for control (albeit not a full premium for control). In the absence of the Proposal or a similar transaction, shareholders could only realise their investment at a price which does not include any premium for control and would incur transaction costs (e.g. brokerage);
- GRD will incur transaction costs of approximately \$1.4 million prior to the shareholder meeting. If the Proposal is not implemented, GRD will meet these costs as a standalone company. Furthermore, if the board recommendation for the Proposal is withdrawn (and no other similar transaction is completed), GRD will also be liable for a \$1 million break fee; and
- if the Proposal is approved, GRD shareholders will be treated as having disposed of their GRD shares for tax purposes. A capital gain or loss may arise on disposal depending on when the GRD shares were acquired and the acquisition price paid for the GRD shares.

4 Other Matters

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual GRD shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. In particular, taxation consequences may vary from shareholder to shareholder. Shareholders should read the Scheme Booklet issued by GRD in relation to the Proposal.

The decision whether to vote for or against the Proposal is a matter for individual shareholders, based on their own views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Proposal should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in GRD. This is an investment decision independent of a decision on whether to vote for or against the Proposal upon



GRANT SAMUEL



which Grant Samuel does not offer an opinion. Shareholders should consult their own professional adviser in this regard.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act, 2001. The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is included in the Scheme Booklet and should be read in conjunction with this summary.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully

GRANT SAMUEL & ASSOCIATES PTY LIMITED

Grant Samuel & Associates

GRANT SAMUEL



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**Financial Services Guide
and
Independent Expert's Report
in relation to the Proposal by
AMEC plc**

Grant Samuel & Associates Pty Limited
(ABN 28 050 036 372)

1 October 2009

GRANT SAMUEL



GRANT SAMUEL & ASSOCIATES

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GPO BOX 4301 SYDNEY NSW 2001
T: +61 2 9324 4211 / F: +61 2 9324 4301
www.grantsamuel.com.au**Financial Services Guide**

Grant Samuel & Associates Pty Limited ("Grant Samuel") holds Australian Financial Services Licence No. 240985 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

The Corporations Act, 2001 requires Grant Samuel to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in a document ("Disclosure Document") provided to members by the company or other entity ("Entity") for which Grant Samuel prepares the Report.

Grant Samuel does not accept instructions from retail clients. Grant Samuel provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel's client is the Entity to which it provides the Report. Grant Samuel receives its remuneration from the Entity. In respect of the Report for GRD Limited ("GRD") in relation to the proposal by AMEC plc ("the GRD Report"), Grant Samuel will receive a fixed fee of \$210,000 plus reimbursement of out-of-pocket expenses for the preparation of the Report (as stated in Section 8.3 of the GRD Report).

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the Report.

Grant Samuel is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission on 30 October 2007. The following information in relation to the independence of Grant Samuel is stated in Section 8.3 of the GRD Report:

"Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with GRD or AMEC that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposal.

Grant Samuel and related companies have provided financial and advisory services to entities associated with Mr. Kerry Stokes and the Tiberius Group (including Seven Network) in the past two years. Seven Network is GRD's largest shareholder with a 12.2% interest. Grant Samuel believes that this relationship has no effect on its independence in relation to GRD and the evaluation of the Proposal.

Grant Samuel commenced analysis for the purposes of this report in June 2009 prior to the announcement of the Proposal. This work did not involve Grant Samuel participating in the setting the terms of, or any negotiations leading to, the Proposal.

Grant Samuel had no part in the formulation of the Proposal. Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of \$210,000 for the preparation of this report. This fee is not contingent on the outcome of the Proposal. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 October 2007."

Grant Samuel has internal complaints-handling mechanisms and is a member of the Financial Ombudsman Service, No. 11929.

Grant Samuel is only responsible for the Report and this FSG. Complaints or questions about the Disclosure Document should not be directed to Grant Samuel which is not responsible for that document. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

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**1 Terms of the Proposal**

On 11 June 2009, GRD Limited (“GRD”) announced that it had received a conditional proposal from AMEC plc (“AMEC”) to acquire all of the shares in GRD for a price of 55 cents per share by way of a scheme of arrangement. In formulating its proposal AMEC had undertaken some due diligence but the proposal was subject to the completion of due diligence and further negotiations.

AMEC is a United Kingdom based global provider of consultancy, engineering and project management services to the energy, power and process industries. It is listed on the London Stock Exchange with a market capitalisation of approximately £2.5 billion. AMEC employs over 22,000 people in over 30 countries and has annual revenue in excess of £2.6 billion.

On 20 July 2009, GRD announced that it had agreed to recommend the offer from AMEC of 55 cents per share to acquire all of the shares in GRD (“the Proposal”)¹. The terms and conditions of the Proposal are set out in a detailed agreement dated 18 July 2009 (“Scheme Implementation Agreement”). The Proposal will be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act, 2001 (“Corporations Act”) to be approved by GRD shareholders and also by the Federal Court of Australia (“the Scheme”).

The Proposal is subject to the satisfaction of a number of conditions which are set out in full in the Notice of Meeting and Explanatory Memorandum (“Scheme Booklet”) to be sent by GRD to shareholders. In summary, the key conditions include:

- that the Scheme is approved by the requisite majority of GRD shareholders;
- that all regulatory approvals (including under the Foreign Acquisitions and Takeovers Act, 1975) are obtained by the second court hearing; and
- that, until the second court hearing, there is no material adverse change in the business of GRD (as defined) and no prescribed occurrences (such as an insolvency event in relation to a member of the GRD group) occur.

Other elements of the Proposal include:

- GRD has agreed to non-solicitation and non-due diligence obligations unless the GRD board determines that to not do so would be likely to amount to a breach of their fiduciary or statutory duties;
- AMEC has been granted the right to match a proposal deemed by the GRD board to be superior to the Proposal;
- a break fee of \$1 million is payable by GRD to AMEC if any member of the GRD board withdraws its recommendation to shareholders in relation to the Proposal or a competing proposal that was facilitated by GRD is consummated; and
- a sunset date of 17 January 2010 (unless extended by agreement of the parties).

¹ Options over unissued GRD shares will be subject to arrangements outside of the Scheme (refer Section 11.2 of the Scheme Booklet).

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2 Scope of the Report

2.1 Purpose of the Report

The Proposal is to be implemented by a scheme of arrangement under Section 411 of the Corporations Act between GRD and its shareholders. Under Section 411 the Scheme must be approved by a majority in number (i.e. at least 50%) of each class of shareholders present and voting (either in person or by proxy) at the meeting, representing at least 75% of the votes cast on the resolution. If approved by GRD shareholders, the Scheme will then be subject to approval by the Federal Court of Australia.

Part 3 of Schedule 8 to the Corporations Regulations prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to Section 411. Part 3 of Schedule 8 requires an independent expert's report in relation to a scheme of arrangement to be prepared when a party to a scheme of arrangement has a prescribed shareholding in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether the scheme of arrangement is in the best interests of shareholders subject to the scheme and must state reasons for that opinion.

Although there is no requirement in the present circumstances for an independent expert's report pursuant to the Corporations Act or the Australian Securities Exchange ("ASX") Listing Rules, the directors of GRD have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the Proposal is in the best interests of GRD shareholders and to state reasons for that opinion. A copy of the report will accompany the Scheme Booklet to be sent to shareholders by GRD.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual GRD shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Scheme Booklet issued by GRD in relation to the Proposal.

Voting for or against the Proposal is a matter for individual shareholders based on their views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Proposal should consult their own professional adviser.

2.2 Basis of Evaluation

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, "in the best interests" must be capable of a broad interpretation to meet the particular circumstances of each transaction. However, there is no legal definition of the expression "in the best interests".

The Australian Securities & Investments Commission ("ASIC") has issued Regulatory Guide 111 which establishes guidelines in respect of independent expert's reports. ASIC Regulatory Guide 111 differentiates between the analysis required for control transactions and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), it comments on the meaning of "fair and reasonable" and continues earlier regulatory guidelines that created a distinction between "fair" and "reasonable". A proposal that, under takeover analysis, was "fair and reasonable" or "not fair but reasonable" would be in the best interests of shareholders. For most other transactions the expert is to weigh up the advantages and disadvantages of the proposal for shareholders. This involves a judgement on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the proposal and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposal and form

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an overall view as to whether the shareholders are likely to be better off if the proposal is implemented than if it is not.

The Proposal is economically the same as a takeover offer. Accordingly, Grant Samuel has evaluated the Proposal as a control transaction and considered whether the offer is “fair and reasonable”.

The term “fair and reasonable” has no legal definition although over time a commonly accepted interpretation has evolved. In the context of a takeover, an offer is considered fair and reasonable if the price fully reflects the value of a company’s underlying businesses and assets. ASIC Regulatory Guide 111 distinguishes between “fair” and “reasonable”. Fairness is said to involve a comparison of the offer price with the value that may be attributed to the securities that are the subject of the offer based on the value of the underlying businesses and assets. In determining fairness any existing entitlement to shares by the offeror is to be ignored. Reasonableness is said to involve an analysis of other factors that shareholders might consider prior to accepting a takeover offer such as:

- the offeror’s existing shareholding;
- other significant shareholdings;
- the probability of an alternative offer; and
- the liquidity of the market for the target company’s shares.

A takeover offer could be considered “reasonable” if there were valid reasons to accept the offer notwithstanding that it was not “fair”.

Fairness is a more demanding criteria. A “fair” offer will always be “reasonable” but a “reasonable” offer will not necessarily be “fair”. A fair offer is one that reflects the full market value of a company’s businesses and assets. A takeover offer that is in excess of the pre-bid market prices but less than full value will not be fair but may be reasonable if shareholders are otherwise unlikely in the foreseeable future to realise an amount for their shares in excess of the bid price. This is commonly the case in takeover offers where the bidder already controls the target company. In that situation the minority shareholders have little prospect of receiving full value from a third party offeror unless the controlling shareholder is prepared to sell its controlling shareholding.

Grant Samuel has determined whether the Proposal is fair by comparing the estimated underlying value range of GRD with the offer price. The Proposal will be fair if it falls within the estimated underlying value range. In considering whether the Proposal is reasonable, the factors that have been considered include:

- the existing shareholding structure of GRD;
- the likelihood of an alternative offer and alternative transactions that could realise fair value;
- the likely market price and liquidity of GRD shares in the absence of the Proposal; and
- other advantages and disadvantages for GRD shareholders of approving the Proposal.

A proposal that, under takeover analysis, was “fair and reasonable” or “not fair but reasonable” would be in the best interests of shareholders.

2.3 Sources of the Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

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Publicly Available Information

- the Scheme Booklet (including earlier drafts);
- annual reports of GRD for the five years ended 31 December 2008;
- half year announcement of GRD for the six months ended 30 June 2009;
- press releases, public announcements, media and analyst presentation material and other public filings by GRD including information available on its website;
- brokers' reports and recent press articles on GRD and the resources and waste sectors; and
- sharemarket data and related information on Australian and international listed companies engaged in providing engineering services to the resources and waste sector and on acquisitions of companies and businesses in the those sectors.

Non Public Information provided by GRD

- management accounts for GRD for the three and a half years ended 30 June 2009;
- budget for the year ending 31 December 2009 prepared by GRD management;
- forecasts for the year ending 31 December 2009 for GRD and GRD Minproc prepared by GRD management;
- financial model for the Lancashire Waste Project; and
- other confidential documents, board papers, presentations and working papers.

In preparing this report, representatives of Grant Samuel visited GRD's head office in Perth. Grant Samuel has also held discussions with, and obtained information from, senior management of GRD and its advisers.

2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Grant Samuel's opinion is based on economic, sharemarket, business trading, financial and other conditions and expectations prevailing at the date of this report. These conditions can change significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, the opinion could be different in these changed circumstances.

This report is also based upon financial and other information provided by GRD and its advisers. Grant Samuel has considered and relied upon this information. GRD has represented in writing to Grant Samuel that to its knowledge the information provided by it was complete and not incorrect or misleading in any material aspect. Grant Samuel has no reason to believe that any material facts have been withheld.

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary or appropriate for the purposes of forming an opinion as to whether the Proposal is in the best interests of GRD shareholders. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. While Grant Samuel has made what it considers to be appropriate inquiries for the purposes of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to, for example, prospectuses or profit forecasts, is beyond the scope of an independent expert.

Accordingly, this report and the opinions expressed in it should be considered more in the nature of an overall review of the anticipated commercial and financial implications rather than a comprehensive audit or investigation of detailed matters.

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An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of GRD. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

The information provided to Grant Samuel included:

- the budget for GRD for the year ending 31 December 2009 prepared by management and adopted by the directors of GRD (“2009 Budget”);
- the forecast for GRD for the year ending 31 December 2009 prepared by management (“2009 Forecast”);
- the forecast for GRD Minproc for the year ending 31 December 2009 prepared by management (“2009 GRD Minproc Forecast”); and
- the financial model for the Lancashire Waste Project (“the Lancashire Model”).

GRD is responsible for the information contained in the 2009 Budget, 2009 Forecast, 2009 GRD Minproc Forecast and the Lancashire Model (“the forward looking information”). Grant Samuel has considered, and to the extent deemed appropriate, relied on this information for the purposes of its analysis. In relation to the Lancashire Model, Grant Samuel has made adjustments to reflect its judgement on certain matters. The major assumptions underlying the forward looking financial information were reviewed by Grant Samuel in the context of current economic, financial and other conditions. However, it should be noted that the forward looking financial information and the underlying assumptions have not been reviewed (nor is there a statutory or regulatory requirement for such a review) by an investigating accountant for reasonableness or accuracy of compilation and application of assumptions.

Subject to these adjustments and limitations, Grant Samuel considers that, based on the inquiries it has undertaken and only for the purposes of its analysis for this report (which do not constitute, and are not as extensive as, an audit or accountant’s examination), there are reasonable grounds to believe that the forward looking financial information has been prepared on a reasonable basis. In forming this view, Grant Samuel has taken the following factors, inter alia, into account that:

- the 2009 Budget was prepared through a detailed budgeting process involving preparation of “ground up” budgets by the management of individual operations and reviewed by management of GRD;
- the 2009 Budget was adopted by the Directors of GRD;
- the 2009 Forecast is based on the actual operating results for GRD for the six months ended 30 June 2009 and management projections for individual operations;
- the 2009 GRD Minproc Forecast is based on the actual operating results for GRD Minproc for the seven months ended 31 July 2009 and management projections; and
- the Lancashire Model was prepared for the purposes of development and funding of the Lancashire Waste Project. It was subject to extensive review and testing prior to financial close by a number of parties including GRD, GRD’s project partner, financial advisers to GRD and GRD’s project partner, the Lancashire Authority, financial advisers to Lancashire Council, the senior financiers to the Lancashire Waste Project and financial and technical advisers to those financiers.

The directors of GRD have decided not to include the 2009 Budget, the 2009 Forecast or the 2009 GRD Minproc Forecast in the Scheme Booklet and therefore this information has not been

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disclosed in this report. However, on 25 September 2009, GRD provided guidance to the market indicating that consolidated net profit after tax for the second half of the year ending 31 December 2009 will be below the profit reported in the first half and, although the short to medium term outlook remains uncertain, there are reasons for greater optimism in relation to the 2010 financial year.

Grant Samuel has no reason to believe that the forward looking information reflects any material bias, either positive or negative. However, the achievability of the forward looking information is not warranted or guaranteed by Grant Samuel. Future profits and cash flows are inherently uncertain. They are predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of the company or its management. Actual results may be significantly more or less favourable.

As part of its analysis of the Lancashire Waste Project, Grant Samuel has reviewed the sensitivity of net present values to changes in key variables. The sensitivity analysis isolates a limited number of assumptions and shows the impact of the expressed variations to those assumptions. No opinion is expressed as to the probability or otherwise of those variations occurring. Actual variations may be greater or less than those modelled. In addition to not representing best and worst outcomes, the sensitivity analysis does not, and does not purport to, show the impact of all possible variations to the business model. The actual performance of the business may be negatively or positively impacted by a range of factors including, but not limited to:

- changes to the assumptions other than those considered in the sensitivity analysis;
- greater or lesser variations to the assumptions considered in the sensitivity analysis than those modelled; and
- combinations of different variations to a number of different assumptions that may produce outcomes different to the combinations modelled.

In forming its opinion, Grant Samuel has also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Scheme Booklet sent by GRD to its shareholders is complete, accurate and fairly presented in all material respects;
- the publicly available information relied on by Grant Samuel in its analysis was accurate and not misleading; and
- the Proposal will be implemented in accordance with its terms and the legal mechanisms to implement the Proposal are correct and will be effective.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

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3 Profile of GRD Limited

3.1 Background

GRD was incorporated as The Union Gold Mining Company NL in 1986 and listed on the ASX in January 1987. During the 1990's it was a gold company with an equity interest in Minproc Limited ("Minproc"), an engineering and construction business focussed on the resource sector. In 2000 the Global Renewables business was established and Minproc became a wholly owned subsidiary. In 2004 the gold business was listed as OceanaGold Limited ("OceanaGold") with GRD retaining a majority interest until 2006. GRD became a company limited by shares in 2004.

Today, GRD is an international engineering and development company with approximately 808 employees including around 314 contractors. Its operations comprise:

- **GRD Minproc:** a global engineering and project delivery business specialising in the design, procurement and construction of mineral resources and waste-to-resources projects. It also owns Kirfield, a construction and maintenance business in the resource sector; and
- **Global Renewables:** a business focused on developing projects to recover resources from municipal waste using the Urban Resource - Reduction Recovery and Recycling Process[®] ("UR-3R Process[®]"). This business developed the Eastern Creek Facility, a public private partnership in Sydney, and is currently developing the Lancashire Waste Project, a public finance initiative in the United Kingdom, in which it has a 50% equity interest.

These operations are described in detail in Sections 4 and 5 of this report.

3.2 Financial Performance

The reported financial performance of GRD for the five and a half years ended 30 June 2009 is summarised below:

GRD - Financial Performance (\$ millions)						
	Year ended 31 December					Six mths 30 June
	2004 ² actual AIFRS	2005 actual AIFRS	2006 actual AIFRS	2007 ³ actual AIFRS	2008 actual AIFRS	2009 actual AIFRS
Sales revenue	242.0	262.4	220.0	219.7	249.1	100.4
EBITDA⁴	49.6	42.4	9.2	5.2	8.5	9.2
Depreciation and amortisation	(21.0)	(35.7)	(4.5)	(6.0)	(4.2)	(1.8)
EBIT⁴	28.6	6.7	4.7	(0.8)	4.3	7.4
Net interest expense	(0.4)	(1.2)	(2.4)	(2.9)	(2.7)	(2.0)
Share of profits of associates	-	-	-	5.5	6.7	0.6
Other income (net)	3.6	(1.0)	0.5	0.9	0.7	0.4
Significant and non-recurring items	(100.4)	10.3	(0.2)	7.1	-	-
Operating profit before tax	(68.6)	14.8	2.6	9.8	9.0	6.4
Income tax expense	22.0	(6.7)	(0.6)	(4.6)	(2.7)	(1.2)
Operating profit after tax	(46.6)	8.1	2.0	5.2	6.3	5.2
Profit/(loss) from discontinued operations	-	-	55.5	(1.3)	(68.6)	-
Net profit after tax	(46.6)	8.1	57.5	3.9	(62.3)	5.2
Outside equity interests	23.2	(5.9)	21.4	-	-	-
Profit after tax attributable to GRD shareholders	(23.4)	2.2	78.9	3.9	(62.3)	5.2
Statistics						
<i>Basic earnings per share</i>	(12.1¢)	1.1¢	41.1¢	2.0¢	(32.4¢)	2.7¢
<i>Dividends per share</i>	6.0¢	3.0¢	9.0¢	6.0¢	3.0¢	-

Source: GRD and Grant Samuel analysis

² GRD adopted the Australian equivalent to international financial reporting standards ("AIFRS") from 1 January 2005. The results for the year ended 31 December 2004 were also restated under AIFRS as presented in the table.

³ In 2008 an error was identified in the measurement of construction labour costs in 2007. This error resulted in reported profit before tax from continuing operations being overstated by \$1.9 million. This error is not corrected in the table.

⁴ EBITDA is earnings before net interest, tax, depreciation and amortisation, other income and significant and non-recurring items. EBIT is earnings before net interest, tax, other income and significant and non-recurring items.

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GRD's activities have changed significantly since 2004 with GRD Minproc the only consistent operation. During this period GRD has listed OceanaGold (2004), divested its remaining interest in OceanaGold (2006), closed Kirfield's fabrication business (2007), divested the Eastern Creek Facility (2008) and suspended the business development activities of Global Renewables (late 2008). Consequently, earnings per share and dividends per share have fluctuated widely. All dividends paid during the period were unfranked. No dividends have been paid since October 2008 in order to maintain financial flexibility in the current market conditions and to repay debt.

Significant and non-recurring items identified above primarily relate to the discontinued operations (particularly OceanaGold and the Eastern Creek Facility) and the establishment of the Lancashire Waste Project. Other income (net) includes gains and losses on disposal of assets and foreign exchange gains and losses. Share of profits of associates reflects GRD's 50% interest in the design and construction contract for the Lancashire Waste Project and its 50% interest in the ownership and operation of that project.

In recent years GRD Minproc has been the main source of operating cash flow for GRD. This cash flow has funded significant reinvestment in information technology ("IT") systems, the business development activity of Global Renewables and dividends. The investment in the Lancashire Waste Project was funded from part of the proceeds of the divestment of the OceanaGold shareholding net of a 10 cent capital return to shareholders.

Analysis of GRD's operational performance is made difficult by the recent divestments, closures and other factors. In order to better analyse GRD's operational performance Grant Samuel has adjusted GRD's reported operating earnings (i.e. sales revenue, EBITDA and EBIT) by:

- excluding the divested OceanaGold, Eastern Creek and Kirfield fabrication and building businesses;
- including GRD Minproc's 50% interest in the design and construction contract for the Lancashire Waste Project;
- including income streams relating to GRD's investment in the Lancashire Waste Project;
- correcting GRD Minproc's 2007 earnings for the accounting error identified and reported during 2008;
- excluding business development costs for Global Renewables as these activities were suspended in late 2008 (see Section 5.3); and
- excluding the loss in relation to a project of the former Kirfield building division which was closed prior to 2004.

These adjustments are summarised in the table below:

GRD – Adjusted Financial Performance (\$ millions)						
	Year ended 31 December					Six months 30 June 2009 actual
	2004 actual	2005 actual	2006 actual	2007 actual	2008 actual	
Sales revenue	242.0	262.4	220.0	219.7	249.1	100.4
<i>Adjustments:</i>						
OceanaGold	(118.3)	(112.2)	-	-	-	-
Eastern Creek	-	-	(15.8)	(11.5)	-	-
Kirfield Fabrication	(11.4)	(8.4)	(17.4)	-	-	-
Accounting error	-	-	-	(6.7)	-	-
Lancashire Waste Project design and construction contract (50%)	-	-	-	2.6	3.9	2.2
Adjusted sales revenue	112.3	141.8	186.8	204.1	253.0	102.6

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GRD – Adjusted Financial Performance (\$ millions)						
	Year ended 31 December					Six months
	2004 actual	2005 actual	2006 actual	2007 actual	2008 actual	30 June 2009 actual
EBITDA	49.6	42.4	9.2	5.2	8.5	9.2
<i>Adjustments:</i>						
OceanaGold	(49.6)	(35.2)	-	-	-	-
Eastern Creek	-	-	2.6	4.9	-	-
Kirfield Building	0.5	-	-	-	-	-
Kirfield Fabrication	(0.2)	0.5	-	-	-	-
Accounting error	-	-	-	(1.9)	-	-
Lancashire Waste Project design and construction contract (50%)	-	-	-	2.6	3.9	2.2
Investment in Lancashire Waste Project	-	-	-	2.7	1.3	1.2
Global Renewables' business development activities	2.4	2.8	4.5	6.9	9.1	-
Kirfield Building project loss	-	-	1.4	-	-	-
Adjusted EBITDA	2.7	10.5	17.7	20.4	22.8	12.6
Depreciation and amortisation	(21.0)	(35.7)	(4.5)	(6.1)	(4.2)	(1.8)
<i>Adjustments:</i>						
OceanaGold	20.4	35.1	-	-	-	-
Eastern Creek	-	-	2.3	2.9	-	-
Kirfield Fabrication	0.1	0.2	0.2	-	-	-
Global Renewables' business development activities	-	-	0.4	0.3	0.3	-
Adjusted depreciation and amortisation	(0.5)	(0.4)	(1.6)	(2.9)	(3.9)	(1.8)
Adjusted EBIT	2.2	10.1	16.1	17.5	18.9	10.8
<i>Statistics</i>						
Adjusted sales revenue growth		26.3%	31.7%	9.3%	24.0%	
Adjusted EBITDA growth		289.1%	68.7%	14.9%	11.8%	
Adjusted EBIT growth		357.0%	60.2%	8.5%	8.0%	
Adjusted EBITDA margin	2.4%	7.4%	9.5%	10.0%	9.0%	12.3%
Adjusted EBIT margin	2.0%	7.1%	8.6%	8.6%	7.5%	10.6%

Source: Grant Samuel analysis

This analysis indicates that GRD's revenue has more than doubled over the period and that GRD's overall profits have increased as the benefits of increased scale for GRD Minproc have emerged.

The performance of GRD's continuing operations can be further analysed by operating business as set out in the following table. The adjusted financial performance set out below reflects the allocation of shared services (e.g. finance, legal, IT etc) to operating activities as reflected in GRD's segment reporting. In addition, Grant Samuel has made adjustments in each year to reallocate the costs from Corporate to GRD Minproc in order to more properly reflect the standalone cost of that business:

- IT costs of \$0.8 million per annum (except in 2004 the adjustment is \$0.4 million as total unallocated IT costs were lower prior to 2005); and
- corporate overheads (including finance, administration, marketing and legal) of \$1.1 million per annum.

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GRD – Adjusted Financial Performance by Business (\$ millions)						
	Year ended 31 December					Six months
	2004 actual AIFRS	2005 actual AIFRS	2006 actual AIFRS	2007 actual AIFRS	2008 actual AIFRS	30 June 2009 actual AIFRS
Adjusted sales revenue						
GRD Minproc	112.3	141.8	186.8	201.6	249.5	101.1
Global Renewables	-	-	-	2.5	3.5	1.5
Corporate	-	-	-	-	-	-
Total	112.3	141.8	186.8	204.1	253.0	102.6
Adjusted EBITDA						
GRD Minproc	9.2	15.4	23.4	22.6	26.3	12.8
Global Renewables	-	-	-	1.8	0.6	1.9
Corporate	(6.5)	(4.9)	(5.7)	(4.0)	(4.1)	(2.1)
Total	2.7	10.5	17.7	20.4	22.8	12.6
Adjusted depreciation and amortisation						
GRD Minproc	(0.4)	(0.7)	(1.5)	(2.3)	(3.4)	(1.6)
Global Renewables	-	-	-	(0.4)	(0.4)	(0.1)
Corporate	(0.1)	0.3	(0.1)	(0.2)	(0.1)	(0.1)
Total	(0.5)	(0.4)	(1.6)	(2.9)	(3.9)	(1.8)
Adjusted EBIT						
GRD Minproc	8.8	14.7	21.9	20.3	22.9	11.2
Global Renewables	-	-	-	1.4	0.2	1.8
Corporate	(6.6)	(4.6)	(5.8)	(4.2)	(4.2)	(2.2)
Total	2.2	10.1	16.1	17.5	18.9	10.8

Source: Grant Samuel analysis

The operating performance of GRD Minproc and Global Renewables based on the above analysis is discussed in Sections 4 and 5 of this report.

Corporate reflects unallocated corporate overheads including corporate head office and listed company costs. Corporate costs have reduced over time following the divestment of OceanaGold and the Eastern Creek Facility but were relatively high in 2006 due to the initial grant of options to the chief executive officer. In recent years Corporate has represented a recurring cost of around \$4.2 million per annum. In the six months to 30 June 2009 corporate costs are approximately 15% lower than budget as a result of expenditure constraint in response to the market downturn.

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3.3 Financial Position

The financial position of GRD as at 31 December 2008 and 30 June 2009 is summarised below:

GRD - Financial Position (\$ millions)		
	As at 31 December 2008 actual	As at 30 June 2009 actual
Debtors and prepayments	39.9	44.6
Inventories	12.2	20.8
Creditors, accruals and provisions	(27.3)	(26.8)
Net working capital	24.8	38.6
Property, plant and equipment (net)	7.6	7.6
Goodwill	2.6	2.6
Intellectual property rights (net)	9.9	9.8
Computer software (net)	4.9	4.5
50% interest in Waste 2 Resources – Project Lancashire LLP	4.9	2.3
50% interest in Global Renewables Lancashire Holdings Limited	27.2	47.5
Other investments	⁵ -	⁵ -
Deferred tax assets (net)	20.1	20.6
Assets held for sale (net)	(11.6)	(0.7)
Provisions	(1.3)	(0.7)
Total funds employed	89.1	132.1
Cash and deposits	23.6	9.6
Bank overdraft	-	(4.5)
Deferred purchase consideration	(57.3)	(55.3)
Net borrowings	(33.7)	(50.2)
Net assets attributable to GRD shareholders	55.4	81.9
<i>Statistics</i>		
Shares on issue at period end (million)	192.4	192.4
Net assets per share	\$0.29	\$0.43
NTA ⁶ per share	\$0.20	\$0.34
Book gearing ⁷	37.8%	38.0%
Market gearing ⁸	38.5%	38.9% ⁹

Source: GRD and Grant Samuel analysis

Net working capital at 30 June 2009 is high relative to current levels of activity as it includes allowance for final settlement of the Eastern Creek Facility fire insurance claim and an accrued amount relating to delivery of the Tenke Fungurume Project. At 30 June 2009 these matters are subject to final negotiation and are commercially sensitive. However, in aggregate, GRD expects to receive in excess of \$15 million prior to 31 December 2009 in satisfaction of these matters.

Goodwill relates primarily to GRD's acquisition of Minproc Limited in April 2000. Intellectual property rights (net) encompass the development costs, patents and licences associated with the UR-3R Process[®].

GRD's interests in the Lancashire Waste Project are held through two United Kingdom incorporated entities which are equity accounted. Waste 2 Resources – Project Lancashire LLP holds the contract to design and construct the Lancashire Waste Project and is a business operation of GRD Minproc. Global Renewables Lancashire Holdings Limited holds the contract to build, own and operate the Lancashire Waste Project and is a business operation of Global Renewables.

Other investments include 600,000 shares in ASX listed Empired Limited and are carried at fair value.

Assets held for resale (net) relate to the sale of the Eastern Creek Facility on 21 January 2009. The

⁵ Amount less than \$50,000

⁶ NTA is net tangible assets, which is calculated as net assets less intangible assets.

⁷ Book gearing is net borrowings divided by net assets plus net borrowings.

⁸ Market gearing is net borrowings divided by market capitalisation (at period end) plus net borrowings.

⁹ Based on the share price on 10 June 2009, being the day prior to announcement of the conditional proposal by AMEC.

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liability of \$0.75 million outstanding at 30 June 2009 was paid in July 2009.

GRD has a \$10 million bank overdraft facility (drawn to \$4.5 million at 30 June 2009) and bank guarantee facilities. The acquisition of 50% of Global Renewables in 2005 (see Section 5.1) included deferred purchase consideration of \$65 million payable on or before 30 June 2010. This debt attracts an effective fixed interest rate of 7.29% over its life and is secured by a fixed charge over GRD's shares in Global Renewables and a fixed and floating charge over all present and future rights, property and undertakings of Global Renewables. As at 30 June 2009 the outstanding amount was \$55.3 million. A repayment schedule has been agreed with the vendor with \$13 million payable during the 12 months to 30 June 2010 and the balance of \$42.3 million payable by 30 June 2010.

GRD gives performance and other guarantees in relation to engineering and construction contracts executed in the normal course of business. At 30 June 2009 the contingent liability under these instruments totalled \$5.3 million. GRD has also provided an undertaking to the financier to Waste 2 Resources - Project Lancashire LLP (which holds the design and construction contract) in the form of an unlimited guarantee of 50% of the hedging instruments held. At 30 June 2009 these hedging instruments had a significant positive value and GRD had no contingent liability.

GRD manages its exposure to movements in interest rates and foreign currencies in various ways including the use of derivative financial instruments where appropriate. Foreign currency risk is mitigated by way of natural hedges (i.e. sales and purchases are denominated in the same functional currency) or, for the Australian GRD Minproc business, by ensuring that material contracts are denominated in Australian dollars or by using foreign currency hedge contracts. At 30 June 2009 GRD had no derivative contracts in place.

Under the Australian tax consolidation regime, GRD and its wholly owned Australian resident entities have elected to be taxed as a single entity. At 30 June 2009 GRD has carried forward Australian income tax losses of approximately \$45 million all of which are recognised in the balance sheet. Around \$11 million of these losses are available for immediate use with the balance (\$34 million) available for use under the available fraction regime. GRD also has less than \$5 million of carried forward income tax losses outside Australia of which approximately \$3.4 million have been recognised in the balance sheet.

GRD has carried forward Australian capital losses of approximately \$111 million all of which are available indefinitely for offset against future capital gains but none of which have been recognised in the balance sheet.

GRD has no accumulated franking credits and has a franking deficits tax benefit carried forward of approximately \$1.8 million.

3.4 Capital Structure and Ownership

As at 31 August 2009, GRD had the following securities on issue:

- 192,384,982 ordinary shares; and
- 11,493,750 options over unissued ordinary shares.

The options are issued to directors, executives and certain staff members of GRD. Each option is exercisable into one ordinary share and has no dividend entitlement or voting right. Vesting of options is subject to loyalty and, generally, performance requirements. Vested options are only exercisable while the holder is employed by GRD or within three months of ceasing employment. Unvested options lapse on termination of employment or on the expiry date. Unvested options do not become exercisable in the event of a change of control of GRD.

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GRD – Options on Issue as at 31 August 2009					
Issue Date	Expiry Date	Exercise Price	Earliest Exercise Period	Issued Options	Exercisable Options
1 June 2000	-	\$0.75	Half from 1 Jan 2002, half from 1 Jan 2004	250,000	250,000
1 June 2001	-	\$1.40	From 2 March 2007	2,000,000	2,000,000
1 June 2001	-	\$1.90	From 2 March 2007	1,000,000	1,000,000
1 June 2001	-	\$2.40	From 2 March 2007	1,000,000	1,000,000
30 June 2004	-	\$1.95	From 1 Jan 2007	150,000	150,000
30 Sept 2005	30 Sept 2015	\$2.90	From 30 Sept 2006	750,000	750,000
1 June 2006	1 June 2016	\$2.40	Half from 31 Mar 2007, half from 31 Mar 2008	2,000,000	2,000,000
1 June 2006	1 June 2016	\$2.90	From 2 Mar 2007	1,000,000	1,000,000
1 June 2007	1 June 2012	\$2.29	From 1 Jan 2010	1,200,000	-
4 Oct 2007	1 Oct 2012	\$2.37	From 1 May 2010	200,000	-
16 June 2008	1 June 2013	\$1.50	From 1 June 2009	537,500	537,500
16 June 2008	1 June 2013	\$1.50	From 1 June 2010	468,750	-
16 June 2008	1 June 2013	\$1.50	From 31 Dec 2010	937,500	-
Total				11,493,750	8,687,500

Source: GRD

Under the GRD Limited Employee Share Acquisition Plan (“GRD Share Plan”) eligible employees can direct up to 10% of their gross salary to acquire shares and GRD will match the employee contribution. Shares are acquired on the ASX and are held in trust for employees although employees are entitled to full dividend and voting rights. Plan shares acquired with the employee’s contribution vest immediately. Plan shares acquired with the GRD contribution vest in three tranches on each anniversary of the employee’s initial purchase of plan shares (i.e. they are restricted for a maximum of three years). In the event that an employee leaves GRD, all unvested shares held by the GRD Share Plan are forfeited. All unvested shares vest on a change of control of GRD. At 31 August 2009, the GRD Share Plan held 4,914,379 shares of which 1,509,771 were vested.

At 31 August 2009 there were 6,058 registered shareholders in GRD. The top 20 shareholders accounted for approximately 76% of the ordinary shares on issue. GRD has received notices from the following substantial shareholders:

GRD – Substantial Shareholders as at 31 August 2009			
Shareholder	Date of Notice	Number of Shares	Percentage
Seven Network Group ¹⁰	29 June 2007	23,500,000	12.2%
IML Investors Mutual Limited	27 April 2009	23,281,287	12.1%
Schroder Investment Management Australia	21 March 2007	18,280,516	9.5%
Macquarie Group Limited	13 November 2007	17,915,815	9.3%
The Bank of New York Mellon Corporation	7 January 2009	15,711,535	8.2%
UBS Nominees Pty Ltd	28 August 2009	9,706,428	5.1%

Source: GRD

Other than Seven Network Group (“Seven Network”), the substantial shareholders are principally institutional nominee or custodian companies. The GRD Share Plan holds approximately 2.6% of issued capital. The balance of GRD’s registered shareholder base is primarily retail in nature. Approximately 72% of registered shareholders hold up to 5,000 shares although this represents only 4% of shares on issue. GRD shareholders are predominantly Australian based investors (over 79% of registered shareholders and 98% of securities on issue).

¹⁰ Mr. Kerry Stokes and the Tiberius Group hold a 48.8% interest in Seven Network and therefore also have a relevant interest in the GRD shares in which Seven Network has a relevant interest.

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3.5 Share Price Performance

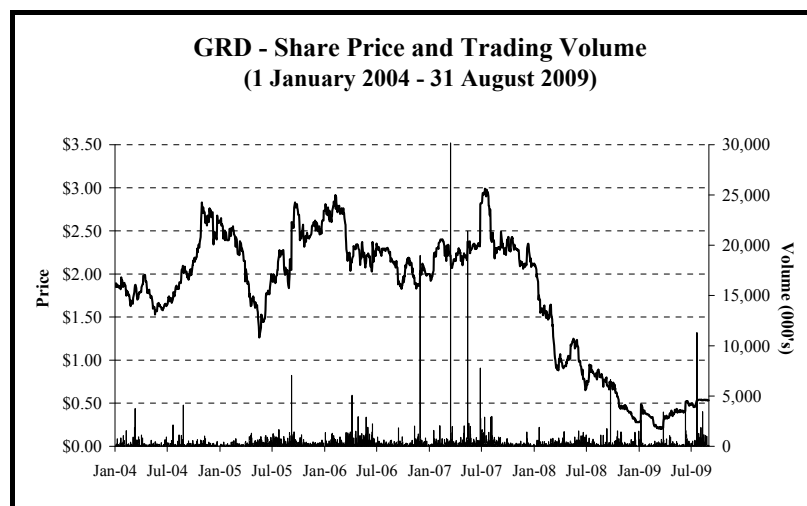
A summary of the price and trading history of GRD since 1 January 2004 is set out below:

GRD - Share Price History					
	Share Price (\$)			Average Weekly Volume (000's)	Average Weekly Transactions
	High	Low	Close		
Year ended 31 December					
2004	2.926	1.530	2.620	1,376	186
2005	2.869	1.224	2.735	2,005	584
2006	2.965	1.800	2.000	2,927	669
2007	3.000	1.920	2.120	3,460	697
2008	2.120	0.260	0.280	1,877	709
Quarter ended					
31 March 2009	0.500	0.195	0.340	1,386	183
30 June 2009	0.540	0.320	0.480	1,566	278
Month ended					
31 July 2009	0.545	0.450	0.540	4,482	207
31 August 2009	0.545	0.535	0.535	3,246	156

Source: IRESS

Note: Prices adjusted for OceanaGold spin-off by way of a buyback in February 2004 and a 10 cent capital reduction in October 2006.

The following graph illustrates the movement in the GRD share price and trading volumes since 1 January 2004:



Source: IRESS

During 2004 the GRD share price increased from around \$1.75 to over \$2.50 based on positive news of an improved GRD Minproc work pipeline, the commissioning of the Eastern Creek Facility and increased opportunities for the waste to resource business. However, following the release of the 2004 results the price fell rapidly to an intraday low of \$1.22 in May 2005 on relatively low trading volumes. The GRD share price recovered to over \$2.50 again within six months following selection of Global Renewables as the preferred bidder to design, build, own and operate the Lancashire Waste Project. In March 2006 the GRD share price dropped to around \$2.20 and, following the fire at the Eastern Creek Facility and the sell down of the majority interest in OceanaGold in May 2006, it declined to trade around \$1.90 for the remainder of 2006.

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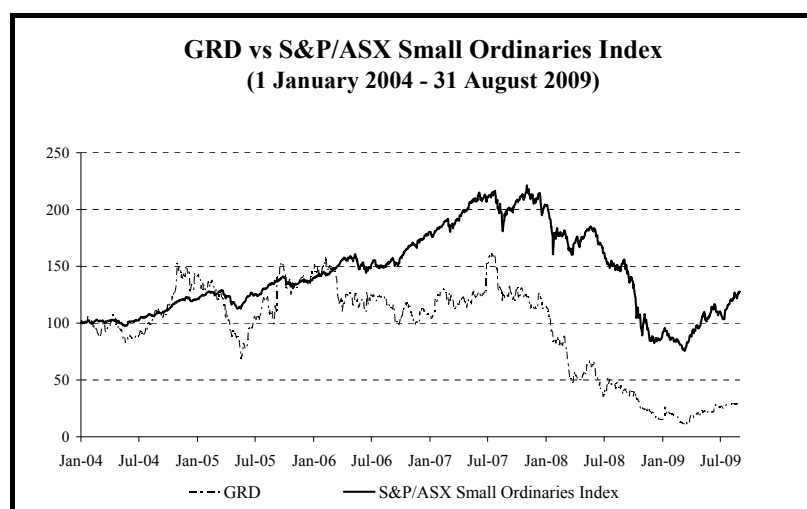
Between November 2006 and May 2007 interests associated with GRD founder Brettney Fogarty sold the majority of their 30% holding to new substantial shareholders including Macquarie Group Limited and Seven Network. During this period GRD shares traded around \$2.25. On 27 June 2007 the share price rose steeply to over \$2.80 following the announcement that Transfield Services Limited (“Transfield”) had approached GRD with a conditional proposal to acquire GRD at an indicative price of \$2.70-2.75 per share. GRD shares traded above \$2.90 while GRD considered the proposal. On 2 August 2007 GRD declined Transfield’s request for due diligence on the basis that the indicative price significantly undervalued the company and the proposal was withdrawn. Initially the GRD share price dropped to around \$2.40 but declined gradually to around \$2.15 by the end of 2007.

Mirroring the decline in the equities markets and resources prices from January 2008 the GRD share price fell to around \$1.50 in February 2008 and then fell again to around \$1.00 in March 2008. After recovering to \$1.20 in May 2008, the GRD share price declined again to around \$0.70 in September 2009 as good trading results for GRD Minproc were tempered by technical performance and revenue constraints at the Eastern Creek Facility and difficult trading conditions for Global Renewables in the United Kingdom. The GRD share price continued to decline and closed at 28 cents on 31 December 2008.

Despite completion of the sale of Eastern Creek in January 2009, the GRD share price declined further to a low of 19.5 cents on 20 March 2009. On the back of press speculation as to corporate activity, the GRD share price subsequently strengthened to trade in a range of 31 to 43.5 cents prior to 10 June 2009 (at a weighted average of 38 cents) and closed at 41 cents on 10 June 2009. Following AMEC’s conditional proposal GRD shares rose to around 50 cents.

On announcement of the Proposal on 20 July 2009 the GRD share price rose to around 53.5 cents on high volumes as a former substantial shareholder (MMC Contrarian Limited) sold down its interest to a number of hedge funds. Since 22 July 2009 GRD shares have traded in a tight range of 53.5 to 54.5 cents at a weighted average of 53.9 cents.

GRD is a small capitalisation company. It is a member of the S&P/ASX Small Ordinaries Index and the S&P/ASX Small Industrials Index with current weightings of 0.12% and 0.19% respectively. GRD is not followed by major broking analysts but, based on the number of institutional substantial shareholders, appears to have a reasonable institutional following. The following graph illustrates the performance of GRD shares since 1 January 2004 relative to the S&P/ASX Small Ordinaries Index:



Source: IRESS



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From January 2004 to January 2006 trading in GRD shares generally mirrored the S&P/ASX Small Ordinaries Index albeit with some periods of under and over performance. However, during 2006 GRD significantly underperformed the market possibly as a consequence of the fire at the Eastern Creek Facility and perceived delays in achieving financial close for the Lancashire Waste Project. Subsequent to the divestment of the majority shareholding in OceanaGold and the associated capital return in late 2006, GRD shares have generally mirrored the market except that in July 2007 it outperformed due to Transfield proposal and in March 2008 when the share price declined further than the market based on relatively low trading volumes.

GRD's free float is restricted. Until interests associated with Brettney Fogarty (the founder of GRD) realised their shareholdings in late 2006/early 2007, free float was less than 70%. Currently, GRD's free float is assessed by S&P/ASX at 88% by excluding the Seven Network shareholding. However, the free float is less than that as a number of the substantial shareholders do not appear to actively trade the stock. As a result GRD is not a highly liquid stock. Average weekly volume over the twelve months prior to the announcement of the Proposal represented approximately 0.9% of average shares on issue or annual turnover of around 44.5% of total average issued capital.

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4 Profile of GRD Minproc

4.1 Background

GRD Minproc was established in Western Australia in 1978 as Mining & Processing Engineering Services and in 1987 was corporatised as Minproc Engineers Pty Limited. In 1994 it was converted to a public company and listed on the ASX as Minproc Engineers Limited (“Minproc”). At listing Minproc provided engineering and construction services primarily to companies in the mining, natural resource processing and chemicals industries.

Minproc incurred substantial operating and abnormal losses in 1996 and 1997 which resulted in the implementation of a series of recapitalisation plans. GRD participated in the recapitalisation plans and by November 1999 held a 35.1% interest in Minproc. In July 1998 Minproc acquired a 50% interest in Kirfield, a Western Australian construction and maintenance business focussed on the resources sector and in June 1999 acquired the remaining 50%. In April 2000 GRD merged with Minproc by way of a scrip and cash scheme of arrangement with Minproc’s shareholders. Minproc’s engineering business was renamed GRD Minproc.

4.2 Industry Overview

Overview

Consulting engineering is a multi-faceted industry involving research, planning, design and development of engineering solutions for developing infrastructure (urban and industrial), the processing of resources (oil and gas and minerals), managing the environment (e.g. water, waste) and building construction for both government and private clients. All engineering disciplines are offered and there are many areas of specialisation within each discipline. Many consulting engineers combine their technical expertise with management skills to provide services in areas such as project management, risk management and asset management.

Consulting engineers are contractors and are subject to activity levels in the sectors to which they tender their services. Activity levels are largely dependent on general economic conditions.

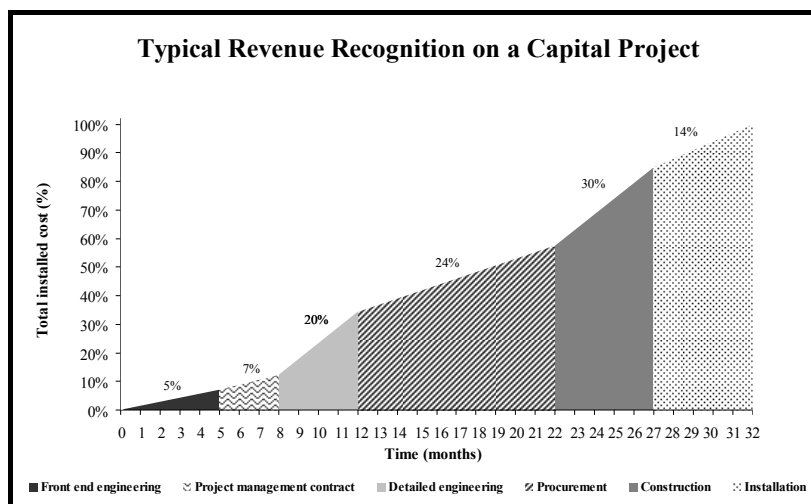
Services provided by engineering consultants can be broadly categorised as:

- study services including conceptual studies, feasibility studies and preliminary design services;
- detailed design services;
- project delivery services which are provided in a number of ways including under:
 - engineering procurement and construction management (“EPCM”) contracts whereby the consultant provides project management, cost control, forecast scheduling, procurement and construction management services on a cost reimbursable basis; and
 - engineering procurement and construction (“EPC”) contracts where the consultant provides a complete solution through construction on a fixed price basis;
- operational support services; and
- operational enhancement services.

Fee arrangements vary and range from reimbursement of hours incurred based on hourly rates (including a margin) to fixed price contracts and combinations thereof. Engineering services lend themselves to an hourly rate basis as the hours involved in an assignment can be difficult to estimate. Fixed price arrangements increase the risk to the service provider of financial loss.

Study services typically represent a relatively small proportion of the total cost of a project:

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Source: Deutsche Bank (June 2009)

Study services generate lower revenue but higher margins than detailed design or project delivery services. Different end markets generate different profitability although this is also dependent on market conditions. Contracts have varying durations and, depending on the business mix, changes in economic conditions may have an immediate or delayed impact on financial performance.

It is common to use contractors (either individuals or groups) to supplement employees. This provides operational and financial flexibility although there is a significant training and management effort required to ensure that specific technical, quality assurance and safety standards are met. Staff retention is an issue for all engineering firms and this is accentuated by a worldwide shortage of experienced engineering professionals.

While price is an important factor, the experience, reputation and client relationships of an engineering firm are critical to winning assignments. Furthermore, specific project experience and good client working relationships increase the likelihood of converting study services to detailed design and/or project delivery services. Smaller firms with less financial backing are generally considered to be at a disadvantage to win tenders to provide services to larger projects.

Market Structure

The engineering consulting industry is comprised of a large number of small firms and few large firms (including a smaller number of global or regional service providers). Firms have different strategic focuses, core competencies, geographic expertise and target markets.

In Australia there are estimated to be over 15,000 consulting engineering firms employing about 95,000 people but less than 1,000 of these firms employ more than 20 people. In 2008/09 revenue from engineering consulting services totalled \$22 billion or around 1% of Australia's gross domestic product. Over the last four years industry revenue has grown by around 12% per annum with this period corresponding to the surge in demand in the resources, construction and environment markets. The downturn in global economic conditions has severely impacted demand for consulting engineering services and contributed to weaker revenue growth of 4.8% in 2008/09.

Global engineering service providers with a primary focus on the resources sector include The Hatch Group ("Hatch"), Sinclair Knight Merz, Fluor Corporation ("Fluor"), AMEC, Aker Solutions ASA ("Aker Solutions"), SNC Lavalin Group Inc ("SNC Lavalin") and WorleyParsons Limited ("WorleyParsons"). These firms generally have a strategic focus on the oil and gas

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segment with the minerals segment a lesser focus. Other major international engineering service providers (including GRD Minproc, Ausenco Limited (“Ausenco”) and Bateman Engineering N.V. (“Bateman”)) have a greater minerals segment focus. Other large engineering firms tend to have a regional focus. A number of the major global service providers operate in the Australian resource sector and there are also a number of regional players including Lycopodium Limited (“Lycopodium”), Sedgman Limited (“Sedgman”) and VDM Group Limited (“VDM”).

Many of the global engineering firms focussed on the resources sector also provide environmental engineering services (e.g. water, waste management). Other participants in this segment include waste management companies such as international players SUEZ Environment Company SA (“SUEZ”) and Veolia Environment SA (“Veolia”) and regional players such as Shanks Group plc (“Shanks”) in the United Kingdom and Transpacific Industries Group Limited (“Transpacific”) in Australia and New Zealand. These companies provide waste management and recycling services generally.

Market Outlook

The global financial crisis which commenced in late 2007 has sharply weakened world economic activity. World economic activity is expected to contract by 1.3% in 2009 with the major developed economies contracting while the emerging economies of China and India are expected to grow more modestly than in the previous decade. World economic activity is expected to recover in 2010, albeit at a slow pace.

Tight credit availability and a decrease in commodity prices (as supply outstripped demand) have led to the curtailment of capital expenditure by resource companies. This situation is expected to remain until world economic growth improves and there is a sustained recovery in the credit markets for project funding. The impact of the downturn on the resources sector is accentuated by the buoyant conditions in the previous five years.

The curtailment of capital expenditure has resulted in project deferral and cancellation and therefore a decline in the demand for engineering services. It is expected that projects in execution phase with secure funding will complete and, although feasibility studies may be completed, the rate of conversion into projects will decrease. Engineering activity is expected to be focused on study services rather than project delivery (as feasibility studies are updated to reflect changes in the project execution environment and to re-evaluate existing development options) and on process optimisation and plant expansion.

Revenue and profit levels are expected to decline as a result of the lower level of project management work relative to studies and there will be pressure on margins from increased competition for the available work. This will be offset in part by reduced demand for skilled engineers but the shortage of consulting engineers is expected to continue.

In the longer term, due to the low level of new and easily accessible resource discoveries made over the last two decades, demand for specialist engineering services is expected to be strong. This demand is expected because innovative engineering solutions will be required to extract and process the already discovered but difficult (in terms of metallurgical complexity and difficult locations) resources.

4.3 Operations

GRD Minproc is a global engineering and project delivery business specialising in the design, procurement and construction of mineral resources and waste-to-resources projects. It has over 30 years experience in providing services to the mineral resources sector and over ten years in providing services in the waste conversion sector. GRD Minproc’s activities in each sector are described below:

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■ **Mineral Resources**

GRD Minproc operates across all stages of development for mineral resource projects providing services such as:

- mining and geology consulting;
- evaluation services including:
 - conceptual studies;
 - feasibility studies including scoping, preliminary and definitive studies;
 - design services including basic design, front end engineering design and detailed design;
- project development services including:
 - project delivery;
 - commissioning support;
- operational support (including maintenance support via its Kirfield operation); and
- operational enhancement services for existing facilities through plant modifications, upgrades and de-bottlenecking.

GRD Minproc's services are focussed on mineral processing facilities rather than associated infrastructure components and on the economic evaluation and development of minerals projects rather than the exploration and operating phases of minerals projects.

GRD Minproc focuses on minerals which are technically complex. Its specific commodity capabilities are in gold, uranium, platinum, iron ore, nickel, copper, lead, zinc, coal, cobalt and mineral sands. GRD Minproc does not provide services to the oil and gas sector. Therefore, demand for GRD Minproc's services is directly linked to underlying demand for mineral commodities and the associated capital expenditure budgets of mining companies.

Historically, GRD Minproc serviced small to mid tier mining companies but in more recent times it has also targeted major resource companies worldwide. It has developed client relationships with a range of major companies including BHP Billiton, Vale, Newmont, Freeport, Goldfields, AngloGold, Rio Tinto, Xstrata and Anglo America and Norilsk. It has also focussed on establishing relationships with major Chinese resource companies including MCC, China Minmetals and Citic Pacific Mining.

In recent years GRD Minproc has developed specialist business units to enhance its capabilities to different segments of the minerals sector. These business units include Mining and Geology, Coal, Iron Ore and Sustaining Capital Solutions (which is focussed on brownfields services). Furthermore, GRD Minproc has focussed on developing strategic relationships with complementary services providers (such as international coal sector engineer Roberts & Schaefer Company) and, in order to meet client preferences for project services from "one-stop shops", with infrastructure specialists.

■ **Waste-to-Resources**

In the late 1990's GRD Minproc sought to diversify its revenue streams by applying its minerals processing engineering expertise to the waste conversion sector. This diversification resulted in the development of the UR-3R Process[®].

GRD Minproc's activities in the waste sector have primarily to date been focussed on projects developed by Global Renewables (i.e. Eastern Creek Facility, Lancashire Waste Project). It has recently refocused on developing a third party consulting and engineering client base in the waste sector and is working on a small number of opportunities in Australia and the United Kingdom. GRD Minproc is specifically seeking to leverage its minerals sector expertise in the waste sector.

GRD Minproc seeks to deliver engineering solutions to the waste sector generally. The UR-3R Process[®] is but one technology that may be used to address a client's need but, as GRD Minproc is closely associated with the UR-3R Process[®], there is a need to develop a more general reputation in this sector.

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The business model adopted for the waste conversion sector mirrors that adopted by GRD Minproc in the minerals sector in that it is focussed on the economic evaluation of projects and the delivery (i.e. design and construction) of projects. However, features of the waste conversion sector impact GRD Minproc’s services including that:

- clients in the waste sector are a mix of government bodies and private companies;
- the waste resource is not finite like an ore body and therefore economic evaluation approaches need to be modified;
- the variability of municipal waste requires flexible project design to accommodate changes over time;
- waste projects are generally located in developed economies where there is a greater emphasis on social issues during evaluation and operation phases.

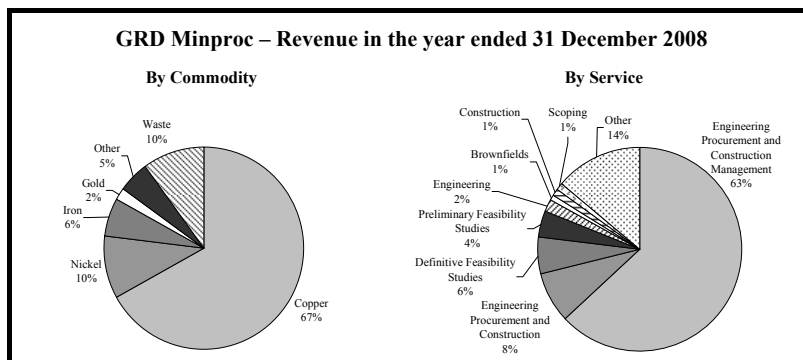
Nevertheless, the engineering skills required are generally similar to those in the minerals segment and, although there may be some individual skill specialisation, GRD Minproc often transfers engineering resources between its business units.

GRD Minproc is headquartered in Perth with regional offices in Brisbane, Adelaide and Muswellbrook in Australia, Johannesburg in South Africa, Belo Horizonte in Brazil and Santiago in Chile. The international offices were established within the last six years and are primarily staffed by locals. At 31 July 2009, GRD Minproc had 768 employees (including 300 contractors) of which 514 are based in Australia.

GRD Minproc provides services under low risk and fully reimbursable contracts. It minimises involvement in fixed price contracts and the only fixed price contract currently being undertaken is that for the Lancashire Waste Project which has represented 7-8% of revenue since 2007.

GRD Minproc operates a formal documented business delivery process with a focus on project risk (i.e. technical, financial and contractual delivery), “win” probability, potential profitability and strategic value. Risk management procedures undertaken in-house include legal drafting and review of contracts, commercial reviews (to limit liability and loss exposures) and operational reviews (such as audit and peer review) to ensure quality standards are met.

GRD Minproc’s client mix changes from year to year but in any one year its top 15 clients generally account for around 80% of revenue. Over 60% of annual revenue is typically sourced outside Australia. The range of commodities serviced and the types of services provided by GRD Minproc vary from year to year depending on activity levels in the minerals and waste sectors. In the year ended 31 December 2008 revenue was generated as follows:



Source: GRD

In recent years over 60% of GRD Minproc’s revenue has been derived from project delivery services. However, although they generate lower revenue and profits than project delivery services, study services are critical to GRD Minproc’s business pipeline. In this regard, GRD

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Minproc is often awarded follow-on study work and estimates that it wins the project delivery contract in 80% of the cases where studies it has undertaken proceed to project delivery.

GRD Minproc's competitors include both global and regional engineering service providers. In the minerals sector its major competitors include international companies Bateman, Hatch, Aker Solutions, SNC Lavalin and Fluor as well as Australian based international firms such as WorleyParsons, Ausenco, Lycopodium and Sinclair Knight Merz. Regional competitors in South America include Progen (Projetos Gerenciamento Engenharia Ltda), EPC Engenharia Projeto Consultoria S.A. and ECM S.A. Projetos Industriais and in Africa include Engineering & Projects Limited and DRA Group. Each competitor provides a range of services and has differing core competencies. GRD Minproc does not believe that any one competitor provides the full suite of competencies and services that it currently offers to the minerals sector.

There are few engineering service providers focussed on the waste sector. Many of the global engineering firms also provide environmental engineering services but GRD Minproc's key competitors in this sector tend to be waste management businesses which are unlikely to seek unique engineering solutions to meet clients' needs.

In comparison to a number of its competitors, GRD Minproc does not own proprietary technology preferring to address engineering problems and identify optimal solutions for a client's specific need. Where the engineering solution requires innovation the client will retain ownership of the intellectual property.

4.4 Financial Performance

The adjusted financial performance of GRD Minproc for the five and a half years ended 30 June 2009 is set out in Section 3.2 of this report and summarised below:

GRD Minproc – Financial Performance (\$ millions)						
	Year ended 31 December					Six months
	2004 actual	2005 actual	2006 actual	2007 actual	2008 actual	30 June 2009 actual
Adjusted external sales revenue	112.3	141.8	186.8	201.6	249.5	101.1
Internal sales revenue	1.8	1.6	11.2	1.9	1.7	0.1
Total adjusted sales revenue	114.1	143.4	198.0	203.5	251.2	101.2
Adjusted EBITDA	9.2	15.4	23.4	22.6	26.3	12.8
Adjusted depreciation and amortisation	(0.4)	(0.7)	(1.5)	(2.3)	(3.4)	(1.6)
Adjusted EBIT	8.8	14.7	21.9	20.3	22.9	11.2
Capital expenditure	1.6	5.0	1.2	5.6	4.9	1.0
<i>Statistics</i>						
Total adjusted sales revenue growth		25.7%	38.1%	2.7%	23.5%	
Adjusted EBITDA growth		67.2%	52.5%	(3.8)%	16.5%	
Adjusted EBIT growth		68.4%	48.5%	(7.5)%	13.1%	
Adjusted EBITDA margin	8.1%	10.7%	11.8%	11.1%	10.5%	12.7%
Adjusted EBIT margin	7.7%	10.3%	11.1%	10.0%	9.1%	11.0%

Source: GRD and Grant Samuel analysis

Since 2003 GRD Minproc has experienced compound growth in sales revenue of around 22% per annum. This reflects both the strong conditions in the resources sector and strategic initiatives by GRD Minproc during the period. In particular, the scale of the business has grown as new regional offices were opened in South Africa (139 employees currently), South America (114 employees) and Brisbane (82 employees) with the Brisbane office developing an additional specialist coal sector capability. GRD Minproc has also developed client relationships with global resources companies benefiting from the number of projects these companies undertake in comparison to companies focused on individual projects or commodities. On the back of this growth GRD Minproc's profit has grown and margins generally have improved as it strategically focused on its core capabilities and commodities.

GRD Minproc generally targets EBIT margins in the range of 10-15%. 2004 was the first full year for GRD Minproc's South African operations but, as a start up operation, it contributed an

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operating loss during that year reducing profit margins (albeit that underlying margins in 2004 were lower than earned currently). Actual margins earned depend on the mix of business undertaken (i.e. studies versus project delivery) and the nature of client contract arrangements. Furthermore, large projects (such as the \$1.8 billion Tenke Fungurume Project during the 2007-2009 period) may skew revenue and profit margins from year to year. Nevertheless, GRD Minproc's profit margins reflect the benefits of the strategies adopted and have strengthened generally since 2004.

GRD Minproc has responded to the global economic downturn by implementing a range of cost reduction initiatives (including a salary and wages freeze, a reduction in personnel and tight control of discretionary spending). These initiatives have contributed to improved profit margins during the six months ended 30 June 2009 in comparison to the 2008 year (when the initial impact of the global downturn was experienced).

GRD Minproc is not a capital intensive business. Its major capital requirements relate to IT systems and during the buoyant conditions of the last five years it has reinvested in these systems. As a consequence, depreciation has increased in recent years.

4.5 Outlook

As little of its revenue is recurring in nature, GRD Minproc's short to medium term outlook is measured by reference to its business pipeline.

GRD Minproc is currently providing a range of services across a number of commodities and geographies. It is undertaking 11 major definitive feasibility studies for projects with estimated capital costs of approximately US\$6.0 billion. GRD Minproc is also currently providing project delivery services to projects with capital costs of approximately US\$9.1 billion including the Lancashire Waste Project, BHP Billiton's Olympic Dam Expansion Project and the US\$1.8 billion Tenke Fungurume Project. Commissioning of the Tenke Fungurume Project commenced in 2009 and it is not expected to contribute significantly beyond 2009. GRD Minproc is also providing engineering services to a variety of clients (including the US\$4.2 billion Sino Iron Project being developed by Citic Pacific Mining) which are contributing substantial reimbursable hours revenue. In comparison, as its business development activities in the waste sector are relatively limited and as business development activity for Global Renewables has been suspended, GRD Minproc's work pipeline in the waste sector is not significant at the present time.

However, global economic conditions will be the primary determinant of the demand for engineering services by the minerals sector. It is expected that major resource companies will continue to undertake project development activities (i.e. scoping and feasibility studies, etc) while focusing on "brownfields" activities (e.g. plant optimisation and expansion). GRD Minproc is well placed to provide such services given its established reputation, range of commodity competencies, major client relationships and geographic focuses.

No earnings guidance for GRD Minproc for the year ending 31 December 2009 has been provided to the market. However, guidance in relation to group net profit after tax implies that GRD Minproc's earnings for 2009 will be below recent years. The earnings outlook for GRD Minproc over the medium term is more positive. Its historical conversion experience implies that the feasibility studies currently being undertaken represent a pipeline of project delivery work. GRD Minproc is benefiting from its strategic development of client relationships with major global resource companies as well as the fact that its commodity and geographic capabilities are those experiencing continued strong demand (e.g. iron ore, uranium, gold and copper in Brazil, Australia and Africa). Nevertheless, growth in revenue and profits will be impacted as GRD Minproc's business mix moves towards studies and as competition for the available work increases. GRD Minproc proposes to maintain a strong focus on cost control and to focus on its core commodities and capabilities during this period.

In the longer term, GRD Minproc intends to grow its business by focusing on specific commodities and broadening its geographic footprint. It also considers that its minerals processing experience and engineering innovation expertise places it in a strong position to provide services in relation to the extraction and processing of difficult mineral resources (e.g. metallurgically complex or in difficult locations) which will be required to meet demand due to the low exploration expenditure in recent decades.



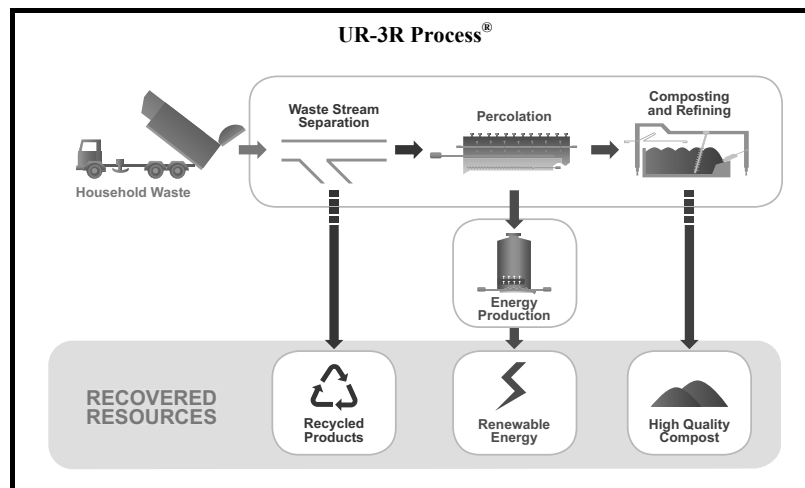
5 Profile of Global Renewables

5.1 Background

Global Renewables was established by GRD in 2000 as a recovery technology developer specialising in the design, construction, ownership and operation of urban waste treatment facilities primarily using the UR-3R Process[®]. The facilities are designed to sort and process municipal waste into compost, biogas and other recycled products thereby significantly reducing waste volumes sent to landfill or for incineration.

The UR-3R Process[®] was developed by GRD in the late 1990's and combines world leading technologies in material separation, biodigestion and composting. The UR-3R Process[®] is inherently flexible with the ability to substitute elements of the technology. It is unique in that resources in the waste stream become cleaner at every stage of the process. Each UR-3R Process[®] facility features multiple income streams including gate fees, sale of recyclables (e.g. metal, glass, plastic, paper), sale of compost, re-use of (and sale of surplus) energy produced and carbon credits.

The UR-3R Process[®] can be summarised diagrammatically as follows:



Source: GRD

In late 2000 Global Renewables was commissioned by Waste Services NSW to deliver a definitive feasibility study for a UR-3R Process[®] facility. In addition, it entered into an alliance with Hastings Funds Management Limited ("Hastings") to develop over a five year period up to 11 UR - 3R Process[®] facilities in Australia and overseas.

In August 2003 Global Renewables reached financial close¹¹ on a public private partnership to build, own and operate under a 25 year contract with WSN Environmental Solutions (formerly Waste Services NSW) a UR-3R Process[®] facility at Eastern Creek, Sydney. The Eastern Creek Facility was completed in September 2004.

The Eastern Creek Facility was designed to process 175,000 tonnes of municipal solid waste per annum (equal to 11% of Sydney's annual waste). It achieved design capacity and completed independent load and completion tests during 2005. Off-take contracts were put in place for all major products recovered and the facility achieved power self sufficiency. However, the financial

¹¹ At financial close for the Eastern Creek Facility Hastings contributed \$60 million in secured convertible redeemable notes and was deemed to have acquired an effective 50% interest in Global Renewables. In December 2005 GRD acquired Hastings' 50% interest in Global Renewables for \$65 million payable on or before 30 June 2010.

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returns were lower than expected due to various factors including contractual limitations and input waste varying from design specifications. As a consequence, a number of capital projects were undertaken to improve operational efficiency.

In May 2006 a fire¹², originating from a mechanical failure in a conveyor belt, broke out in the facility's compost hall. Operations were halted for nine weeks and resumed at a reduced capacity while rectification work on the compost hall was completed. During this period further projects were also undertaken to improve operating efficiency and optimise recoveries. The rectification work and optimisation program was completed in the first half of 2007. The facility was recertified on 31 December 2007.

During 2007 the Eastern Creek Facility processed 130,100 tonnes of waste (only 74% of design capacity as a result of the post fire recommissioning process) and only 16% of waste was unable to be re-used or recycled. In 2008 the Eastern Creek Facility's technical performance continued to be positive (achieving 103% of design capacity) but its financial performance was significantly below expectations. Its earnings were impacted by revenue constraints (i.e. the gate fee received under its contract was less than fair market value as measured by published landfill gate fees in New South Wales) and costs associated with diversion rates and technical developments incurred at the facility.

As a consequence of continued operating losses, effective 31 December 2008, GRD sold the Eastern Creek Facility including the rights it had to the UR-3R Process[®] in all regions outside of the United Kingdom, Europe and North America to entities associated with Emergent Capital, a private equity firm, for a capital loss of \$58 million.

Throughout this period the business development team had continued to extend the proven UR-3R Process[®] by developing complimentary process flow sheets and to assess opportunities for UR-3R Process[®] facilities internationally. Global Renewables participated in bidding processes for (and was shortlisted for) a number of potential projects in Australia and the United Kingdom. In September 2005 Global Renewables was selected as the preferred bidder to design, build, own and operate the Lancashire Waste Project (see Section 5.3 below). The design and financial structure proposed by Global Renewables for the Lancashire Waste Project incorporates its experience with operating the Eastern Creek Facility.

5.2 Industry Overview

Environmental and waste management businesses have become increasingly prominent in recent years as strategies are implemented to lower greenhouse gas emissions, reduce surface and groundwater pollution and conserve natural resources. Many countries have instituted policies and regulations supporting pollution reduction targets through the recovery and recycling of waste materials. An example is the European Union's European Landfill Directive which was issued in 1999 and standardised member states' waste pollution targets including reducing the amount of waste sent to landfill. The directive is supported by legislation by member states which imposes penalties for not meeting waste reduction targets and provides for incentives to implement alternative waste recycling or recovery techniques. It is expected that similar legislation will be enacted internationally over time, particularly in the developed economies.

As a consequence, the waste management sector represents growth opportunities for business. In this regard, new waste technologies and businesses have been developed. These technologies generally use thermal, mechanical, chemical or biological separation and decomposition processes within integrated facilities to process waste and recover usable products such as compost, metals, plastics or gas.

The major players in this industry are waste management companies although there are a number of players which have developed and own waste technologies. There are small number of global

¹² The impact of the fire was covered by insurance and to date GRD has received insurance payments of over \$23 million in relation for business interruption and property damage. The final insurance settlement is currently being negotiated with a further payment due to be received prior to 31 December 2009.

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players including SUEZ and Veolia and a larger number of regional or local players. In Australia the major players include SITA Environmental Services (a 60/40 joint venture between SUEZ and Sembcorp Industries Ltd, a Singaporean company), Transpacific, Thiess Services Pty Limited and WSN Environmental Solutions.

5.3 Operations

Overview

Today, the Global Renewables business is based on its ownership interest in the Lancashire Waste Project and various rights associated with the UR-3R Process[®] in the United Kingdom, Europe and North America. However, as a consequence of the global financial downturn, the business development activity of Global Renewables in these markets has been put on hold. As a consequence, Global Renewables effectively comprises a 50% interest in the Lancashire Waste Project and other revenue streams associated with that project. At 31 July 2009 Global Renewables employed 26 people in the United Kingdom including 14 contractors.

Lancashire Waste Project

The Lancashire Waste Project is a private finance initiative in the United Kingdom. A 29 year concession (including 4 years for construction and ramp-up) was awarded by Lancashire County Council and Blackpool District Council in September 2005 and reached financial close in March 2007.

The Lancashire Waste Project comprises two waste treatment facilities in Lancashire in north west England:

- Leyland comprising a UR-3R Process[®] facility, a green waste composting facility, a materials recycling facility and an environmental education centre; and
- Thornton comprising a UR-3R Process[®] facility, a green waste composting facility and a transfer station.

The facilities will receive all and process part of the municipal waste collected by twelve waste collection authorities. It is estimated that, in aggregate, the various facilities will handle up to 600,000 tonnes of waste per annum over the 25 year operating term.

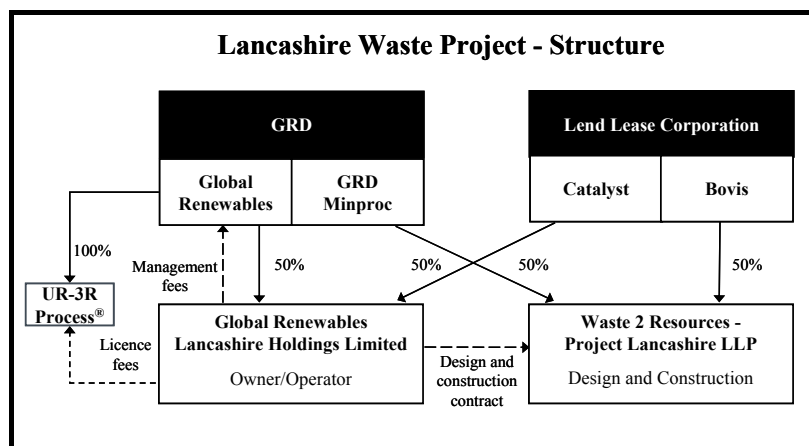
The Lancashire Waste Project is obligated to divert from landfill at least 56% of household waste, 93% of green and kitchen waste, 90% of co-mingled recyclables, all separately collected dry recyclable waste and to plant 100,000 trees per year from 2010/2011. It will be remunerated based on a payment and deduction mechanism based on its performance against this criteria (including incentives for meeting or exceeding performance targets). The project is also required to assist in limiting waste growth in its catchment area to no more than 1% per annum.

Of the expected £2 billion of revenue projected over the Lancashire Waste Project life, 81.3% is from revenue which is not reliant on target waste volumes being achieved, 4.5% is on a residual waste 'deliver or pay' contracts, 9.4% is variable revenue which can be adjusted based on volume or pass through rates and 4.8% is revenue from third parties through the sale of recyclable materials or other outputs. In summary, 95% of project revenue will be sourced from local authorities. There are also provisions ensuring that the Lancashire Waste Project shares new or additional income streams with the local authorities.

Operating costs over the life of the Lancashire Waste Project are estimated to be £1.3 billion and comprise site operating costs such as labour, electricity and other site expenses (45%), overhead costs (23%), transfer and transport costs (13%) and maintenance costs (9%). The balance of operating costs includes licence fees in relation to the intellectual property used at the site.

The Lancashire Waste Project is a 50/50 joint venture between Global Renewables and Lend Lease Corporation and is structured as follows:

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Source: GRD

The Lancashire Waste Project has an estimated total cost of £382 million (comprising a capital cost of £263 million plus capitalised finance and other costs) and is funded by a £302 million syndicated limited recourse term loan, £53.3 million of equity and authority contributions and revenue during construction.

Global Renewables and Catalyst Lend Lease ("Catalyst") are to invest £26.6 million each in the Lancashire Waste Project through a combination of subordinated loans and equity. At financial close Global Renewables effectively invested 100% of its contribution while Catalyst's contribution is funded through an equity bridge facility. Under the Shareholders' Agreement there are no restrictions on the transferability of these interests except that on a change of control in respect of Catalyst where the party acquiring control is a competitor of Global Renewables then Catalyst's interest will be transferred to Global Renewables at fair market value.

A fixed price (£252 million) design and construction contract has been entered into with a limited liability partnership between GRD Minproc and Bovis Lend Lease ("Bovis"). The key milestones under that contract include that construction of the Thornton facility is to be completed in quarter one in 2010 (followed by a 12 month ramp up) and the Leyland facility is to be completed in quarter 3 in 2010 (with a 12 month ramp up).

At 30 June 2009 construction was estimated to be 73% complete and on schedule to be completed within the initial timetable and capital budget. Given the current stage of construction focus is also being directed to building the operating team and planning commissioning.

The design and construction contract is expected to generate a profit. GRD Minproc only bears 35% of any loss suffered on the contract and its liability for loss is capped to £30 million. GRD has provided a guarantee to Lend Lease Corporation in relation to the limitation of GRD Minproc's liability.

Global Renewables is entitled to the following revenue streams from the Lancashire Waste Project:

- owners representative fees during the construction period (2007-2011);
- licence fees for the patented technologies in the UR-3R Process® during the construction and operating phase (i.e. 2007 to 2036);
- management fees during the operating phase (i.e. 2011 to 2036);
- interest on £26.6 million of subordinated loan notes; and
- dividends on its shareholding.

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5.4 Financial Performance

The adjusted financial performance of Global Renewables for the five and a half years ended 30 June 2009 is set out in Section 3.2 of this report and summarised below:

Global Renewables – Financial Performance (\$ millions)						
	Year ended 31 December					Six months 30 June 2009 actual
	2004 actual	2005 actual	2006 actual	2007 actual	2008 actual	
Adjusted external sales revenue	-	-	-	2.6	3.5	1.5
Internal sales revenue	-	-	-	0.4	0.2	0.1
Total adjusted sales revenue	-	-	-	3.0	3.7	1.6
Adjusted EBITDA	-	-	-	1.8	0.6	1.9
Adjusted depreciation and amortisation	-	-	-	(0.4)	(0.4)	(0.1)
Adjusted EBIT	-	-	-	1.4	0.2	1.8

Source: GRD and Grant Samuel analysis

Since the sale of Eastern Creek and the suspension of business development activities, earnings represent the net revenue streams associated with ownership of the Lancashire Waste Project. Prior to full service commissioning of the project in 2011 earnings include owners' representative fees, licence fees and interest on subordinated loan notes.

5.5 Outlook

Significant opportunities for new waste management plants are expected to emerge over time in the markets in which Global Renewables intends to market the UR-3R Process[®], namely the United Kingdom, Europe and North America. However, Global Renewables is currently focussed solely on the delivery of the Lancashire Waste Project. There is no current intention to recommence business development activities.

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6 Valuation of GRD Limited

6.1 Summary

GRD has been valued in the range of \$133.7-185.1 million which corresponds to 69.5-96.2 cents per share. The valuation represents the estimated full underlying value of GRD assuming 100% of the company was available to be acquired and includes a premium for control. The value exceeds the price at which, based on current market conditions, Grant Samuel would expect GRD shares to trade on the ASX in the absence of a takeover offer.

The value for GRD is the aggregate of the estimated market value of GRD Minproc, Global Renewables (including a 50% interest in the Lancashire Waste Project) and other assets less external borrowings and non-trading liabilities. The valuation is summarised below:

GRD - Valuation Summary (\$ millions)			
	Report Section Reference	Value Range	
		Low	High
GRD Minproc	6.3	120.0	140.0
Global Renewables ¹³	6.4	37.0	63.0
Corporate costs (net of savings)	6.5	-	-
Enterprise value		157.0	203.0
Other assets and liabilities	6.6	26.9	32.3
Net borrowings at 30 June 2009	3.3	(50.2)	(50.2)
Value of equity		133.7	185.1
Shares on issue ¹⁴ (millions)		192.4	192.4
Value per share		69.5 cents	96.2 cents

The value attributed to GRD Minproc is an overall judgement having regard to a number of valuation methodologies and parameters, including capitalisation of earnings (multiples of EBITDA and EBIT) and discounted cash flow ("DCF") analysis.

The principal approach to valuing Global Renewables (including a 50% interest in the Lancashire Waste Project) was by DCF analysis. The DCF analysis was based on financial models developed by Grant Samuel based on the Lancashire Model provided by GRD.

The value of GRD is subject to significant uncertainty as the value of Global Renewables depends on judgements regarding the future operations of the Lancashire Waste Project. This project is currently under construction and is not due to be fully commissioned until July 2011. Investors with different views as to the future prospects and risk profile of the Lancashire Waste Project could reasonably reach different conclusions. If no value is attributed Global Renewables (i.e. where the gross value for the Lancashire Waste Project is less than the senior debt) the value range for GRD would be \$96.7-122.1 million, or 50.3-63.5 cents per share.

The earnings multiples implied by Grant Samuel's valuation of GRD's businesses and the value of the equity of GRD are summarised below:

¹³ Value range of £18.5-31.5 million converted at a spot exchange rate of AS1.00=£0.50.

¹⁴ Excluding options over unissued GRD shares which will be subject to arrangements outside of the scheme (refer Section 11.2 of the Scheme Booklet).

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GRD – Implied Valuation Parameters			
	Variable (\$ million)	Low	High
Multiple of EBITDA			
Year ended 31 December 2008 (adjusted) ¹⁵	26.9	4.5	7.5
Multiple of EBIT			
Year ended 31 December 2008 (adjusted) ¹⁶	22.9	6.9	8.9
Multiple of net profit after tax (from continuing operations)			
Year ended 31 December 2008 (adjusted) ¹⁷	9.1	14.7	20.4

The directors of GRD have decided not to include the 2009 Forecast in the Scheme Booklet and therefore this information has not been disclosed in this report. In order to provide an indication of the expected financial performance of GRD, Grant Samuel reviewed the forecasts of brokers that follow GRD in the Australian stockmarket. However, only two brokers have published research on GRD since the announcement of AMEC's conditional proposal in June 2009 and the median of their forecasts is not sufficiently close to the 2009 Forecast to be useful for analytical purposes. Therefore, only implied historical multiples are presented in the table above.

Grant Samuel believes that the multiples implied by the valuation are reasonable. The valuation reflects the particular attributes of GRD and takes into account factors such as:

- the historical performance, market position and short to medium term growth outlook for GRD Minproc;
- market evidence in terms of multiples implied by the acquisitions of Australian and North American engineering consulting businesses focussed on the mineral resources sector and share prices of listed Australian and international engineering consulting companies;
- the stage of development of the Lancashire Waste Project;
- residual corporate overheads (\$4.0 million per annum after the reallocation of costs to GRD Minproc) could be saved by any acquirer of GRD; and
- GRD's surplus working capital.

The detailed analysis for each component of value is set out in the following sections.

The value includes a premium for control. The premia implied by the value range over the share price prevailing prior to the announcement of AMEC's conditional proposal are 69.5-134.7%. Takeover premiums are typically in the range 20-35% depending on the individual circumstances. Synergies available to acquirers such as cost savings through merging operations are normally a significant factor in justifying an ability to pay a meaningful premium over market prices. In this case, the premia implied by Grant Samuel's value are higher than typically observed as GRD shares are not highly liquid and the share price may not have been a good indicator of fair value. It is also likely that GRD's share price reflected negative sentiment due to the losses associated with the Eastern Creek Facility and a lack of understanding of the Lancashire Waste Project (given its location in the United Kingdom, its stage of construction and the relative immaturity of the waste processing sector). Accordingly, the level of premium for control can be expected to be higher than in other takeover situations.

¹⁵ Based on adjusted EBITDA of GRD (see Section 3.2) after adding back corporate savings of \$4.1 million.

¹⁶ Based on adjusted EBIT of GRD (see Section 3.2) after adding back corporate savings of \$4.0 million.

¹⁷ Based on reported operating profit after from continuing operations (see Section 3.2) after adding back corporate cost savings of \$4.0 million (tax effected).

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6.2 Methodology

6.2.1 Overview

Grant Samuel's valuation of GRD has been estimated by aggregating the estimated market value of its operating businesses together with the realisable value of non-trading assets and deducting external borrowings and non-trading liabilities as at 30 June 2009. The value of the operating businesses has been estimated on the basis of fair market value as a going concern, defined as the maximum price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information.

The valuation of GRD is appropriate for the acquisition of the company as a whole and, accordingly, incorporates a premium for control. The value is in excess of the level at which, under current market conditions, shares in GRD could be expected to trade on the sharemarket. Shares in a listed company normally trade at a discount of 15-25% to the underlying value of the company as a whole (but this discount does not always apply).

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arm's length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence. There are four primary valuation methodologies that are commonly used for valuing businesses:

- capitalisation of earnings or cash flows;
- discounting of projected cash flows;
- industry rules of thumb; and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved.

6.2.2 Capitalisation of Earnings or Cash Flows

Capitalisation of earnings or cash flows is the most commonly used method for valuation of industrial businesses. This methodology is most appropriate for industrial businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual capital expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to a number of different earnings or cash flow measures including EBITDA, EBIT or net profit after tax. These are referred to respectively as EBITDA multiples, EBIT multiples and price earnings multiples. Price earnings multiples are commonly used in the context of the sharemarket. EBITDA and EBIT multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer but are also used extensively in sharemarket analysis.

Where an ongoing business with relatively stable and predictable cash flows is being valued, Grant Samuel uses capitalised earnings or operating cash flows as a primary reference point.

Application of this valuation methodology involves:

- estimation of earnings or cash flow levels that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and

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- consideration of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the time period of earnings used, the quality of earnings, growth prospects and relative business risk.

The choice between parameters is usually not critical and should give a similar result. All are commonly used in the valuation of industrial businesses. EBITDA can be preferable to EBIT if depreciation or non-cash charges distort earnings or make comparisons between companies difficult. On the other hand, EBIT can better adjust for differences in relative capital expenditure intensity.

In determining a value for GRD Minproc, Grant Samuel has placed particular reliance on the EBITDA and EBIT multiples implied by the valuation range compared to the EBITDA and EBIT multiples derived from an analysis of comparable listed companies and transactions involving comparable businesses.

Determination of the appropriate earnings multiple is usually the most judgemental element of a valuation. Definitive or even indicative offers for a particular asset or business can provide the most reliable support for selection of an appropriate earnings multiple. In the absence of meaningful offers it is necessary to infer the appropriate multiple from other evidence.

The primary approach used by valuers is to determine the multiple that other buyers have been prepared to pay for similar businesses in the recent past. However, each transaction will be the product of a unique combination of factors, including:

- economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
- strategic attractions of the business - its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
- rationalisation or synergy benefits available to the acquirer;
- the structural and regulatory framework;
- investment and sharemarket conditions at the time; and
- the number of competing buyers for a business.

A pattern may emerge from transactions involving similar businesses with sales typically taking place at prices corresponding to earnings multiples within a particular range. This range will generally reflect the growth prospects and risks of those businesses. Mature, low growth businesses will, in the absence of other factors, attract lower multiples than those businesses with potential for significant growth in earnings.

An alternative approach in valuing businesses is to review the multiples at which shares in listed companies in the same industry sector trade on the sharemarket. This gives an indication of the price levels at which portfolio investors are prepared to invest in these businesses. Share prices reflect trades in small parcels of shares (portfolio interests) rather than whole companies and it is necessary to adjust for this factor. To convert sharemarket data to meaningful information on the valuation of companies as a whole, it is market practice to add a "premium for control" to allow for the premium which is normally paid to obtain control through a takeover offer. This premium is typically in the range 20-35%.

The premium for control paid in takeovers is observable but caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. It is inappropriate to apply an average premium of 20-35% without having regard to the circumstances of each case. In some situations there is no premium. There are transactions where no corporate buyer is prepared

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to pay a price in excess of the prices paid by institutional investors through an initial public offering.

Acquisitions of listed companies in different countries can be analysed for comparative purposes, but it is necessary to give consideration to differences in overall sharemarket levels and ratings between countries, economic factors (economic growth, inflation, interest rates) and market structures and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or sharemarket levels.

The analysis of comparable transactions and sharemarket prices for comparable companies will not always lead to an obvious conclusion as to which multiple or range of multiples will apply. There will often be a wide spread of multiples and the application of judgement becomes critical. Moreover, it is necessary to consider the particular attributes of the business being valued and decide whether it warrants a higher or lower multiple than the comparable companies. This assessment is essentially a judgement.

6.2.3 Discounted Cash Flow

Discounting of projected cash flows has a strong theoretical basis. It is the most commonly used method for valuation in a number of industries, including resources, and for the valuation of start-up projects where earnings during the first few years can be negative but it is also widely used in the valuation of established industrial businesses. Discounted cash flow valuations involve calculating the net present value of projected cash flows. This methodology is able to explicitly capture depleting resources, development projects and fixed terms contracts, the effect of a turnaround in the business, the ramp up to maturity or significant changes expected in capital expenditure patterns. The cash flows are discounted using a discount rate which reflects the risk associated with the cash flow stream.

Considerable judgement is required in estimating future cash flows and it is generally necessary to place great reliance on medium to long term projections prepared by management. The discount rate is also not an observable number and must be inferred from other data (usually only historical). None of this data is particularly reliable so estimates of the discount rate necessarily involve a substantial element of judgement. In addition, even where cash flow forecasts are available, the terminal or continuing value is usually a high proportion of value. Accordingly, the multiple used in assessing this terminal value becomes the critical determinant in the valuation (i.e. it is a "de facto" cash flow capitalisation valuation). The net present value is typically extremely sensitive to relatively small changes in underlying assumptions, few of which are capable of being predicted with accuracy, particularly beyond the first two or three years. The arbitrary assumptions that need to be made and the width of any value range mean the results are often not meaningful or reliable. Notwithstanding these limitations, discounted cash flow valuations are commonly used and can at least play a role in providing a check on alternative methodologies, not least because explicit and relatively detailed assumptions as to expected future performance need to be made.

In the case of GRD Minproc, no detailed projections have been prepared by management beyond the year ending 31 December 2009. However, Grant Samuel has used DCF analysis to check its capitalisation of earnings based valuation. In order to do so, Grant Samuel has developed a DCF model for GRD Minproc which allows the key drivers of earnings and capital expenditure to be modelled. The DCF model incorporates assumptions that Grant Samuel considers reasonable. However, the model does not constitute a forecast or projection by Grant Samuel of the future performance for GRD Minproc. Grant Samuel provides no assurance or warranty that the future performance of GRD Minproc will be consistent with the assumptions adopted in the model. The model is discussed in more detail in Section 6.3.3 of this report.

In the case of Global Renewables (including a 50% interest in the Lancashire Waste Project), GRD has provided the Lancashire Model which allows for the key drivers of revenue, costs and capital expenditure to be modelled. The model is based on a large

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number of assumptions and is subject to significant uncertainty and contingencies, many of which are outside the control of GRD. Grant Samuel has developed a DCF model over the top of the Lancashire Model for valuation purposes. The DCF model incorporates assumptions that Grant Samuel considers reasonable. A number of different scenarios have been developed and analysed to reflect the impact on value of various key assumptions relating to revenue, operating costs, capital expenditure and other factors. The financial model is discussed in more detail in Section 6.4.2 of this report.

6.2.4 Industry Rules of Thumb

Industry rules of thumb are commonly used in some industries. These are generally used as a “cross check” of the result determined by a capitalised earnings valuation or by discounting cash flows. While they are only used as a cross check in most cases, industry rules of thumb can be the primary basis on which buyers determine prices in some industries. Grant Samuel is not aware of any commonly used rules of thumb that would be appropriate to value GRD Minproc or Global Renewables. In any event, it should be recognised that rules of thumb are usually relatively crude and prone to misinterpretation.

6.2.5 Net Assets/Realisation of Assets

Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets are commonly applied to businesses that are not going concerns. They effectively reflect liquidation values and typically attribute no value to any goodwill associated with ongoing trading. Such an approach is not appropriate in GRD’s case.

6.3 Value of GRD Minproc

6.3.1 Overview

Grant Samuel estimates the value of GRD Minproc to be in the range of \$120-140 million. This valuation range is an overall judgement having regard to earnings multiple analysis and DCF analysis. The primary focus was on multiples of EBITDA and EBIT. The value range selected is a judgement derived through an iterative process. The objective is to determine a value that is both consistent with the market evidence as to multiples and fits with the output of DCF analysis.

6.3.2 Earnings Multiple Analysis

Summary of Implied Multiples

The valuation range of \$120-140 million implies the following multiples of earnings:

GRD Minproc – Implied Valuation Parameters			
	Variable (\$ million)	Low	High
Multiple of EBITDA			
Year ended 31 December 2008 (adjusted) ¹⁸	26.3	4.6	5.3
Year ending 31 December 2009 (adjusted) ¹⁹	19.2	6.2	7.3
Multiple of EBIT			
Year ended 31 December 2008 (adjusted) ¹⁸	22.9	5.2	6.1
Year ending 31 December 2009 (adjusted) ¹⁹	16.8	7.2	8.4

¹⁸ Based on the adjusted financial performance of GRD Minproc as set out in Section 4.4 of this report.

¹⁹ Based on the adjusted financial performance of GRD Minproc for the six months ended 30 June 2009 (see Section 4.4) plus 50% of that amount to reflect GRD’s earnings guidance for the second half of 2009.

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The directors of GRD have decided not to include the 2009 GRD Minproc Forecast in the Scheme Booklet and therefore this information has not been disclosed in this report. The implied prospective multiples set out above are based on the adjusted financial performance for GRD Minproc for the six months ended 30 June 2009 plus 50% of that amount to reflect the earnings guidance provided by GRD on 25 September 2009 (which implied that second half earnings for 2009 will be less than the first half but there were reasons for greater optimism for the 2010 financial year). Although there is some risk that the results for the six months ending 31 December 2009 may be lower than the first half of the year, the annualised results are sufficiently close to the 2009 GRD Minproc Forecast to be useful for analytical purposes.

Grant Samuel has reviewed these multiples having regard to the EBITDA and EBIT multiples for comparable listed companies and transactions involving consulting engineering businesses focussed on the mineral resource sector.

Transaction Evidence

The following table sets out the EBITDA and EBIT multiples implied by selected transactions involving the acquisition of resources sector engineering consulting businesses in Australia and North America in recent years:

Recent Transaction Evidence							
Date	Target	Transaction	Consideration (millions)	EBITDA Multiple (times)		EBIT Multiple (times)	
				Historical	Forecast	Historical	Forecast
<i>Australia</i>							
Jun 2007	Metplant Engineering	Acquisition by Bateman	A\$19.6	na	na	15.0	5.8
Jun 2007	Intermet Engineering	Acquisition by Sedgman	A\$16.3	na	na	9.4	6.3
<i>North America</i>							
Jun 2008	Westmar Consultants	Acquisition by WorleyParsons	C\$47.5	5.5	na	na	na
Apr 2008	INTEC Engineering	Acquisition by WorleyParsons	US\$108.5	9.5	na	na	na
Mar 2008	Vector Engineering	Acquisition by Ausenco	US\$31.0	7.1	na	7.5	na
Mar 2008	Sandwell International	Acquisition by Ausenco	C\$82.0	8.1	na	9.1	na
Feb 2008	Pipeline Systems	Acquisition by Ausenco	US\$38.9	7.3	na	7.7	na
May 2007	Washington Group	Merger with URS Corporation	US\$3,297.4	17.2	na	23.6	na
Feb 2007	Colt Engineering	Acquisition by WorleyParsons	C\$1,035.0	9.7	na	10.4	8.6

Source: Grant Samuel analysis (see Appendix 1)

Grant Samuel has focussed its review of transactions in the period since 2007 as being most indicative of current market conditions and growth expectations. The resources sector experienced particularly strong growth in the period from 2004 on the back of strong global economic demand and high demand for resources (particularly from China) which resulted in strong prices for commodities. As a consequence, demand for engineering consulting services was high with substantial growth in work pipelines. Weaker economic conditions since mid 2007 have reduced the demand for engineering consulting services.

Further details on these transactions are set out in Appendix 1. The following factors are relevant to consideration of the transaction evidence:

- three of the transactions involved payment of deferred consideration subject to performance hurdles (i.e. Bateman's acquisition of Metplant Engineering and Ausenco's acquisitions of Sandwell International and Pipeline Systems). The multiples presented are calculated on the maximum consideration payable and therefore the historical earnings multiples for these transactions are relatively high.

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Excluding the deferred considerations reduces historical EBITDA multiples paid to 7.5 times for Sandwell International and 6.2 times for Pipeline Systems and historical EBIT multiples to 8.5 times for Sandwell International, 6.5 times for Pipeline Systems and 7.5 times for Metplant Engineering;

- earnings multiples implied by the merger of Washington Group and URS Corporation are high reflecting the size of Washington Group and its a diverse range of activities, a strong growth outlook and the expectation of significant synergy savings; and
- both INTEC Engineering and Colt Engineering were focussed on the oil and gas sector for which there is a more positive outlook for growth in comparison to the minerals sector.

Multiples paid for consulting engineering businesses are generally low due to uncertainty associated with future revenue and as their major assets are human capital and business reputation. The transaction evidence indicates that during the last two years acquirers of engineering consulting businesses focussed on the minerals sector have paid historical multiples in the range of 5.5-8.0 times EBITDA and 6.5-9.0 times EBIT and forecast multiples in the range of 5.5-6.5 times EBIT. However, in Grant Samuel's opinion, the available evidence may not fully reflect the repricing of risk that has occurred over the last 18 months and current uncertainty associated with future demand for engineering services in the minerals sector. Global economic conditions remain fragile and potential purchasers would factor greater uncertainty into the price they are willing to pay resulting in lower earnings multiples. In this regard, it is of interest that in October 2004 (prior to the recent resources boom) Worley Group Limited acquired oil and gas focussed Parsons E&C Corporation for US\$245 million in a company transforming transaction at historical multiples of 6.9 times EBITDA and 7.9 times EBIT and forecast multiples of 5.5 times EBITDA and 6.1 times EBIT and these multiples reflected significant expected synergy benefits.

Sharemarket Evidence

The following table sets out the implied EBITDA and EBIT multiples for a range of listed comparable companies based on share prices as at 31 August 2009:

Sharemarket Ratings of Selected Listed Engineering Consulting Companies									
Company	Market Capitalisation (millions)	EBITDA Multiple (times)				EBIT Multiple (times)			
		Historical	Forecast Year 1	Forecast Year 2	Forecast Year 3	Historical	Forecast Year 1	Forecast Year 2	Forecast Year 3
Australia									
WorleyParsons	A\$6,919	11.4	12.0	11.0	10.1	13.2	13.9	12.9	11.7
Clough	A\$607	12.5	7.5	6.6	6.2	15.3	8.9	7.9	7.3
Ausenco	A\$590	6.9	10.2	8.1	7.4	7.8	12.4	9.8	8.7
Sedgman	A\$311	5.9	5.2	4.6	4.3	8.5	7.4	6.7	6.4
Lycopodium	A\$116	5.1	7.3	6.6	6.0	5.6	8.4	7.3	6.5
VDM Group	AS\$7	5.2	na	na	na	nmf ²⁰	na	na	na
International									
Fluor	US\$9,515	6.0	6.0	6.7	6.7	7.0	6.8	8.2	8.5
SNC Lavalin	C\$6,999	14.1	13.3	12.5	na	17.7	16.9	15.3	na
AMEC	£2,508	8.9	7.6	6.6	6.1	10.3	8.4	7.4	6.7
Aker Solutions	NOK16,166	6.4	5.1	6.1	5.4	7.8	6.3	8.1	7.1

Source: Grant Samuel analysis (see Appendix 1)

The following factors are relevant to consideration of the comparable company multiples:

- the multiples are based on share prices and therefore do not include a premium for control;

²⁰ nmf = not meaningful

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- the companies have a variety of year ends. All of the Australian companies have a 30 June year end with the exception of Ausenco which has a 31 December year end. All of the international companies have a 31 December year end. No alignment of the financial data for companies with 30 June year ends has been undertaken although GRD Minproc's financial information is on a 31 December year end. For all Australian companies (except Ausenco) Forecast Year 1 represents the year ending 30 June 2010. For Ausenco and the international companies Forecast Year 1 represents the year ending 31 December 2009;
- the most comparable companies to GRD Minproc are Ausenco and Lycopodium. Both are predominantly engineering and project management businesses:
 - Ausenco derives approximately 75% of revenue and EBITDA from the minerals sector. It is larger than GRD Minproc, has diversified into the infrastructure, energy and environmental sectors and providing operational support services and derives around 20% of its revenue in Australia; and
 - Lycopodium is smaller than GRD Minproc and provides services across a range of commodities (gold, nickel and iron ore) in Australia and Africa;
- WorleyParsons and Clough are both focussed on the oil and gas sector for which growth expectations remain strong:
 - WorleyParsons is a major global operation with over 70% of revenue derived outside of Australia. The 2009 year includes full year contributions from a number of bolt-on acquisitions completed during 2008. Earnings are expected to decline in 2010 due to margin pressure and a strong Australian dollar; and
 - Clough operates primarily in Australia and Asia. Its historical multiples are not meaningful as it is emerging from a period of substantial losses on three major projects. Clough completed a major restructure during 2009;
- Sedgman and VDM Group primarily provide engineering consulting services to the Australian resources sector and have also diversified into operating and owning mineral processing plants and/or construction activities; and
- the international companies are all substantially larger than GRD Minproc with global operations encompassing engineering and construction services across the resources, energy and infrastructure sectors (except that Aker Solutions is focussed on the oil and gas sector). The multiples for SNC Lavalin are high as it holds equity positions in infrastructure concessions.

The multiples implied by sharemarket trading for the comparable companies indicate limited growth in earnings over the forecast period and, in some cases, earnings decreases as current projects complete and work pipelines/order books decline. Companies focussed on the oil and gas sector (i.e. WorleyParsons, Clough) are expected to experience growth in earnings albeit at lower rates than in prior years. These multiples also reflect the impact of a range of other factors including the scale and nature of the business and the degree of diversification in activities, sectors and geographies. However, given current market conditions, there is considerable uncertainty attached to the brokers' forecasts used to calculate the multiples.

Analysis and Commentary

In Grant Samuel's opinion, the implied valuation parameters set out above are appropriate given the particular attributes of GRD Minproc. In this context:

- GRD Minproc is a "pure play" engineering services business. It is primarily focussed on the mineral resources sector (it does not provide services to the oil and gas sector) concentrating on the evaluation, design and project delivery segments for a range of commodities and geographies. It has a strong reputation for technical expertise and innovation in its core competencies.

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However, GRD Minproc's market positioning increases its exposure to market movements in the demand for engineering services. It has made efforts to mitigate this exposure by increasing its geographic footprint (it now operates regional offices in Africa and South America), by developing expertise in other commodities (e.g. coal), developing strong client relationships with major global resource companies (which require engineering services more often and for larger projects and are therefore likely to become repeat clients) and implementing a business delivery process that focuses on projects with a high likelihood of being delivered.

In comparison, GRD Minproc's major competitors are generally more diversified in terms of scale and range of activities, targeted sectors and geographies. For example, Ausenco derives only around 70% of its revenue and profits from the mineral resource sector, has diversified into the infrastructure, energy and environment sectors, offers a "pit to port" range of services and only around 15% of revenue is generated in Australia;

- although GRD Minproc's history and reputation provide confidence as to the robust nature of the business, its revenue is project driven and it has no annuity style revenue streams. Furthermore, there is limited transparency to its business pipeline which creates uncertainty for future revenue. Decisions by resource companies to undertake project evaluation and then to progress to project delivery are subject to a wide range of factors including global economic conditions and commodity prices. Even during the recent period of high demand for resources GRD Minproc rarely entered a new financial year with more than 30% of revenue secured;
- diversification into the waste sector has been focussed on projects developed internally by Global Renewables (i.e. Eastern Creek Facility, Lancashire Waste Project). Only more recently has GRD Minproc refocussed on third party sources of work although business development in this area remains limited; and
- since 2007 GRD Minproc's profits have included contributions from the provision of services to Global Renewables' Eastern Creek Facility and Lancashire Waste Project and from the large Tenke Fungurume Project. It is uncertain whether these contributions can be replaced in full in the short to medium term, particularly given the suspension of business development activity by Global Renewables. In this regard, GRD Minproc's adjusted financial performance for the six months ending 31 December 2009 is expected to be lower than the prior six months. On the other hand, GRD Minproc's key commodity and geographic capabilities are those experiencing continued strong demand (e.g. iron ore, uranium, gold and copper in Brazil, Australia and Africa) and it is currently working on a number of studies for large projects with a high probability of being developed (e.g. the Cape Lambert Project).

In Grant Samuel's opinion, GRD Minproc's strategic concentration, comparatively small scale of operations, lack of diversification and lack of annuity style revenue would attract lower multiples in comparison to its larger more diversified peers.

6.3.3 DCF Analysis

No detailed projections have been prepared by management for GRD Minproc beyond the year ending 31 December 2009. Nevertheless, Grant Samuel has used DCF analysis as a cross check of the capitalisation of earnings based valuation for GRD Minproc. In order to do so, Grant Samuel has developed a DCF model which allows the key drivers of earnings and capital expenditure to be modelled. The DCF model is based on a number of assumptions that Grant Samuel considers reasonable. However, the model does not constitute a forecast or projection by Grant Samuel of the future performance for GRD Minproc and no assurance or warranty is given that future performance will be consistent with the assumptions adopted in the model.

The DCF model forecasts nominal after tax cash flows for 20 years from 1 July 2009 with a terminal value calculated by capitalising net after tax cash flows using the perpetuity method assuming a long term growth rate of 3%. The main operational assumptions are:

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- 2009 EBITDA and EBIT are based on the annualised adjusted financial performance for GRD Minproc for the six months ended 30 June 2009 while 2010 allows for a 10% decrease in earnings. From 2011 sales revenue grows by 3% per annum and EBITDA margin is constant at 11%;
- depreciation equals capital expenditure which grows by inflation;
- inflation rate of 2.5%;
- corporate tax rate of 30% with 5% of EBIT treated as non-deductible. Tax is paid in cash (i.e. carried forward tax losses are valued separately in Section 6.6); and
- nominal after tax discount rates in the range of 11.0-12.0% (based on a risk free rate of 6%, market risk premium of 6%, beta factors of 1.0-1.25, cost of debt of 8.5% and debt/equity mix of 15-20% debt and 80-85% equity).

Forecasts of operational assumptions are uncertain and there is significant scope for differences in opinion on key assumptions. Accordingly, Grant Samuel has analysed the net present value (“NPV”) results based on a number of scenarios that represent differing combinations of revenue growth rates and discount rates. The output of the DCF analysis is summarised below:

GRD Minproc – NPV Analysis (\$ millions)				
Revenue Growth	Discount Rates			
	10%	11%	12%	13%
2%	175.9	161.4	148.8	137.8
3%	192.9	176.2	161.7	149.1
4%	212.4	193.1	176.4	161.8

The net present values show a relatively wide range across the different scenarios highlighting the sensitivity to relatively small changes in assumptions. Terminal values represent between 13-21% of the NPV outcomes presented above.

In Grant Samuel’s opinion, the DCF analysis indicates that a value of \$120-140 million for GRD Minproc is relatively conservative.

6.4 Value of Global Renewables

6.4.1 Overview

Grant Samuel estimates the value of Global Renewables to be in the range of £18.5-31.5 million which equates to \$37.0-63.0 million (based on a spot exchange rate of A\$1.00=£0.50). This value range is an overall judgement having regard to DCF analysis for each asset.

Global Renewables - Valuation Summary (£ millions)			
	Section Reference	Value Range	
		Low	High
50% interest in Lancashire Waste Project	6.4.2	9.5	19.5
Intellectual property rights	6.4.3	6.0	8.0
Global Renewables operations	6.4.4	3.0	4.0
Total		18.5	31.5

The value for Global Renewables is subject to significant uncertainty as it depends on judgements regarding the future operations of the Lancashire Waste Project. The value range is wide reflecting the range of possible values and the impact of gearing on the value of the interest in the Lancashire Waste Project.

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**6.4.2 Lancashire Waste Project*****Summary***

Grant Samuel has estimated the value of Global Renewables' 50% interest in the Lancashire Waste Project to be in the range of £9.5-19.5 million.

Approach

Global Renewables' 50% interest in the Lancashire Waste Project comprises 25,000 £1.00 ordinary shares in, and £26.6 million of subordinated loan notes to, the Global Renewables Lancashire Holdings Limited Group.

The interests of Global Renewables and Catalyst Lend Lease in the Lancashire Waste Project are subordinated to the project senior debt. Therefore, Grant Samuel has estimated the gross value of the Lancashire Waste Project as at 30 June 2009 and then deducted the senior debt outstanding at that date to derive a value for the interests of the joint venture parties. Global Renewables' 50% interest has then been allocated firstly to the subordinated loan notes and then to the shareholding.

In determining the gross value for the Lancashire Waste Project, Grant Samuel has had regard to DCF analysis.

DCF Analysis

GRD has provided Grant Samuel with the Lancashire Model. The Lancashire Model was prepared for the purposes of the development and funding of the Lancashire Waste Project and was subject to extensive review and testing prior to financial close. The Lancashire Model is denominated in British pounds and allows the key drivers of project cost, waste volumes, revenue, costs and capital expenditure for the Lancashire Waste Project to be modelled.

Grant Samuel has developed a DCF model which extracts relevant cash flows (i.e. revenue, costs and capital expenditure) directly from the Lancashire Model and incorporates assumptions that Grant Samuel considers reasonable. The balance sheet for the Lancashire Waste Project as at 30 June 2009 has been used as the starting point for the DCF analysis. The DCF model forecasts nominal after tax cash flows from 1 July 2009 to 30 September 2036 (the end of the project concession). A corporate tax rate of 28% has been assumed as the project is located in the United Kingdom. The key general and specific operational assumptions underlying the Lancashire Model/DCF model are set out in Appendix 2.

A number of different scenarios have been developed and analysed to reflect the impact on NPV of selected key assumptions. The scenarios selected relate primarily to changes in revenue, facility operating costs and waste diversion rates. As the risk of project cost overruns is carried by the fixed price contractors, no scenario in relation to changes in the project cost has been developed. Scenarios relating to changes in waste volumes have not been developed as approximately 81% of revenue is guaranteed by the local authorities (i.e. not volume dependent) and therefore changes in waste volumes are considered to be adequately addressed by the scenarios involving changes in revenue.

Each scenario assumes the base case as a starting point. The base case reflects the capital cost, waste volumes, revenue and operating expense assumptions adopted at financial close. A description of each scenario is outlined in the table below:

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Lancashire Waste Project - DCF Scenarios

Scenario 1	Base case (financial close assumptions including 56% household waste diversion rate)
Scenario 2	Base case with 10% increase in operating costs (except overheads)
Scenario 3	Base case with 10% decrease in operating costs (except overheads)
Scenario 4	Base case with 1% decrease in revenue
Scenario 5	Base case with 1% increase in revenue
Scenario 6	Base case with 6% decrease in household waste diversion rate (i.e. 50%)
Scenario 7	Base case with 6% increase in household waste diversion rate (i.e. 62%)

Nominal after tax discount rates in the range of 6% to 12% have been used in the DCF analysis. In Grant Samuel's view, this encompasses the range of discount rates that acquirers of the Lancashire Waste Project may apply to assess value under current market conditions.

The selection of the appropriate discount rate to apply to forecast cash flows of any business enterprise is fundamentally a matter of judgement. There is a body of theory which can be used to support that judgement however there is no "correct" discount rate. Valuation is an estimate of what real world buyers and sellers of assets would pay and must therefore reflect criteria that would be applied in practice. Nevertheless, the starting point in determining discount rates is usually to analyse the cost of capital for participants in the relevant industry based on the theoretical models. Costs are estimated for each type of capital used in the funding mix depending on the risk profile.

The most widely used methodology is the weighted average cost of capital ("WACC") based on the Capital Asset Pricing Model ("CAPM"). On this basis, Grant Samuel has assessed discount rates in the range of 6.5-7.0% for public finance initiatives in the waste sector in the United Kingdom. These rates are a judgement but reflect the following parameters:

- cost of equity capital of 9.1-9.7% using CAPM and based on:
 - a risk free rate of 4.3% (based on 30 year United Kingdom bonds);
 - a market risk premium of 6%; and
 - a beta factor of 0.8-0.9;
- a cost of debt capital of 7.3% representing a margin of 3.0 % over the risk free rate; and
- a debt/equity mix of 60-70% debt and 30-40% equity.

However, the market upheavals of the last 18 months has seen a repricing of risk by investors as evidenced by lower earnings multiples implied for both listed companies and acquisitions. The CAPM methodology does not readily allow for these types of events. The addition of further premiums (sometimes referred to as alpha factors), while a practical approach, is inconsistent with the CAPM methodology. An alternative is to consider the cost of equity under the Gordon Growth Model (where $K_e = \text{Current (Year 1) Dividend Yield} + \text{Long Term Growth}$). However, in this case this model is not appropriate as the Lancashire Waste Project is not listed, has a finite term and dividends are subordinated to debt. Recent anecdotal evidence in Australia suggests that investors and acquirers are seeking equity returns of 15% plus which (based on the debt parameters above) would imply discount rates of around 9%.

Potential acquirers would also consider the specific characteristics and risk profile of the Lancashire Waste Project:

- the project is 73% constructed and is expected to be completed on time and on budget. In this regard, design and construction of the project is being undertaken on a fixed

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price basis and therefore the contractors (GRD Minproc and Bovis Lend Lease) carry the risk of cost overruns;

- as the project has not yet been commissioned and as there is only one other similar operating plant, there is significant operational risk. Planning work for the operating phase has only recently commenced and no assessment has been made of the adequacy of the operating cost assumptions made at financial close. Although the project design reflects operating experience at the Eastern Creek Facility, technology risk (primarily in relation to the percolation phase in the UR-3R Process[®]) remains;
- the project is a public finance initiative in the United Kingdom. The United Kingdom is a sophisticated market for such projects and the Lancashire Waste Project was extensively reviewed by key stakeholders (e.g. councils, financiers) prior to financial close in March 2007; and
- the Lancashire Model (base case) is generally considered to be conservative:
 - it is based on a flat 270,000 tonnes per annum of household waste being processed by the UR-3R Process[®] facilities which is the level guaranteed by the local authorities on a “deliver or pay” basis. The local authorities have forecast waste volumes to increase from 266,000 tonnes per annum to 323,000 tonnes per annum over the concession period;
 - it does not assume diversion rates in excess of the minimum required under the concession agreements;
 - it makes no allowance for additional revenue streams that are likely to eventuate during the concession period. For example:
 - organic growth media (compost) produced by the UR-3R Process[®] facilities is assumed to be sent to landfill. However, it is possible that this compost could be used for non food production purposes in accordance with current United Kingdom regulations (such as land remediation and reforestation);
 - the sale of recyclates from the separation process; and
 - earning Renewable Obligation Certificates for some of the electricity generated; and
 - participation in the carbon credit market.

However, any such additional revenue streams will be shared with the local authorities.

Consequently, in the current market conditions and given the current stage of development of the project, potential acquirers could hold a wide range of views on discount rates appropriate for the Lancashire Waste Project. Therefore, Grant Samuel has presented NPV analysis based on a range of possible discount rates from 6% to 12%.

The output of the NPV analysis is summarised below:

Lancashire Waste Project – NPV Outcomes (£ millions)				
Scenario	Discount Rate			
	6%	8%	10%	12%
Scenario 1: Base case	342.4	268.1	212.7	170.5
Scenario 2: Operating cost increase (+10%)	314.8	246.2	194.8	155.6
Scenario 3: Operating cost decrease (-10%)	369.9	290.0	230.5	185.2
Scenario 4: Revenue decrease (-1%)	335.4	262.5	208.0	166.5
Scenario 5: Revenue increase (+1%)	349.5	273.8	217.4	174.4
Scenario 6: Household waste diversion decrease (-6%)	330.3	258.5	205.0	164.1
Scenario 7: Household waste diversion increase (+6%)	342.4	268.1	212.7	170.5

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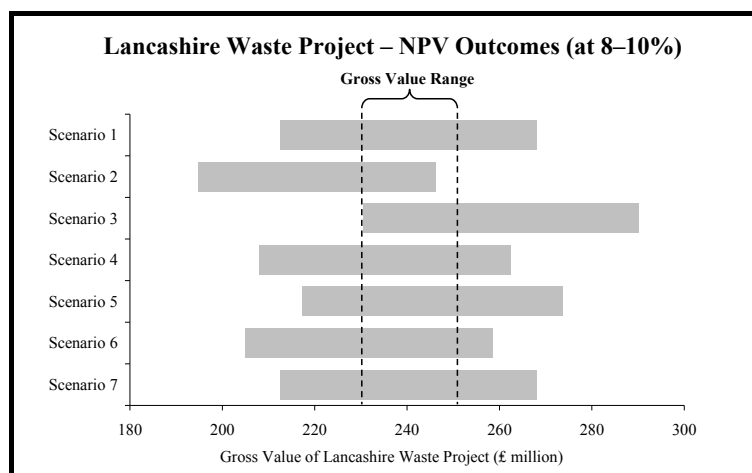


As discussed above, NPV outcomes from DCF analyses are subject to significant limitations and should always be treated with considerable caution. In particular, the scenarios presented are static analyses only (i.e. involving changes in one assumption in each scenario) and do not reflect the impact of management responses to circumstances. The NPV outcomes above show a wide range across the scenarios, highlighting the sensitivity to relatively small changes in assumptions. The following factors are relevant to consideration of the NPV outcomes:

- scenarios reflecting increased operating costs effectively address technology risk as processing issues will manifest themselves as increased costs or penalties payments under the concession arrangements (Scenario 2);
- the risk of fluctuations in project revenue is reduced as approximately 81% of revenue is guaranteed by the local authorities. Therefore a 1% movement in revenue equates to approximately a 5% movement in variable project revenue (Scenarios 4 and 5); and
- variations in household waste diversion rates do not have a material impact on NPV outcomes (Scenarios 6 and 7).

Conclusion

Grant Samuel has selected a value range of £230-250 million for the gross value of the Lancashire Waste Project. This reflects a subjective balancing of the alternative scenarios and a view that, in the current market conditions, an appropriate discount rate to apply is in the range of 8-10%. This is depicted diagrammatically as follows:



However, investors with different views as to the future prospects and risk profile of the Lancashire Waste Project could reasonably reach different conclusions (both higher and lower).

Based on a gross value for the Lancashire Waste Project of £230-250 million, the estimated value of Global Renewables’ interests in the Lancashire Waste Project is £9.5-19.5 million as follows:

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Global Renewables' interest in Lancashire Waste Project (£ millions)		
	Value Range	
	Low	High
Value of 100%		
Value attributed to Lancashire Waste Project	230.0	250.0
Less: Senior debt outstanding at 30 June 2009 (net of cash)	(183.8)	(183.8)
Less: Surplus liabilities (net) at 30 June 2009 ²¹	(27.2)	(27.2)
Joint venture interests in Lancashire Waste Project	19.0	39.0
Global Renewables' interest (50%)		
Comprised:		
- Subordinated loan notes	9.5	19.5
- Ordinary shares	-	-

On this basis, the value attributed to the subordinated loan notes is less than their face value of £26.6 million and no value is attributed to the ordinary shares. The value range is wide due to the leverage in the Lancashire Waste Project and the range of discount rates selected.

The estimated value for Global Renewables' 50% interest in the Lancashire Waste Project equates to \$19.0-39.0 million based on a spot exchange rate of A\$1.00=£0.50. This is less than GRD's carrying value for its interests in Global Renewables Lancashire Holdings Limited at 30 June 2009 of \$47.5 million.

GRD's carrying value is on an equity accounted basis and represents the historical cost of the investment adjusted for profits and movements in hedge and foreign exchange reserves over time. In comparison, Grant Samuel's value estimate is a judgement as to the price that the interest could be realised for currently and reflects the uncertainties associated with the stage of development of the Lancashire Waste Project as well as capital market conditions. At discount rates of 6.5-7.0% (calculated by reference to CAPM) the estimated value for Global Renewables' 50% interest in the Lancashire Waste Project would be higher (i.e. NPV outcomes in the range of £280-300 million for 100% of the Lancashire Waste Project would imply a value for Global Renewables' 50% interest of £29.8-39.8 million or \$59.6-79.6 million based on a spot exchange rate of A\$1.00=£0.50).

6.4.3 Intellectual Property Rights

Global Renewables owns certain intellectual property rights associated with the UR-3R Process[®] and the Global Renewables trademarks in various jurisdictions in Europe and North America. This intellectual property has been licensed by Global Renewables to the Lancashire Waste Project for the period of the concession. Global Renewables is entitled to licence fees based on tonnes processed by the Lancashire Waste Project providing the senior bank debt is being serviced.

The Lancashire Model includes licence fees paid to Global Renewables during the concession period (i.e. to September 2036). Grant Samuel has used DCF analysis to value the licence fees to Global Renewables based on the following assumptions:

- licence fees as paid in the base case scenario for the Lancashire Waste Project;
- corporate tax rate of 28%; and
- nominal after tax discount rates in the range of 10-12%. This discount rate range is higher than that applied to the Lancashire Waste Project as licence fee payments are effectively subordinated to the servicing of the senior debt and there are additional risks associated with intellectual property rights.

Based on this analysis, Grant Samuel estimates the value of the intellectual property rights

²¹ Including building claim for work undertaken in June 2009 (£9 million), interest rate hedge derivative liability (£19.8 million) and pre-funded reserve asset (£1.6 million).

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owned by Global Renewables to be £6.0-8.0 million. This value makes no allowance for the potential of the intellectual property to be applied in other projects.

The estimated value of the intellectual property rights equates to \$12.0-16.0 million based on an exchange rate of A\$1.00=£0.50. This is higher than GRD's carrying value for these rights at 30 June 2009 of \$9.8 million. The carrying value represents the amortised historical costs incurred in developing or acquiring the intellectual property rights. In comparison, Grant Samuel's value estimate is a judgement as to the price that an acquirer may be willing to pay by reference to the present value of future cash flows generated by the rights.

6.4.4 Global Renewables Operations

Global Renewables is also entitled to the other revenue streams from the Lancashire Waste Project during the concession period:

- owners' representative fees during the construction period (2007-2011); and
- management fees during the operating phase (i.e. 2011 to 2036).

The Lancashire Model includes the payment of these fees to Global Renewables. Grant Samuel has used DCF analysis to value these fees (net of overhead costs) based on the following assumptions:

- fees based on the base case scenario for the Lancashire Waste Project;
- overhead costs during the construction period as estimated by GRD;
- corporate tax rate of 28%; and
- nominal after tax discount rates in the range of 8-10%.

Based on this analysis, Grant Samuel estimates the value of the residual Global Renewables operations to be £3.0-4.0 million.

6.5 Corporate Costs

GRD's unallocated adjusted corporate costs are currently around \$4.0 million per annum. These corporate overheads represent the costs of managing GRD including costs associated with:

- the senior executive team (i.e. Chief Executive Officer, Chief Financial Officer, Company Secretary etc.); and
- being a publicly listed company including directors' fees and expenses, annual reports and shareholder communications, share registry and listing fees).

Any acquirer of GRD would be able to save the costs associated with being a listed company (approximately \$2.5 million per annum). Furthermore, a review of the \$1.5 million of residual corporate costs has identified that a potential acquirer of GRD should also be able to eliminate those costs. On this basis, 100% of corporate costs could be saved and therefore no allowance has been made in the valuation of GRD for corporate costs.

6.6 Other Assets and Liabilities

Other assets and liabilities have been valued in the range of \$26.9-32.3 million and comprise:

- an allowance for surplus working capital at 30 June 2009 relating to the delivery of the Tenke Fungurume Project (tax effected) and the final settlement of the Eastern Creek Facility fire insurance claim (tax effected);
- the final settlement payment to the acquirer of the Eastern Creek Facility;
- investments in other entities including ASX listed Empired Limited; and
- an allowance for the value of carried forward Australian income tax losses and franking deficits tax.

Individual value estimates have not been disclosed due to the commercial sensitivity of the surplus working capital items.

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7 Evaluation of the Proposal

7.1 Conclusion

In Grant Samuel's opinion, the Proposal is in the best interests of GRD shareholders. The Proposal does not deliver a full premium for control. However, unless a superior alternative proposal emerges before the Scheme meeting, GRD shareholders are likely to be better off voting in favour of the Proposal.

Valuation of GRD is subject to considerable uncertainty given the range of valuation conclusions that could be reached in relation to the Lancashire Waste Project. Accordingly, other factors need to be taken account as to whether the Proposal is in the best interests of GRD shareholders. The assessment of the Proposal is an overall conclusion having regard to all these factors.

Grant Samuel has valued GRD in the range of \$133.7-185.1 million, or 69.5-96.2 cents per share. The valuation reflects the estimated full underlying value for GRD and exceeds the price at which Grant Samuel would expect GRD shares to trade in the absence of the Proposal or speculation regarding some alternative corporate transaction.

The consideration under the Proposal of 55 cents per share is less than Grant Samuel's estimate of the full underlying value of GRD. Accordingly, the Proposal is not in the fair value range. This suggests that GRD shareholders have not been offered a full premium for control.

It can be argued that GRD shareholders need not accept an offer that is not "fair":

- alternative proposals could emerge. There are no impediments to an alternative proposal and there is ample time for an alternative proposal to be made before the Scheme meeting;
- if the Proposal is rejected, AMEC may improve its offer;
- GRD could ultimately deliver value above 55 cents through the sale of its interest in Global Renewables following commissioning of the Lancashire Waste Project, albeit in the medium term; and
- the Proposal has been put forward in a period of adverse market conditions for GRD Minproc and during the construction phase of the Lancashire Waste Project. It may not be the optimal time for shareholders to sell.

On the other hand:

- given the uncertainty of judgements regarding GRD's valuation (particularly in relation to the Lancashire Waste Project), the conclusion that the Proposal is not "fair" needs to be treated with some caution. It should be recognised that there remains significant risk associated with the Lancashire Waste Project. If no value is attributed to Global Renewables (i.e. the gross value for the Lancashire Waste Project is less than the project senior debt) the value range for GRD would be \$96.7-122.1 million (50.3-63.5 cents per share) and the consideration under the Proposal would be within the fair value range;
- GRD Minproc and Global Renewables are entirely different businesses and it is difficult to envisage buyers equally interested in both. Inevitably an offer or would discount the value of one of the businesses;
- the Proposal is the only firm offer that has been received. The scheme process establishes a clear value benchmark and a defined timetable within which alternative interested parties could act. If no superior proposal is received prior to the Scheme meeting it could be argued that the Proposal represents fair value; and
- there is no evidence to suggest that AMEC would improve its offer.

Furthermore, in considering whether the Proposal is reasonable, the following factors have been taken into account:

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- GRD is relatively highly geared and is required to repay \$55.3 million of deferred purchase consideration by 30 June 2010. In the absence of the Proposal and given the continuation of current market conditions, GRD faces significant refinancing risk over the next 12 months and is likely to need to raise equity;
- if the Proposal is approved, shareholders will receive 55 cents cash. GRD shares have not traded above 55 cents since October 2008 despite improving equity markets and the Proposal; and
- if the Proposal is rejected, under current market conditions GRD shares are likely to trade below 55 cents for the foreseeable future, particularly in view of the risk associated with the Lancashire Waste Project and the refinancing risk facing GRD.

It is Grant Samuel's judgement that, if no superior proposal emerges prior to the Scheme meeting, there are sufficient reasons for shareholders to vote for the Proposal notwithstanding that it is not in the fair value range. Therefore, in Grant Samuel's opinion, the Proposal is not fair but reasonable and, accordingly, the Proposal is in the best interests of shareholders.

7.2 Fairness

GRD has been valued in the range of 69.5-96.2 cents per share. This value was assessed by aggregating the estimated market value of GRD Minproc and Global Renewables (including a 50% interest in the Lancashire Waste Project) together with the realisable value of non-trading assets and deducting external borrowings and non-trading liabilities. It represents the full underlying value of GRD assuming that 100% of the company was available to be acquired and therefore includes a premium for control.

The consideration under the Proposal is 55 cents for each GRD share. The consideration is less than Grant Samuel's estimate of full underlying value for GRD and, therefore, the Proposal is not fair.

However, the value of GRD is subject to significant uncertainty as it depends on judgements regarding the future operation of the Lancashire Waste Project. This project is currently under construction and is not due to be fully commissioned until July 2011. Although the project is expected to be delivered on time and on budget, significant operational risk remains. Planning work for the operating phase of the project has only recently commenced and no assessment has been made of the adequacy of the operating cost assumptions made at financial close. Furthermore, although the project design reflects lessons from the operating experience at the Eastern Creek Facility, considerable technology uncertainty remains.

Grant Samuel's estimated value for Global Renewables of £18.5-31.5 million (\$37.0-63.0 million) reflects a gross value for 100% of the Lancashire Waste Project of £230-250 million based on DCF analysis. The value corresponds to a realistic realisable value for Global Renewables given the uncertainties associated with the Lancashire Waste Project and current market conditions. However, DCF analysis is highly sensitive to changes in assumptions and scenarios reviewed resulted in NPV outcomes ranging from £170-370 million. Shareholders with different views on the future prospects and the risk profile of the Lancashire Waste Project could reasonably reach different conclusions on the value of GRD. If no value is attributed to Global Renewables (i.e. where the gross value of the Lancashire Waste Project was significantly less than project senior debt) then the value range for GRD would be \$96.7-122.1 million (50.3-63.5 cents per share) and the consideration under the Proposal would be within the fair value range.

In addition, as GRD Minproc and Global Renewables are entirely different businesses, it is difficult to envisage parties that would be equally interested in both. It is unlikely that any offer for GRD would attribute full value to both of the businesses. In this regard, recent corporate approaches to GRD have confirmed that Global Renewables is a major impediment to parties interested in GRD Minproc.

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Moreover, in the ordinary course of events, the highest offer received in an extensive sale process by definition represents full underlying value. In November 2007 GRD appointed Morgan Stanley Australia Limited to assess options for the potential restructuring of the group to ensure that shareholder value is maximised. This review resulted in a formal process seeking a strategic partner for Global Renewables and indicative offers were received in mid 2008. Consequently the Eastern Creek Facility was sold but no further proposals have progressed due to the global financial crisis. In addition, although a number of corporate approaches have been received by GRD since 2007, none (other than the Proposal) were sufficiently developed such that they could be presented to shareholders for consideration. No developed proposals have been received by GRD since the announcement of AMEC's conditional proposal in June 2009.

The Proposal is the only offer that has been received for GRD. Although no formal sales process has been undertaken by GRD, if a superior offer does not emerge before the Scheme meeting there would be some grounds to argue that the Proposal represents fair value.

7.3 Reasonableness

7.3.1 Premium for Control

The consideration of 55 cents represents a 34.1% premium to the price at which GRD shares last traded prior to the announcement of the Proposal:

GRD – Premium over Pre-announcement Prices		
Period	Share Price (cents)	Premium
10 June 2009 – Pre-announcement price	41.0	34.1%
1 month prior to 10 June 2009 – VWAP ²²	41.1	33.8%
3 months prior to 10 June 2009 - VWAP	31.8	73.1%
6 months prior to 10 June 2009 - VWAP	31.1	77.0%
12 months prior to 10 June 2009 – VWAP	53.6	2.6%

The level of premiums observed in takeovers varies depending on the circumstances of the target and other factors (such as the potential for competing offers) but tend to fall in the range 20-35%. The premium over recent GRD share prices is consistent with those normally seen in takeover offers. In relation to the period 3-6 months prior to the offer, the premium is higher than typically observed in takeovers although this period coincides with the low point in the equity markets since the global economic downturn emerged in 2007. The low premium over the VWAP for the 12 months prior to 10 June 2009 may reflect a change in market sentiment towards GRD following the losses associated with the Eastern Creek Facility and a reassessment of the risks associated with the Lancashire Waste Project.

However, in Grant Samuel's opinion, the GRD share price is not a particularly good indicator of value. The market for GRD shares is not deep with the free float constrained by a number of institutional substantial shareholders that do not actively trade the stock. Such reduced liquidity means that the share price can be significantly influenced by other factors such as market speculation and the sell down of substantial holdings. In this case, it is Grant Samuel's view that the GRD share price has been significantly impacted by negative sentiment surrounding Global Renewables, in particular as a result of the losses associated with the Eastern Creek Facility and a lack of understanding of the Lancashire Waste Project (given its United Kingdom location, its stage of construction and the relative immaturity of the waste processing sector). Grant Samuel's estimate of the full underlying value for GRD implies large premia (69.5-134.7%) over the share price prevailing prior to 10 June 2009.

²² VWAP is volume weighted average price.

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7.3.2 Refinancing Risk

At 30 June 2009 GRD had net debt of \$50.2 million and, relative to its peers, is highly geared:

GRD – Relative Gearing Analysis			
Company	Market Capitalisation ²³ (millions)	At as 31 December 2008	
		Book Gearing ⁷	Market Gearing ^{8,23}
<i>Australia</i>			
WorleyParsons	A\$6,919	24.7%	7.3%
Clough	A\$607	(26.3%)	(8.9%)
Ausenco	A\$590	2.5%	1.2%
Sedgman	A\$311	(8.6%)	(3.0%)
Lycopodium	A\$116	(137.0%)	(23.5%)
VDM Group	A\$57	40.1%	55.3%
<i>International</i>			
Fluor	US\$9,515	(250.1%)	(29.8%)
SNC Lavalin ²⁴	C\$6,999	56.6%	19.8%
AMEC	£2,508	(232.0%)	(38.6%)
Aker Solutions	NOK16,166	43.9%	31.1%
<i>Median</i>		(3.0%)	(1.0%)
GRD	A\$79	37.8%	29.9%

Source: Grant Samuel analysis

GRD's debt at 30 June 2009 primarily comprises \$55.3 million of deferred purchase consideration in relation to the acquisition of Hastings' 50% interest in Global Renewables in 2005. This amount is payable in full by 30 June 2010. GRD expects to meet scheduled repayments totalling \$13 million from operating cash flow but will need to refinance around \$42 million on or before 30 June 2010. Discussions have been held with Hastings in relation to an extension of the period for repayment but no agreement has been reached. GRD has not yet approached other debt providers.

In the absence of the Proposal and given the continuation of current market conditions, refinancing such an amount is likely to be difficult and may require the divestment of some or all of the interest in the Lancashire Waste Project and/or the introduction of new equity. In this context:

- the value that could be realised for the Lancashire Waste Project is uncertain given its development stage, current economic conditions (particularly in the United Kingdom) and given that potential acquirers would be likely to be aware that GRD is required to sell;
- a continuation of current credit market conditions would mean that the terms of any debt facility obtained by GRD may be less than optimal; and
- as equity markets remain uncertain (albeit improving) any equity raising by GRD is likely to be at a substantial discount to the share price at the time.

Therefore, if the Proposal does not proceed, shareholders are likely to be asked to invest cash to maintain their interest in GRD. To the extent that shareholders do not participate in any future capital raising their interest in GRD will be diluted.

7.3.3 Share Trading in the absence of the Proposal

The Proposal enables shareholders to realise their investment in GRD at a certain cash price which incorporates some premium for control (albeit not a full premium for control). In the absence of

²³ Based on share prices at 31 August 2009 except for GRD which is based on the share price on 10 June 2009 (being the day prior to announcement of the conditional proposal by AMEC).

²⁴ SNC Lavalin holds a portfolio of investments in infrastructure concessions.

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the Proposal or a similar transaction, shareholders could only realise their investment by selling on market at a price which does not include any premium for control and would incur transaction costs (e.g. brokerage). In these circumstances (and assuming no speculation as to a revised proposal), it is likely that GRD shares under current market conditions will trade at prices below 55 cents for the foreseeable future.

In this regard:

- although GRD Minproc's business pipeline is comparable to prior years, its earnings outlook remains dependent on global economic conditions and the demand for engineering services by resource companies;
- there remains significant operational risk associated with the Lancashire Waste Project. Confidence as to Global Renewables' future earnings streams will not increase until after the project has some operational history following commissioning in July 2011;
- there is significant refinancing risk for GRD over the next 12 months; and
- GRD has not paid a dividend since June 2008 due to the need to retain financial flexibility. The lack of a certain dividend stream will have an adverse impact on the trading price of GRD shares.

Furthermore, given the absence of a deep market for its shares, the GRD share price is unlikely to reflect fair value for a portfolio interest. Low liquidity will also adversely impact any shareholder wishing to sell anything more than a small parcel of shares.

Accordingly, the prospect of GRD shares trading above 55 cents in the foreseeable future is unlikely. In any event, it should be noted that the consideration under the Proposal provides a significant premium for control over pre announcement trading prices.

7.3.4 Alternatives

In weighing up any offer, shareholders need to have regard to the alternatives that are realistically available to them.

AMEC has no shareholding in GRD and therefore there is no impediment to an alternative acquisition proposal being put by any other party. Although non-solicitation obligations restrict GRD's actions, the \$1 million break fee (which equates to approximately 0.5 cents per share) is not of a magnitude to represent a barrier to alternate proposals.

However, the Proposal is the only offer that GRD has received that has been sufficiently developed such that it can be presented to shareholders for consideration. Moreover, since the announcement of AMEC's conditional proposal to GRD on 10 June 2009 and the announcement of the Proposal on 20 July 2009, there has been ample opportunity for any other interested party to make a superior offer. No such offer has been made although the opportunity to do so remains open until the Scheme meeting.

Furthermore, as GRD Minproc and Global Renewables are entirely different businesses and it is difficult to envisage parties that would be equally interested in both. Inevitably an offeror for GRD is likely to discount the value for one of the businesses.

AMEC has demonstrated its commitment to owning 100% of GRD by incurring substantial costs on due diligence and advisers in relation to the Proposal. It would be open to shareholders to vote against the Proposal in the hope that AMEC would make a subsequent higher offer. However, there is no evidence that AMEC would be prepared to pay a higher price:

- there was no change to the consideration of 55 cents per share following completion of detailed due diligence and therefore AMEC is unlikely to be willing to pay more in the future; and

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- although AMEC may be able to achieve additional cost savings and other benefits from acquiring GRD, the extent and timing of cost savings or synergy benefits is not able to be quantified (and nor is AMEC required to pay away those benefits to GRD shareholders).

Rejecting the Proposal involves significant risk that shareholders would not be able to realise a price as high as 55 cents if they wish to sell at a later date. In particular, shareholders should recognise that:

- significant operational risk remains for the Lancashire Waste Project until after full commissioning in late 2011; and
- in the absence of the Proposal:
 - GRD faces refinancing risk over the next 12 months; and
 - it is likely that GRD shares under current market conditions will trade at prices below 55 cents for the foreseeable future.

7.3.5 Other Factors

The transaction costs to be incurred by GRD prior to the shareholder meeting in relation to the Proposal are estimated to be approximately \$1.4 million. These costs include legal and other advisers' fees as well as printing and mailing costs. If the Proposal is not implemented, GRD will meet these costs as a standalone company. Furthermore, if the board recommendation for the Proposal is withdrawn (and no other similar transaction is completed), GRD will also be liable for the \$1 million break fee.

If the Proposal is approved, GRD shareholders will be treated as having disposed of their GRD shares for tax purposes. A capital gain or loss may arise on disposal depending on when the GRD shares were acquired and the acquisition price paid for the GRD shares.

7.4 Shareholder Decision

The decision whether to vote for or against the Proposal is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from shareholder to shareholder. If in any doubt as to the action they should take in relation to the Proposal, shareholders should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in GRD. This is an investment decision independent of a decision on whether to vote for or against the Proposal upon which Grant Samuel does not offer an opinion. Shareholders should consult their own professional adviser in this regard.

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8 Qualifications, Declarations and Consents

8.1 Qualifications

The Grant Samuel group of companies provide corporate advisory services (in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally), property advisory services, manages specialist funds and provides marketing and distribution services to fund managers. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 415 public independent expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Caleena Stilwell BBus CA F Fin and Stephen Wilson MCom (Hons) CA (NZ) SF Fin. Each has a significant number of years of experience in relevant corporate advisory matters. Anne Foster BSc and Chapman Li BCom AIAA assisted in the preparation of the report. Each of the above persons is an authorised representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

8.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to whether the Proposal is in the best interests of shareholders. Grant Samuel expressly disclaims any liability to any GRD shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

Grant Samuel has had no involvement in the preparation of the Scheme Booklet issued by GRD and has not verified or approved any of the contents of the Scheme Booklet. Grant Samuel does not accept any responsibility for the contents of the Scheme Booklet (except for this report).

8.3 Independence

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with GRD or AMEC that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposal.

Grant Samuel and related companies have provided financial and advisory services to entities associated with Mr. Kerry Stokes and the Tiberius Group (including Seven Network) in the past two years. Seven Network is GRD's largest shareholder with a 12.2% interest. Grant Samuel believes that this relationship has no effect on its independence in relation to GRD and the evaluation of the Proposal.

Grant Samuel commenced analysis for the purposes of this report in June 2009 prior to the announcement of the Proposal. This work did not involve Grant Samuel participating in the setting the terms of, or any negotiations leading to, the Proposal.

Grant Samuel had no part in the formulation of the Proposal. Its only role has been the preparation of this report.

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Grant Samuel will receive a fixed fee of \$210,000 for the preparation of this report. This fee is not contingent on the outcome of the Proposal. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 October 2007.

8.4 Declarations

GRD has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a court to be primarily caused by any conduct involving gross negligence or wilful misconduct by Grant Samuel. GRD has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Any claims by GRD are limited to an amount equal to the fees paid to Grant Samuel. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action.

Advance drafts of this report were provided to GRD and its advisers. After the first draft was circulated Grant Samuel identified an error which affected its value conclusion in relation to Global Renewables' 50% interest in the Lancashire Waste Project resulting in an increase in its value for GRD of 6.3 cent per share. This change had no impact on Grant Samuel's conclusions as to fairness and reasonableness. Certain changes were made to the drafting of the report as a result of the circulation of the draft reports. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

8.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Scheme Booklet to be sent to shareholders of GRD. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

8.6 Other

The accompanying letter dated 1 October 2009 and the Appendices form part of this report.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is set out at the beginning of this report.

GRANT SAMUEL & ASSOCIATES PTY LIMITED

1 October 2009

Grant Samuel & Associates

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Appendix 1

Market Evidence

Valuation analysis involves the review of earnings and other multiples that buyers have been willing to pay for similar businesses in the recent past and a review of the multiples at which shares in comparable listed companies trade on stockmarkets. This analysis will not always lead to an obvious conclusion of an appropriate range of multiples as there will often be a wide spread of multiples. It is necessary to consider the particular attributes of the business being valued as well as the prevailing economic conditions.

1 Valuation Evidence from Transactions

Grant Samuel has focussed its review of transactions in the period since 2007 as being most indicative of current market conditions and growth expectations. The resources sector experienced particularly strong growth in the period from 2004 on the back of strong global economic demand and high demand for resources (particularly from China) which resulted in strong prices for commodities. As a consequence, demand for engineering consulting services was high with substantial growth in work pipelines. Substantially weaker economic conditions since mid 2007 have reduced the demand for resources and resulted in projects being cancelled or deferred.

The number of transactions involving engineering consulting businesses focussed on the resources sector since 2006 is limited. Set out below is a summary of transactions for which there is sufficient information to calculate meaningful valuation parameters:

Recent Transaction Evidence – Engineering Consulting to Resources Sector										
Date	Target	Transaction	Consideration ¹ (millions)	Revenue Multiple ² (times)		EBITDA Multiple ³ (times)		EBIT Multiple ⁴ (times)		Ungeared NTA Multiple ⁵ (times)
				Historical ⁶	Forecast ⁶	Historical	Forecast	Historical	Forecast	
<i>Australia</i>										
Jun 2007	Metplant Engineering	Acquisition by Bateman	AS\$19.6	2.2	1.4	na ⁷	na	15.0	5.8	na
Jun 2007	Intermet Engineering	Acquisition by Sedgman	AS\$16.3	2.5	1.6	na	na	9.4	6.3	na
<i>North America</i>										
Jun 2008	Westmar Consultants	Acquisition by WorleyParsons	C\$47.5	na	na	5.5	na	na	na	na
Apr 2008	INTEC Engineering	Acquisition by WorleyParsons	US\$108.5	na	na	9.5	na	na	na	na
Mar 2008	Vector Engineering	Acquisition by Ausenco	US\$31.0	1.1	na	7.1	na	7.5	na	5.6
Mar 2008	Sandwell International	Acquisition by Ausenco	C\$82.0	0.9	na	8.1	na	9.1	na	51.9
Feb 2008	Pipeline Systems	Acquisition by Ausenco	US\$38.9	1.0	na	7.3	na	7.7	na	9.5
May 2007	Washington Group	Merger with URS Corporation	US\$3,297.4	0.9	na	17.2	na	23.6	na	5.6
Feb 2007	Colt Engineering	Acquisition by WorleyParsons	C\$1,035.0	1.5	na	9.7	na	10.4	8.6	8.8
Oct 2004	Parsons E&C	Acquisition by Worley	US\$245.0	na	na	6.9	5.5	7.9	6.1	na

Source: Grant Samuel analysis⁸

- ¹ Implied equity value if 100% of the company or business had been acquired.
- ² Represents gross consideration divided by revenue. Gross consideration is the sum of the equity and/or cash consideration plus borrowings net of cash.
- ³ Represents gross consideration divided by EBITDA. EBITDA is earnings before net interest, tax, depreciation, amortisation, investment income and significant and non-recurring items.
- ⁴ Represents gross consideration divided by EBIT. EBIT is earnings before net interest, tax, investment income and significant and non-recurring items.
- ⁵ Represents gross consideration divided by ungeared net tangible assets (that is, net assets less intangibles plus borrowings less cash as at latest balance date).
- ⁶ Historical multiples are based on the most recent publicly available full year earnings prior to the transaction announcement date. Forecast multiples are based on company published earnings forecasts or brokers' reports available at transaction announcement date.
- ⁷ na = not available

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A brief summary of each transaction is set out below:

Metplant Engineering Services Pty Limited / Bateman Engineering N.V.

On 14 June 2007 Bateman Engineering N.V. (“Bateman”) announced the acquisition of West Australian based mining engineer and project management service provider Metplant Engineering Services Pty Limited (“Metplant”) for A\$19.55 million (comprising an upfront payment of A\$9.8 million and three equal deferred payments over the next three years subject to certain performance hurdles). Metplant was established in 1987 and has specific experience in nickel and gold projects. At the time of acquisition, Metplant was managing projects across South East Asia, Africa, Mongolia, the Kyrgyz Republic and Kazakhstan. Metplant was to be integrated into Bateman’s existing Australian operations and provide additional scale to Bateman’s existing Australian and South East Asian activities. The multiples are calculated by reference to the maximum consideration payable and the acquisition occurred towards the end of the forecast year (30 June 2007).

Intermet Engineering Pty Limited / Sedgman Limited

On 27 June 2007, Australian Securities Exchange (“ASX”) listed Sedgman Limited (“Sedgman”) announced the acquisition of Perth based resources project management and engineering company Intermet Engineering Pty Limited (“Intermet”). Intermet was established in 2001 and at the time of acquisition employed approximately 80 staff. Intermet’s core business provided design, testing, feasibility, materials handling and project execution services to Australian and international mining companies, including gold, lead, copper and iron ore. The acquisition was expected to yield synergies with PAC-RIM (Sedgman’s existing Australian mining contracting business) and facilitate growth in the Australian metals and mining market. The historical multiples for the transaction are relatively high due to Intermet’s strong project pipeline. Furthermore, it should be noted that the acquisition occurred towards the end of the forecast year (30 June 2007).

Westmar Consultants Inc. / WorleyParsons Limited

On 6 June 2008, ASX listed WorleyParsons Limited (“WorleyParsons”) announced the acquisition of Westmar Consultants Inc. (“Westmar”), a Canadian engineering consultant specialising in the resource, mining, port, civil and transport sectors for C\$47.5 million. Westmar was to be integrated into WorleyParsons’ existing Infrastructure Division and provide specific experience in planning and design, pit to port development, offshore structures, bulk materials and liquids handling and transport. The acquisition offered WorleyParsons increased strength in international markets through offices in Canada and north western United States, the addition of over 270 professional staff and a substantial client list.

INTEC Engineering Inc / WorleyParsons Limited

On 1 April 2008 WorleyParsons announced the acquisition of United States based, hydrocarbon engineering and consulting company INTEC Engineering Inc. (“INTEC”) for US\$108.5 million. INTEC offered specialist capabilities and experience in deepwater oil and gas exploration, production and transport and worked with leading global public and private oil and gas companies. Historical multiples implied by the transaction are relatively high which may reflect the positive market outlook for deepwater hydrocarbon exploration and construction projects.

Vector Engineering Inc. / Ausenco Limited

On 5 March 2008, ASX listed Ausenco Limited (“Ausenco”) announced the acquisition of Vector Engineering Inc. (“Vector”), a United States mining services, environmental, energy and water engineering consultant for US\$31 million. Vector was a leading international geotechnical civil, environmental, waste and water service consultant employing approximately 400 staff primarily in South America. Vector offered Ausenco 22 years market experience; exposure to broader global markets (particularly in South America); specific consulting experience and greater service capabilities across environmental waste, resources and energy (including nuclear, oil and gas) sectors; and a portfolio of clients which included leading international minerals and mining companies.

⁸ Grant Samuel analysis based on data obtained from IRESS, Capital IQ, company announcements, transaction documentation and, in the absence of company published financial forecasts, brokers’ reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each transaction depends on analyst coverage, availability and corporate activity.

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Sandwell International Inc. / Ausenco Limited

On 5 March 2008, Ausenco also announced the acquisition of Vancouver based engineering contracting company Sandwell International Inc. (“Sandwell”) for C\$82 million (including a deferred payment of C\$5 million due in March 2009 contingent on Sandwell’s performance). Sandwell was established in 1948 and was an international provider of engineering, industrial process and project design, renewable energy systems and design management, feasibility and planning services to the civil, power, water, port, energy (including offshore) and resources sectors. Sandwell was expected to contribute approximately 25% of Ausenco’s revenue in the first full year of operation. In 2008 Sandwell employed over 650 staff and operated through offices in Canada, the United States, Brazil, Australia, South Africa, India, Peru and Indonesia. The multiples are calculated by reference to the maximum consideration payable.

Pipeline Systems Inc. / Ausenco Limited

On 5 February 2008, Ausenco announced the acquisition of Pipeline Systems Inc (“PSI”) for US\$38.9 million (including a deferred payment of US\$5.8 million). PSI was established in 1979 and was a multi-discipline engineering services business with a leading global position in the design and delivery of slurry pipeline transport systems. PSI had a diversified client base primarily in the iron ore, bauxite and base metals sectors. It employed over 450 people predominantly in South America and had a network of offices in Brazil, Chile, Peru, the United States, Canada, China and Australia. The acquisition complemented Ausenco’s mining and minerals engineering services business and provided diversification into the process infrastructure engineering sector. The multiples are calculated by reference to the maximum consideration payable.

Washington Group International Inc. / URS Corporation

On 27 May 2007 global engineering and construction companies URS Corporation (“URS”) and Washington Group International Inc. (“Washington”) entered into a merger agreement for a combined cash and scrip consideration of approximately US\$80.00 per Washington share (US\$2.3 billion total equity value excluding options). Washington provided design, engineering, construction, project management and remediation services to public and private clients internationally within power, infrastructure, mining, industrial, energy, environment and defence sectors. The merger was generally viewed as a complementary move which would create a large-scale provider of both engineering and construction services and which would be capable of more competitively bidding for large scale infrastructure, power and environmental projects. On 4 November 2007, following opposition from key shareholders and negative market commentary in relation to the original offer, the consideration was increased to approximately US\$97.89 per share (US\$2.8 billion total equity, excluding options). The earnings multiples implied by the transaction are high reflecting the diverse range of activities, the growth outlook and the expectation of significant synergy savings.

Colt Engineering Corporation / WorleyParsons Limited

On 8 February 2007 WorleyParsons announced the C\$1.03 billion (A\$1.13 billion) acquisition of Canadian based Colt Engineering Corporation (“Colt”), a contracting, engineering and construction management business specialising in the hydrocarbon industry. The acquisition provided WorleyParsons with a platform for continued growth in the Canadian oil and gas sector (particularly oil sands) and strategic benefits including improved market position and a strong management team. At the time of acquisition Colt employed approximately 4,600 staff. The earnings multiples are calculated by reference to pro forma earnings which reflect changes to be made to remuneration costs.

Parsons E&C Corporation / Worley Group Limited

In October 2004 ASX listed Worley Group Limited (“Worley”) announced the acquisition of Parsons E&C Corporation (“Parsons”) for US\$245 million. At the time of acquisition Worley employed 4,500 staff and operated primarily within Australia, South-East Asia and the Middle East. Parsons was a leading Texas based design, engineering and project management provider, with experience working in large scale, oil, gas, power, chemical and related sectors projects and working with leading international clients. Parsons employed approximately 5,400 staff and operated across the United States, Canada, Russia, Central Asia, China and the Middle East. This was a company transforming transaction and the merged, rebranded entity, WorleyParsons, benefited from greater contract revenue, geographical diversification, scale to complete large global projects and increased skill capabilities. The forecast multiples are calculated by reference to the actual results for the six months ended 30 June 2004 annualised. It should also be noted that, although there was little geographic and capability overlap, synergies were expected to be achieved.

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2 Valuation Evidence from Sharemarket Prices

There are a large number of listed companies providing services to the resources sector in Australia with an extensive range of core competencies and services offered. For the purposes of this report, Grant Samuel has focussed its review on companies primarily providing engineering and project management services to the resources sector in Australia. The Australian companies selected include companies with substantial international operations, companies with a primary focus on the oil and gas segment and companies also providing services to the energy and infrastructure sectors. Although these companies are not directly comparable to GRD Minproc, their businesses are driven by resources sector activity generally and provide some guidance as to valuation.

A small number of international companies have also been selected including pure play engineering and project management companies and competitors of GRD Minproc both in Australia and in the international markets in which it operates. In this regard, evidence from international companies needs to be treated with caution as differences between Australian and international growth and inflationary expectations, industry and market conditions and differing tax regimes impact on share market valuations and implied multiples. Nevertheless, a review of these companies provides further valuation guidance.

The sharemarket ratings of the selected listed companies are set out below. The following applies when analysing the data presented in the table:

- the multiples are based on sharemarket prices as at 31 August 2009 (except where noted) and do not reflect a premium for control;
- the companies have a variety of year ends. All of the Australian companies have a 30 June year end with the exception of Ausenco which has a 31 December year end. All of the international companies have a 31 December year end;
- the data analysed for each company included the last two annual historical results plus the subsequent three forecast years. No alignment of the financial data for companies with 30 June year ends has been undertaken although GRD Minproc's financial information is on a 31 December year end. While useful for comparison purposes, such an alignment adjustment would imply a level of certainty in profit forecasting which does not exist in the current global market conditions. Therefore, Forecast Year 1 for all the Australian companies (except Ausenco) represents the year ending 30 June 2010. For Ausenco and the international companies Forecast Year 1 represents the year ending 31 December 2009; and
- full descriptions for each company are not presented. Rather details are provided where necessary to assist in understanding the data presented.

The selected companies are set out below:

Sharemarket Ratings of Selected Listed Engineering Consulting Companies													
Company	Market Capitalisation ⁹ (millions)	EBITDA Multiple ¹⁰ (times)				EBIT Multiple ¹¹ (times)				Price Earnings Multiple ¹² (times)			
		Historical	Forecast Year 1	Forecast Year 2	Forecast Year 3	Historical	Forecast Year 1	Forecast Year 2	Forecast Year 3	Historical	Forecast Year 1	Forecast Year 2	Forecast Year 3
<i>Australia</i>													
WorleyParsons	AS\$6,919	11.4	12.0	11.0	10.1	13.2	13.9	12.9	11.7	17.7	18.6	17.0	15.5
Clough	AS\$607	12.5	7.5	6.6	6.2	15.3	8.9	7.9	7.3	11.6	12.6	10.7	9.7
Ausenco	AS\$590	6.9	10.2	8.1	7.4	7.8	12.4	9.8	8.7	8.5	14.9	12.4	11.7
Sedgman	AS\$311	5.9	5.2	4.6	4.3	8.5	7.4	6.7	6.4	14.7	11.4	10.0	9.3
Lycopodium	AS\$116	5.1	7.3	6.6	6.0	5.6	8.4	7.3	6.5	8.2	14.1	12.3	10.9
VDM Group	AS\$7	5.2	na	na	na	29.4	na	na	na	nmi ¹³	na	na	na

⁹ Market capitalisation based on sharemarket prices as at 31 August 2009.

¹⁰ Represents gross capitalisation (that is, the sum of the market capitalisation adjusted for minorities, plus borrowings less cash as at the latest balance date) divided by EBITDA. EBITDA is earnings before net interest, tax, depreciation, amortisation, investment income and significant and non-recurring items.

¹¹ Represents gross capitalisation divided by EBIT. EBIT is earnings before net interest, tax, investment income and significant and non-recurring items.

¹² Represents market capitalisation divided by net profit after tax (before significant and non-recurring items).

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Sharemarket Ratings of Selected Listed Engineering Consulting Companies													
Company	Market Capitalisation ⁹ (millions)	EBITDA Multiple ¹⁰ (times)				EBIT Multiple ¹¹ (times)				Price Earnings Multiple ¹² (times)			
		Historical	Forecast Year 1	Forecast Year 2	Forecast Year 3	Historical	Forecast Year 1	Forecast Year 2	Forecast Year 3	Historical	Forecast Year 1	Forecast Year 2	Forecast Year 3
<i>International</i>													
Fluor	US\$9,515	6.0	6.0	6.7	6.7	7.0	6.8	8.2	8.5	13.2	13.8	16.3	16.8
SNC Lavalin	C\$6,999	14.1	13.3	12.5	na	17.7	16.9	15.3	na	22.4	21.3	19.7	na
AMEC	£2,508	8.9	7.6	6.6	6.1	10.3	8.4	7.4	6.7	20.7	15.8	13.7	12.4
Aker Solutions	NOK16,166	6.4	5.1	6.1	5.4	7.8	6.3	8.1	7.1	11.2	7.5	11.1	9.1

Source: Grant Samuel analysis¹⁴

When considering the data presented above the following should also be noted:

- a number of GRD Minproc's direct competitors are privately owned and not listed on a stockmarket (e.g. Bateman, Sinclair Knight Merz and The Hatch Group);
- the Australian companies most comparable to GRD Minproc are Ausenco and Lycopodium Limited ("Lycopodium"). Both are predominantly engineering and project management businesses:
 - Ausenco derives approximately 75% of revenue and EBITDA from the minerals sector. However, it is larger than GRD Minproc, is diversifying into the infrastructure, energy and environmental sectors and providing operational support services and derives around 20% of its revenue in Australia. Ausenco commenced operations in 1991 and is based in Brisbane; and
 - Lycopodium is smaller than GRD Minproc and provides services across a range of commodities (gold, nickel and iron ore) in Australia and Africa. It commenced operations in 1992 and is based in Perth;
- WorleyParsons and Clough Limited ("Clough") are both focussed on the oil and gas sector (for which growth expectations remain strong):
 - Clough operates primarily in Australia and Asia. Its historical multiples are not meaningful as it is emerging from a period of substantial losses on three major projects. It completed a business restructuring during the year ended 30 June 2009; and
 - WorleyParsons is a major global operation with over 70% of revenue derived outside of Australia. The 30 June 2009 year reflects the first full year contributions from a number of bolt-on acquisitions completed during 2008. WorleyParsons's earnings are expected to decline in 2010 as a consequence of margin pressure and a strong Australian dollar;
- the other Australian companies primarily provide engineering consulting services to the Australian resources sector. Both Sedgman Limited and VDM Group Limited have diversified into operating and owning mineral processing plants and/or construction activities;
- the international companies are all substantially larger than GRD Minproc with global operations encompassing engineering and construction services across the resources, energy and infrastructure sectors (except that Aker Solutions ASA is focussed on oil and gas). SNC Lavalin Group Inc's multiples are comparatively high as it also takes equity positions in infrastructure concessions; and
- the earnings multiples calculated indicate that the market expects limited growth in earnings over the forecast period and, in some cases, earnings decreases as current projects complete and work pipelines/order books decline.

¹³ nmf = not meaningful

¹⁴ Grant Samuel analysis based on data obtained from IRESS, Capital IQ, company announcements and, in the absence of company published financial forecasts, brokers' reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each company depends on analyst coverage, availability and recent corporate activity.

G R A N T S A M U E L



Appendix 2

DCF Model Assumptions – Lancashire Waste Project

1 General Assumptions

The following general assumptions have been made in the DCF model for the Lancashire Waste Project:

- inflation of 2.5% per annum;
- United Kingdom corporate tax rate of 28%. There is no change in taxation legislation that has a material impact on project operations;
- the model runs from 30 June 2009 to 30 September 2036 (the end of the concession period); and
- no significant changes in the agreements governing the Lancashire Waste Project.

2 Operational Assumptions

The main assumptions underlying the Base Case are:

- construction of the Thornton and Leyland waste sites completed in March and July 2010 respectively with 12 months ramp up to full service commencement at each site in April and July 2011 respectively. Concession period finishes September 2036;
- a total project cost £382 million with the project 73% complete at 30 June 2009;
- total waste capacity of 450,000 tonnes per annum through UR-3R Process[®], green waste and dry recyclables facilities;
- residual waste (or municipal waste) (“RW”) volumes received of 270,000 tonnes per annum (being the minimum nominated amount guaranteed by the government authority on a ‘deliver or pay’ basis);
- waste volume assumptions for green waste (“GW”), co-mingled dry recyclable waste (“CDRW”) and separated dry recyclable waste (“SDRW”) reach full capacity by 2026-2029;
- revenue from government authorities (i.e. not volume dependent) equal to 81% of total revenue, ‘deliver or pay’ revenue of 4.5%, other volume related revenue of 7.3%, pass through authority revenue of 2.1% and third party revenue of 4.8%;
- revenue is based on £112.73 per tonne escalated calculated by reference to a weighted index based on the Baxter Index (fuel), Average Earnings Index (“AEI”) and Retail Prices Index;
- landfill diversion targets (calculated quarterly) are set as 100% for SDRW, 93% for GW, 90% for CDRW and 56% for RW;
- site operating costs are based on fixed and variable cost estimates driven by plant throughput. General operating and electricity costs are inflated at 2.5% per annum, transport costs are indexed at 3.0% per annum and labour costs are indexed at 3.75% per annum. Fuel costs are escalated based on the Baxter Index;
- facilities and lifecycle maintenance costs are based on a fixed cost plus a variable component of £0.99-2.52 per tonne plant throughput and indexed at 2.5% per annum. Lifecycle maintenance costs are spread over the life of the project;
- overhead costs (including management, legal marketing, insurance, education centre, security, IT and other overhead costs) are based on cost estimates whereby labour costs are escalated by 3.75% per annum and other costs are escalated by inflation;
- transport costs comprise both fixed and variable costs and are escalated at a weighted index based on 3.0% per annum and the Baxter Index;
- intellectual property licence fees are charged at a rate per tonne; and
- potential additional income streams (e.g. recycle revenue) (if any) are to be shared with the government authorities.



ANNEXURE 2 - SCHEME IMPLEMENTATION AGREEMENT

This Agreement is made this day of July 2009

Parties **AMEC Australia Pty Ltd ACN 000 436 680** of Level 1, 30 The Esplanade Perth, Western Australia (**AMEC**)

and

GRD Limited ACN 009 201 754 of Level 14, 140 St Georges Terrace, Perth, Western Australia (**GRD**)

and

AMEC plc a company registered in England registration no. 1675285 of Booths Park, Chelford Road, Knutsford, WA16 8QZ, United Kingdom. (**AMEC plc**)

Recitals

- (a) GRD and AMEC have agreed that a scheme of arrangement will be proposed under Part 5.1 of the Corporations Act between GRD and the Shareholders on the terms and conditions of this Agreement.
- (b) GRD and AMEC enter into this Agreement to record the terms and conditions upon which they propose to implement the Scheme.
- (c) AMEC plc has agreed to guarantee the performance of the obligations of AMEC under this Agreement.

Agreed as follows

1. Definitions and Interpretations

1.1 Definitions

In this Agreement the following terms shall bear the following meanings:

AMEC Indemnified Parties means AMEC, AMEC plc and their directors, officers and employees.

AMEC Information means information regarding AMEC, AMEC plc and its subsidiaries provided by AMEC to GRD in writing for inclusion in the Scheme Booklet.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

Board means the board of directors of GRD.

Board Recommendation has the meaning given to it in clause 6.5.

Break Fee has the meaning given to it in clause 12.2(b).

Business Day means a weekday on which trading banks are open for business in Perth.

Competing Proposal means a transaction which, if completed, would mean a person (other than AMEC) would:

- (a) directly or indirectly acquire an interest or relevant interest in or become the holder of:

- (i) 25% or more of the Shares;
 - (ii) the Lancashire Project; or
 - (iii) all or a substantial part of the business conducted by GRD, including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee;
- (b) acquire control of GRD within the meaning of section 50AA of the Corporations Act; or
- (c) otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure) with GRD.

Competing Proposal Notice has the meaning given to it in clause 10.2(a)(i).

Condition Date means the date for satisfaction of a Condition (subject to any extension under clause 2.4(a)(ii)).

Conditions mean the conditions precedent to completion of the Scheme in Schedule 1.

Confidential Information has the meaning given to it in clause 9.4.

Confidentiality Deed means the confidentiality deed entered into by GRD and AMEC on 3 December 2008.

Corporations Act means the Corporations Act 2001 (Commonwealth).

Counterproposal has the meaning given to it in clause 10.2(a)(iv).

Court means a court of competent jurisdiction under the Corporations Act.

Deed of Novation has the meaning give to it in clause 3.5(b).

Deed Poll means the deed poll to be executed by AMEC in the form in Schedule 3.

Disclosure Material means:

- (a) the Due Diligence Information; and
- (b) information available for public inspection by ASIC, ASX and any other relevant public registers.

Due Diligence Information means all information (whether in writing or otherwise) relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of the GRD Group that has been provided by GRD to AMEC.

Effective means, when used in relation to the Scheme of Arrangement, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme of Arrangement.

Effective Date means the date on which the Scheme becomes Effective.

End Date means six (6) months after the date of this Agreement, subject to any extension under clause 2.4(a)(ii).

ESAP means the GRD employee share acquisition plan governed by the trust deed between GRD NL and the ESAP Trustee dated 2 July 2001 (as amended from time to time).

ESAP Shares means Shares that are issued and held on trust for ESAP participants pursuant to the ESAP.

ESAP Trustee means GRD ESAP Pty Limited.

Execution Date means the date upon which the last Party executes this Agreement.

FATA means Foreign Acquisitions and Takeovers Act 1975 (Commonwealth).

FIRB means the Foreign Investment Review Board.



Governmental Agency means any government or governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency or entity.

GRD Group means GRD and each of its subsidiaries.

GRD Indemnified Parties means members of the GRD Group and each of its directors, officers and employees.

Independent Expert's Report means the independent expert's report by an expert who is not an associate of GRD or AMEC, stating whether or not in his or her opinion, the Scheme is in the best interests of the Shareholders, and setting out his or her reasons for that opinion.

Insolvency Event means in relation to a person:

- (a) the appointment of a liquidator, provisional liquidator, administrator, receiver and manager or other insolvency official to the person or to the whole or a substantial part of the property or assets of the person;
- (b) the entry by the person into a compromise or arrangement with its creditors generally;
- (c) the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or order for the winding up or dissolution of the person other than where the application or order (as the case may be) is set aside within 14 days;
- (d) the person suspends or threatens to suspend payment of its debts generally;
- (e) the person ceases or threatens to cease to carry on business; or
- (f) the person is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act.

Lancashire Group means Global Renewables Lancashire Holdings Limited and its subsidiaries and Waste 2 Resources – Project Lancashire LLP.

Lancashire Project means the Lancashire Waste Partnership PFI Project governed by the Project Agreement between Lancashire County Council and Global Renewables Lancashire Limited on 2 March 2007.

Listing Rules means the official listing rules of ASX.

Material Adverse Change means:

- (a) a diminution in the value of the net assets of the GRD Group (as stated in the consolidated GRD balance sheet reported on 31 December 2008), resulting from any matters, events or circumstances which individually, or when aggregated with any other matters, events or circumstances of a similar kind or category, diminish this sum by at least \$5,000,000; or
- (b) one or more matters, events or occurrences individually or in aggregate that:
 - (i) is, or is reasonably likely to be materially adverse to:
 - (A) the business, operations or financial condition (including contingent liabilities) of the GRD Group taken as a whole; or
 - (B) the status of any Regulatory Approvals which have been granted and affect the Scheme; or
 - (C) the business, operations or financial condition (including contingent liabilities) of the Lancashire Group or the Lancashire Project; or

- (ii) prevents GRD from performing a material obligation pursuant to this Agreement,

provided that it will not include:

- (a) those matters, events or occurrences (including the risk of a matter, event or occurrence happening except for a material adverse change to the risk profile and/or the likelihood of a matter, event or occurrence which falls under paragraph (b)(i)(C) of this definition) fairly disclosed, whether in writing or otherwise, to AMEC before the Execution Date (including any Disclosure Material or other matter disclosed as part of the due diligence investigations carried out by AMEC or because of disclosures made to ASX and GRD's costs relating to implementation of the Scheme agreed between the Parties prior to execution of this Agreement);
- (b) movements in GRD's foreign currency translation reserve or hedge reserve;
- (c) those matters, events or occurrences relating to the bonus payments or accounts receivable for GRD's Tenke Fungurume project;
- (d) any change in taxation, governmental or central bank determined interest rates, exchange rates or commodity prices which impact on GRD;
- (e) any change in accounting policy required by law or regulation;
- (f) acts of terrorism, war (whether or not declared) or the like;
- (g) any change to the business, operations or financial condition of the GRD Group arising out of a loss of personnel or customers where AMEC materially breaches its obligations under clause 7;
- (h) those matters, events or occurrences which were in the public domain prior to the Execution Date;
- (i) those matters, events or occurrences required to be done or procured by GRD pursuant to this Agreement; or
- (j) those matters, events or occurrences relating to changes in business conditions generally, except to the extent that those matters affect GRD disproportionately compared to other Australian companies in the engineering industry.

Nominee has the meaning given to in clause 3.5.

Non-Solicitation Period means the period commencing on the Execution Date and ending the earlier of:

- (a) termination of this Agreement,
- (b) the date on which the Scheme is approved by the Court under section 411(4)(b) of the Corporations Act; or
- (c) the End Date.

Optionholders means the holders of Options.

Original Buyer means AMEC Australia Pty Ltd.

Options mean the unlisted options with the exercise prices and expiry dates in Schedule 2.

Party means either GRD or AMEC and **Parties** means both of them.

Prescribed Occurrence means the occurrence of any of the following:

- (a) GRD converting all or any of its Shares into a larger or smaller number of Shares;
- (b) GRD entering into any agreement or non-binding heads of agreement relating to the sale of the whole or part of its interest in the Lancashire Project;
- (c) a member of the GRD Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;



- (d) a member of the GRD Group:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (e) GRD declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its Shareholders;
- (f) a member of the GRD Group issuing shares (except for issuing shares on the exercise of an option issued as at the Execution Date), or granting an option over its shares, or agreeing to make such an issue or grant such an option;
- (g) a member of the GRD Group issuing or agreeing to issue, securities or other instruments convertible into shares or debt securities;
- (h) a member of the GRD Group making any change or amendment to its constitution;
- (i) a member of the GRD Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (j) a member of the GRD Group:
 - (i) acquiring or disposing of;
 - (ii) agreeing to acquire or dispose of; or
 - (iii) offering, proposing, announcing a bid or tendering for,
any securities, business, assets, interests in a joint venture, entity or undertaking, the value of which exceeds \$5,000,000;
- (k) a member of the GRD Group:
 - (i) making a new, renewing, or varying, any contractual or other commitment (including any undertaking to a Government Agency); or
 - (ii) exercising a contractual right or other option to renew or extend an existing agreement (including under any lease),
that:
 - (iii) is not in the ordinary course of business; or
 - (iv) individually or when aggregated with related transactions has a value or involves a liability (whether actual, contingent or prospective) or expenditure, as the case may be, of \$5,000,000 or more;
- (l) a member of the GRD Group creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property;
- (m) an Insolvency Event occurring in relation to a member of the GRD Group; or
- (n) a member of the GRD Group changing any significant accounting practice or policy applied by them to report their financial position or performance, other than to comply with generally accepted Australian accounting standards and any domestically accepted international accounting standards.

Record Date means 5.00pm on the day which is five (5) Business Days following the Effective Date or any other date agreed by the Parties with ASX to be the record date to determine entitlements to receive Scheme Consideration.

Register means the register of Shareholders maintained in accordance with the Corporations Act.

Regulatory Approvals means the approvals in Condition 1 and Condition 2 of Schedule 1.

Scheme or **Scheme of Arrangement** means the scheme of arrangement under Part 5.1 of the Corporations Act between GRD and the Shareholders substantially in the form of Schedule 5.

Scheme Booklet means the information described in clause 6.2(a) to be approved by the Court and despatched to Shareholders.

Scheme Consideration means \$0.55 for every one (1) Share.

Scheme Implementation Date means five (5) Business Days after the Record Date.

Scheme Meeting means the meetings to be convened by the Court in relation to the Scheme pursuant to Section 411(1) of the Corporations Act.

Scheme Period means the period commencing on the Execution Date and ending the earlier of the Scheme Implementation Date or the date on which this Agreement is terminated.

Scheme Participants means the Shareholders as at the Record Date.

Second Court Date means the first day on which an application made to the Court for an order pursuant to Section 411(4)(b) of the Corporations Act approving the Scheme is heard.

Shareholder Approval means a resolution in favour of:

- (a) the Scheme of Arrangement pursuant to Section 411(4)(a)(ii) of the Corporations Act; and
- (b) all other matters that Shareholders need to approve to implement the Scheme and give effect to this Agreement.

Shareholders mean the holders of Shares.

Shares means fully paid ordinary shares in GRD.

Superior Proposal means a publicly announced Competing Proposal which the Board determines in good faith (based on the written opinion of its financial and legal advisors) is:

- (a) reasonably capable of being completed taking into account all material aspects of the Competing Proposal; and
- (b) in the best interests of the Shareholders compared to the Scheme.

Third Party Consent means the consent in writing in a form as required from a counterparty under a change of control provision in an agreement or arrangement to which GRD or one of its subsidiaries is party and which AMEC (acting reasonably) considers material in the context of the business of GRD and which consent if not provided results or could result in such agreement or arrangement being terminated or varied under such change in control provision as a result of the implementation of the Scheme.

Timetable means the indicative timetable in Schedule 4 as amended from time to time.

Transition Committee has the meaning given to it in clause 7.4.

UK Listing Rules means the official listing rules of the UK Listing Authority.

1.2 Interpretation

- (a) In this Agreement, unless the context otherwise requires:
 - (i) references to a recital, clause, schedule, annexure or exhibit is to a recital, clause, schedule, annexure or exhibit of or to this Agreement;
 - (ii) a reference to this Agreement or another instrument includes any variation or replacement of any of them;
 - (iii) a reference to any statute shall include any amendment, replacement or re-enactment of such statute for the time being in force and any by-laws, statutory instruments, rules, regulations, notices, orders, directions,

consents or permissions made under such statute and any conditions attaching to them;

- (iv) the singular includes the plural and vice versa;
 - (v) a reference to any gender includes all genders;
 - (vi) a reference to a person includes a reference to the person's executors, administrators, substitutes, successors and permitted assigns;
 - (vii) a covenant, representation or warranty in favour of two or more persons is for the benefit of them jointly and severally;
 - (viii) a covenant, representation or warranty on the part of two or more persons binds them jointly and severally;
 - (ix) a reference to currency is to the currency of Australia;
 - (x) a reference to time is to local time in Perth, Western Australia;
 - (xi) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning; and
 - (xii) the words including, such as, particularly and similar expressions do not imply limitation. In this Agreement, headings are for convenience of reference only and do not affect interpretation.
- (b) In the interpretation of this Agreement, no rules of construction shall apply to the disadvantage of one Party on the basis that that Party put forward this Agreement or any part of this Agreement.
- (c) If the day on which any act, matter or thing is to be done under or pursuant to this Agreement is not a Business Day, that act, matter or thing may be done on the next Business Day.
- (d) If a word is defined in the Corporations Act, it has the same meaning in this Agreement, unless the context requires otherwise.

1.3 Governing Law

- (a) This Agreement is governed by and will be construed according to the laws of Western Australia.
- (b) Each Party irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts.

2. Conditions Precedent

2.1 Conditions Precedent

- (a) Completion of the Scheme is subject to the satisfaction or waiver of each of the Conditions by the Condition Date for the benefit of the Party listed next to each Condition.
- (b) Each of the Parties must promptly notify the other Party in writing on the satisfaction of a Condition.

2.2 Best endeavours

Each of GRD and AMEC will use its best endeavours to procure that:

- (a) each of the Conditions is satisfied as soon as practicable after the Execution Date or continues to be satisfied at all times until the last time it is to be satisfied (as the case may require);

- (b) there is no occurrence within the control of GRD or AMEC (as the context requires) or their subsidiaries that would prevent the Conditions being satisfied; and
- (c) its officers, employees, contractors and agents cooperate with the other Party and its advisors and consultants in the reasonable conduct of the other Party's due diligence investigations.

2.3 Waiver of conditions precedent

- (a) A Condition that is listed as being for the benefit of a Party may only be waived by that Party by notice in writing to the non-benefiting Party.
- (b) A Party entitled to waive a Condition pursuant to this clause 2.3 may do so in its absolute discretion.
- (c) If a Party waives the breach or non-satisfaction of any Condition, that waiver will not preclude it from suing the other Party for any breach of this Agreement including without limitation a breach that resulted in the non-satisfaction of the Condition that was waived.

2.4 Conditions not satisfied or waived

- (a) If any event occurs which would prevent any of the Conditions being satisfied or waived by the Condition Date, or there is an occurrence that is reasonably likely to prevent a Condition being satisfied or waived by the Condition Date, or if the Scheme of Arrangement is not Effective by the End Date, then the Parties will consult in good faith:
 - (i) with a view to determining whether the Scheme, or a transaction which results in AMEC having beneficial ownership of all Shares and Options, may proceed by way of alternative means or methods; or
 - (ii) to extend the Condition Date or the End Date or to adjourn or change the date of an application to the Court,and agree a course of action that achieves either (i) or (ii) above.
- (b) If the Parties are unable to reach agreement under clause 2.4(a) within 5 Business Days after the Condition Date, the End Date or date on which both Parties became aware of the (as the case may be) relevant event referred to in clause 2.4(a), then unless the relevant Condition is waived in accordance with clause 2.3, either Party may terminate this Agreement without any liability to the other Party by reason of that termination alone unless the relevant occurrence or the failure of the Condition to be satisfied or of the Scheme of Arrangement to become Effective arises out of a breach by the terminating Party of this Agreement.

2.5 Regulatory Approvals

Regulatory Approval will be regarded as having been obtained despite the fact that the Regulatory Approval was conditional if the relevant conditions cannot reasonably be considered to have an adverse impact on the value each Party considered it would derive from the Scheme.

3. Scheme

3.1 GRD to Propose Scheme

GRD agrees to propose the Scheme in accordance with Part 5.1 of the Corporations Act on the terms and conditions of this Agreement.

3.2 AMEC to Assist

AMEC agrees to assist GRD in proposing the Scheme in accordance with Part 5.1 of the Corporations Act on the terms and conditions of this Agreement.

3.3 No amendments to Scheme without consent

GRD must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of the Scheme without the prior consent of AMEC, such consent not to be unreasonably withheld.

3.4 Share Transfer and Scheme Consideration

- (a) Under the Scheme all of the Shares held by Scheme Participants as at the Record Date will be transferred to AMEC and the Scheme Participants will be entitled to receive the Scheme Consideration.
- (b) AMEC undertakes and warrants to GRD (in its own right and on behalf of each Scheme Participant) that in consideration of the transfer to AMEC of each Share, AMEC will on the Scheme Implementation Date:
 - (i) accept the transfer of all of the Shares; and
 - (ii) pay or procure to pay to GRD (as agent for each Scheme Participant) the Scheme Consideration for each Share.
- (c) GRD acknowledges that the undertaking given in clause 3.4(b) is given to it in its capacity as agent for each Scheme Participant.

3.5 Nomination of alternative buyer

- (a) The Original Buyer may nominate another wholly owned subsidiary of AMEC plc to be the buyer of the Shares under this Agreement (the Nominee) provided that:
- (b) AMEC gives notice in writing to GRD at least 10 Business Days before the Scheme Implementation Date, such notice must state the identity of the Nominee; and
- (c) a deed of novation in the form in Schedule 6 is executed by the Nominee, the Original Buyer and GRD (Deed of Novation).

4. Guarantee

4.1 Guarantee and Indemnity

AMEC plc:

- (a) irrevocably and unconditionally guarantees to GRD (in its own right and as trustee on behalf of the Scheme Participants and each of the GRD Indemnified Parties), on demand, the full, complete and punctual performance and observance by AMEC of all of AMEC's obligations and liabilities under this Agreement, the Deed Poll and the Deed of Novation; and
- (b) agrees to indemnify and keep indemnified the GRD Indemnified Parties from and against all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings of whatever nature and however arising which any of the GRD Indemnified Parties may suffer or incur by reason of any breach of AMEC's obligations under this Agreement where those obligations are covered by an indemnity in clause 8.2 of this Agreement.

4.2 Extent of guarantee and indemnity

The liability of AMEC plc under this clause 4, is not affected by anything that, but for this clause 4, might operate to release or exonerate AMEC plc in whole or in part from its obligations including any of the following, whether with or without the consent of AMEC plc:

- (a) the grant to AMEC, AMEC plc or any other person of any time, waiver or other indulgence, or the discharge or release of AMEC, AMEC plc or any other person from any liability or obligation;

- (b) GRD exercising or refraining from exercising its rights under any rights, powers or remedies against AMEC, AMEC plc or any other person; and
- (c) any legal limitation, disability, incapacity or other circumstances related to AMEC, AMEC plc or any other person.

4.3 Principal and independent obligation

This clause 4 is a principal obligation and is not to be treated as ancillary or collateral to any other right or obligation and extends to cover each of this Agreement and the Deed Poll as amended, varied, supplemented, renewed or replaced (whether with or without the consent of AMEC plc).

4.4 Continuing guarantee and indemnity

This clause 4 is a continuing obligation of AMEC plc and:

- (a) extends to cover the obligations of AMEC to pay the Scheme Consideration;
- (b) extends to cover the breach of any of the representations and warranties in clause 8.1 of this Agreement; and
- (c) continues despite implementation of the Scheme under this Agreement, and remains in full force and effect for so long as AMEC has any liability or obligation to a GRD Indemnified Party under this Agreement, the Deed of Novation or the Deed Poll as and until all of those liabilities or obligations have been fully discharged.

5. Incentive Rights

5.1 Options

The Parties agree to use all reasonable endeavours to procure that, prior to the Scheme Implementation Date, each Optionholder agrees to the cancellation of their Options on terms acceptable to AMEC.

5.2 Vesting of ESAP Shares

The Parties agree that immediately following the Effective Date GRD will notify the ESAP Trustee that the vesting conditions in respect of any unvested ESAP Shares have ceased to apply.

6. Implementation of Scheme

6.1 Best Endeavours

Each Party must use its best endeavours to give effect to the Scheme, subject to this Agreement and compliance with their respective obligations, powers and duties under this Agreement, their constituent documents and all applicable laws and the proper performance by the directors of GRD and AMEC of their fiduciary duties.

6.2 GRD's obligations

GRD must take and must procure its subsidiaries, officers and employees to take all necessary steps to implement the Scheme as soon as is reasonably practicable, including taking each of the following steps:

- (a) subject to subclause (d) below, promptly prepare and dispatch a Scheme Booklet in respect of the Scheme to the Shareholders which complies with the requirements of all applicable laws including:

- (i) the Corporations Act and the Corporations Regulations;
 - (ii) ASIC Regulatory Guides 60 and 142; and
 - (iii) the Listing Rules,
- and which will include:
- (iv) the Scheme of Arrangement; and
 - (v) notices of meeting and proxy forms;
- (b) promptly assist AMEC with its application for FIRB approval (including providing AMEC with all information reasonably requested in connection with the applications for FIRB approval);
 - (c) submit copies of the Scheme Booklet to AMEC and consult in accordance with clause 6.4 (including providing drafts (excluding internal working drafts) in a timely manner and taking into account comments provided by AMEC or its advisors) as to the content and presentation of the Scheme Booklet;
 - (d) ensure that the Scheme Booklet contains a disclaimer of responsibility statement that:
 - (i) AMEC, its controlled entities, officers, employees or advisors has not authorised any of the content of the Scheme Booklet other than the AMEC Information or caused the issue of the Scheme Booklet;
 - (ii) AMEC, its controlled entities, officers, employees or advisors has not made, nor purports to make, any statement in the Scheme Booklet nor any other statement on which a statement in the Scheme Booklet is based other than a statement included in the Scheme Booklet with the consent of the relevant person; and
 - (iii) to the maximum extent permitted by law, AMEC, its controlled entities, officers, employees or advisors expressly disclaims and takes no responsibility for any part of the Scheme Booklet, other than a reference to their name and the AMEC Information;
 - (e) if the Court refuses to make any orders directing GRD to convene the Scheme Meeting or approving the Scheme of Arrangement, GRD must elect to appeal the Court's decision;
 - (f) use reasonable endeavours to ensure that GRD complies with the Timetable and consults with AMEC in relation to any departures from the Timetable;
 - (g) as soon as practicable:
 - (i) after the Second Court Date, take all actions necessary to cause the appointment of that number of nominees of AMEC to the Board which gives those nominees acting together control of the Board; and
 - (ii) after the Scheme Consideration has been paid, ensure that all members on the Board other than the AMEC nominees resign and that each member on the Board executes a deed (in a form agreed between the Parties) releasing GRD from any claims that member may have against a member of the GRD Group or the Lancashire Group.

6.3 AMEC's obligations

AMEC must take all necessary steps to assist GRD to implement the Scheme of Arrangement as soon as is reasonably practicable, including taking each of the following steps:

- (a) apply for FIRB approval and all relevant Regulatory Approvals and take all steps it is responsible for in the approval process;
- (b) provide the AMEC Information to GRD;

- (c) procure that it is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel, AMEC will undertake (if requested by the Court) to do all such things and take all such steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this Agreement and the Scheme of Arrangement;
- (d) prior to the despatch of the Scheme Booklet, enter into the Deed Poll;
- (e) AMEC must accept the transfer of Shares as contemplated by clause 3.4; and
- (f) AMEC must pay the Scheme Consideration in the manner and amount contemplated by clause 3.4 on the Scheme Implementation Date.

6.4 Scheme Booklet

- (a) Each of AMEC and GRD will work (including by attending meetings and providing information) in good faith and in a timely and co-operative manner with each other to prepare the Scheme Booklet.
- (b) If AMEC and GRD disagree on the form or content of the Scheme Booklet, they must consult in good faith to try to settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:
 - (i) if the disagreement relates to the form or content of AMEC Information, GRD will make such amendments as AMEC reasonably requires; and
 - (ii) if the disagreement relates to the form or content of any other part of the Scheme Booklet, the Board will, acting in good faith, decide the final form or content of the disputed part of the Scheme Booklet, however if any information is included in the Scheme Booklet which AMEC disagrees with, the information must be accompanied by a statement that AMEC disagrees with and has not consented to the inclusion of that information.

6.5 Board Recommendation

- (a) GRD represents and warrants that on the Execution Date each member of the Board has informed GRD that he recommends that Shareholders vote in favour of the Scheme in the absence of the circumstances in clause 6.5(c)(i) or 6.5(c)(ii) at the Scheme Meeting (Board Recommendation).
- (b) GRD must use its best endeavours to ensure that the Scheme Booklet includes a statement to the effect that each member of the Board makes the Board Recommendation and that any member of the Board who holds Shares intends to vote his or her Shares in favour of the Scheme unless prior to the issue of the Scheme Booklet, the Board (or any member of the Board) has changed its recommendation in accordance with clause 6.5(c).
- (c) GRD must use its best endeavours to procure that each member of the Board does not change his recommendation and his intention to vote in favour unless:
 - (i) there is a Superior Proposal; or
 - (ii) the Independent Expert's Report concludes that the Scheme is not in the best interests of Shareholders,in which case the Board Recommendation regarding the Scheme by each member of the Board may be withdrawn.
- (d) Nothing in this clause 6.5 will make GRD liable if it can not procure that each member of the Board makes the Board Recommendation, other than a breach of the warranty contained in clause 6.5(a).

7. Conduct during the Scheme Period

7.1 Conduct of business

During the Scheme Period each member of the GRD Group must conduct and must use reasonable endeavours to procure that the Lancashire Group conducts their respective businesses in the ordinary and proper course of business and make all reasonable endeavours to:

- (a) keep available the services of their officers and employees;
- (b) preserve their relationships with suppliers, licensors, licensees, joint venturers and others with whom they have business dealings;
- (c) preserve intact its current business organisation and maintain its business and assets, except with the prior consent of AMEC, which will not be unreasonably withheld; and
- (d) prohibit from doing any of the following (except as required by law or as otherwise agreed with AMEC):
 - (i) increase the remuneration of or pay any bonus or issue any securities or options to, or otherwise vary the employment agreements with, any member of the Board;
 - (ii) accelerate the rights of any member of the Board to benefits of any kind; or
 - (iii) paying any member of the Board's termination payment.

7.2 Third Party Consents

- (a) Where reasonably requested by AMEC, GRD must use reasonable endeavours to procure that each of the Third Party Consents is obtained before the Scheme Implementation Date.
- (b) The Parties acknowledge that failure to obtain any Third Party Consent will not in itself constitute a material breach of this agreement, if GRD has complied with its obligations under clause 7.3(a).

7.3 GRD's obligations

During the Scheme Period, GRD will:

- (a) provide AMEC with reasonable access to information, employees, offices and facilities to assist with the integration strategy and implementation of the Scheme; and
- (b) without limiting its obligations under clause 7.3(a), promptly provide to AMEC a copy of each "W2R Monthly Client Report" which details the progress of the Lancashire Project.

7.4 Transition Committee

As soon as practicable after the Execution Date, the Parties will establish a committee (**Transition Committee**) comprising up to three (3) appropriately qualified representatives from each of AMEC and GRD.

7.5 Role of the Transition Committee

The Transition Committee's role will be to meet during the Scheme Period on at least a fortnightly basis (but more frequently if required) to facilitate the exchange of information between the parties as may be reasonably necessary for the purpose of assisting the Parties

with the establishment and implementation of the integration strategy which shall include a strategy for the retention of personnel and customers of the GRD Group.

7.6 Assistance with integration

During the Scheme Period, the Parties must work together in good faith and use reasonable endeavours to:

- (a) assist the Transition Committee to perform its role; and
- (b) establish and implement the integration strategy as referred to in clause 7.5.

8. Representations and Warranties

8.1 AMEC's representations

- (a) AMEC represents and warrants to GRD (on its own behalf and separately as trustee for each of the GRD Indemnified Parties) each of the matters in clause 8.1(b), as at the Execution Date and the Second Court Date.
- (b) AMEC represents and warrants that:
 - (i) it is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery of this Agreement by AMEC has been properly authorised by all necessary corporate action and AMEC has full corporate power and lawful authority to execute and deliver this Agreement and to perform or cause to be performed its obligations under this Agreement and, subject to clause 2.5, it complies with any conditions contained in the Regulatory Approvals;
 - (iii) (subject to laws generally affecting creditors' rights and the principles of equity) this Agreement constitutes legal, valid and binding obligations on it and this Agreement does not result in a breach of or default under its constitution, any agreement or deed or any writ, order or injunction, rule or regulation to which AMEC or any of its subsidiaries is a Party or to which they are bound;
 - (iv) no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or to its knowledge, threatened which, if adversely decided, could have a material adverse change (in the context of the Scheme) on it;
 - (v) it is not affected by an Insolvency Event;
 - (vi) it is not entering into this Agreement in a representative capacity;
 - (vii) AMEC has complied with all applicable laws to the extent that any instance of non-compliance individually or in aggregate, could not reasonably be expected to have a material adverse change;
 - (viii) AMEC has sufficient funds ready and available to satisfy its obligations under the Scheme and the Deed Poll and that such funds will be applied in satisfaction of those obligations on the Scheme Implementation Date; and
 - (ix) the AMEC Information is true and accurate in all material respects at the date at which it was provided to GRD and that it will comply with the disclosure standard required by sections 411 and 412 of the Corporations Act and applicable ASIC Regulatory Guides and will not be misleading or deceptive in any material respect, whether in content or by omission.



- (c) AMEC plc represents and warrants to GRD (in its own its own right and as trustee on behalf of the Scheme Participants and each of the GRD Indemnified Parties) each of the matters in clause 8.1(d) as at the date of this Agreement and the Second Court Date.
- (d) AMEC plc represents and warrants that:
 - (i) it is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery of this Agreement by AMEC plc has been properly authorised by all necessary corporate action and AMEC plc has full corporate power and lawful authority to execute and deliver this Agreement and to perform or cause to be performed its obligations under this Agreement;
 - (iii) (subject to laws generally affecting creditors' rights and the principles of equity) this Agreement constitutes legal, valid and binding obligations on it and this Agreement does not result in a breach of or default under its constitution, any agreement or deed or any writ, order or injunction, rule or regulation to which AMEC plc or any of its subsidiaries is a party or to which they are bound; and
 - (iv) it has sufficient funds ready and available to satisfy AMEC's obligations under this Agreement and the Deed Poll.

8.2 AMEC's indemnity

AMEC agrees with GRD (on GRD's own behalf and separately as trustee or nominee for each of the other GRD Indemnified Parties) to indemnify and keep indemnified the GRD Indemnified Parties from and against all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings of whatever nature and however arising which any of the GRD Indemnified Parties may suffer or incur by reason of any breach of any of the representations and warranties in clause 8.1(b).

8.3 GRD's representations

- (a) GRD represents and warrants to AMEC (on its own behalf and separately as trustee for each of the AMEC Indemnified Parties) each of the matters in clause 8.3(b) as at the Execution Date and the Second Court Date.
- (b) GRD represents and warrants that:
 - (i) it is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery of this Agreement by GRD has been properly authorised by all necessary corporate action and GRD has full corporate power and lawful authority to execute and deliver this Agreement and to perform or cause to be performed its obligations under this Agreement and it complies with any conditions contained in any Regulatory Approval it is subject to;
 - (iii) (subject to laws generally affecting creditors' rights and the principles of equity) this Agreement constitutes legal, valid and binding obligations on it and this Agreement does not result in a breach of or default under its constitution, any agreement or deed or any writ, order or injunction, rule or regulation to which a member of the GRD Group or Lancashire Group is a party or to which they are bound;
 - (iv) other than as fairly disclosed in the Disclosure Material, no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or to its knowledge, threatened;
 - (v) it is not affected by an Insolvency Event;

- (vi) it is not entering into this Agreement in a representative capacity;
- (vii) other than as fairly disclosed in the Disclosure Material, GRD has complied in all material respects with all applicable laws;
- (viii) GRD has complied in all material respects with the continuous disclosure obligations under the Listing Rules and is not withholding any information under the carve out in Listing Rule 3.1A (except in respect of the Scheme);
- (ix) all material correspondence between GRD and any Governmental Agency received following execution of this Agreement until the Effective Date will be promptly disclosed in writing to AMEC;
- (x) other than as fairly disclosed in the Disclosure Material, GRD is not in material default under any document or agreement binding on it or its assets and nothing has occurred which is or would, with the giving of notice or lapse of time or both, constitute an event of default, prepayment event or similar event under any such document or agreement, which individually or in aggregate could reasonably be expected to have a material adverse change;
- (xi) the Scheme Booklet as at the date it is despatched to Shareholders, will comply with the disclosure standard required by sections 411 and 412 of the Corporations Act and applicable ASIC Regulatory Guides and will not be misleading or deceptive in any material respect, whether in content or by omission;
- (xii) the Due Diligence Information is, to GRD's knowledge, true and accurate in all material respects as at the date at which it was provided to AMEC and GRD has not:
 - (A) omitted to disclose material information to AMEC, the disclosure of which might reasonably be expected to have resulted in AMEC not entering into this Agreement or entering into it on materially different terms;
 - (B) omitted anything material from the Due Diligence Information such as to make any part of that information materially false or misleading;
 - (C) included anything materially false or misleading in the Due Diligence Information; or
 - (D) denied access to requested material information with the intention of misleading AMEC;
- (xiii) to GRD's knowledge, the delegated authority policies and procedures have been complied with in all material respects and there is no breach which would adversely affect the GRD Group taken as a whole;
- (xiv) it will, as a continuing obligation, provide to AMEC all such further or new information which may arise after the Scheme Booklet has been despatched until the date of the Scheme Meeting or Scheme Meetings which is necessary to ensure that the Scheme Booklet is not misleading or deceptive in any material respect (whether by omission or otherwise);
- (xv) as at the Execution Date, no agreement, arrangement or understanding exists in relation to any expression of interest, offer or proposal for a Competing Proposal; and
- (xvi) its issued securities on the Execution Date are in Schedule 2.

- (c) Notwithstanding clause 8.3(b), GRD does not make any representation or warranty in relation to the achievability of:
 - (i) any economic, fiscal or other interpretations or evaluations by GRD; or
 - (ii) future matters, including future or forecast costs, prices, revenues or profits.

8.4 GRD's knowledge

Where a representation or warranty is given 'to GRD's knowledge' or with a similar qualification as to GRD's awareness or knowledge, GRD will be deemed to know or be aware of a particular fact, matter or circumstance if such fact, matter or circumstance:

- (a) is ascertainable in accordance with the normal course of GRD's corporate reporting regime or in compliance with its continuous disclosure policy; or
- (b) is within the actual knowledge of:
 - (i) the Board; or
 - (ii) the GRD Group chief executive; or
 - (iii) any person who reports directly to the GRD Group chief executive; or
 - (iv) any person who reports directly to a person specified in (iii); or
 - (v) to the extent not covered in (i) to (iv) above, any person who has the senior management role in a jurisdiction in which the GRD Group has activities; or
- (c) which each person specified in:
 - (i) paragraph (ii) to (iii) above, should have reasonably known if such person had made reasonable enquiries in relation to compliance with GRD's corporate reporting regime and its continuous disclosure policy; or
 - (ii) paragraph (iv) and (v) above, should have reasonably known if such person had complied with GRD's corporate reporting regime.

8.5 GRD's indemnity

GRD agrees with AMEC (on AMEC's own behalf and separately as trustee for each of the other AMEC Indemnified Parties) to indemnify and keep indemnified the AMEC Indemnified Parties from and against all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings of whatever nature and however arising which any of the AMEC Indemnified Parties may suffer or incur by reason of any breach of any of the representations and warranties in clause 8.3(b).

8.6 Survival of Representations

Each representation and warranty in clauses 8.1 and 8.3:

- (a) is severable;
- (b) will survive the termination of this Agreement; and
- (c) is given with the intent that liability thereunder will not be confined to breaches which are discovered prior to the date of termination of this Agreement.

8.7 Survival of indemnities

Each indemnity in this Agreement (including those in clauses 8.2 and 8.5) will:

- (a) be severable;
- (b) be a continuing obligation;

- (c) constitute a separate and independent obligation of the Party giving the indemnity from any other obligations of that Party under this Agreement; and
- (d) survive the termination of this Agreement.

8.8 Liability of Directors and Officers

- (a) Each Party agrees that it will release its rights against, and will not make any claim against, any past or present director or officer of the other in relation to information provided to it or in relation to its entry into this Agreement to the extent that the past or present director or employee has acted in good faith.
- (b) Subject to the Scheme being Effective, AMEC agrees that it will procure that GRD Group will comply with the deeds of indemnity between each of the directors and company secretary of the GRD Group at the Execution Date and members of the GRD Group in place on or before the Effective Date, provided that in relation to those deeds of indemnity executed after the Execution Date they are in identical form (other than changes for details of the director or company secretary) as those executed before the Execution Date.
- (c) Each Party holds the releases in clause 8.8(a) in respect of its directors and officers as trustee for its past and present directors and officers.
- (d) The undertakings contained in this clause 8.8 are subject to any Corporations Act restriction and will be read down accordingly. GRD receives and holds the benefit of this clause 8.8, to the extent it relates to the directors and officers of a member of the GRD Group or Lancashire Group, as trustee for them.

9. Public Announcements and Confidentiality

9.1 Announcement of Scheme

Immediately after the execution of this Agreement, GRD must make an announcement, in a form agreed between AMEC and GRD advising:

- (a) the Board Recommendation by each member of the Board; and
- (b) that any member of the Board who holds Shares (whether directly or indirectly) intends to vote those Shares in favour of the Scheme,

subject to:

- (c) the Independent Expert's Report concluding and continuing to conclude that the Scheme is in the best interests of Shareholders; and
- (d) there being no Superior Proposal.

9.2 Public Announcement and Submissions for Regulatory Approvals

Other than as provided in clause 9.1, no:

- (a) public announcement in connection with the Scheme will be made other than in a form approved by all Parties, which approval must not be unreasonably withheld and must be provided in a timely manner; and
- (b) submission for any Regulatory Approval under this Agreement will be made by a Party,

without reasonable consultation with the other Party, and each Party will use all reasonable endeavours to provide such approval and constructively participate in such consultation as soon as practicable.

9.3 Required disclosure

If a Party is required by law, the Listing Rules or the UK Listing Rules to make any announcement or other public statement or communication of any kind relating to the Scheme, it must (to the extent practicable without that Party breaking any applicable law) before doing so:

- (a) notify the other Party;
- (b) give the other Party reasonable opportunity to comment on the content of such announcement or other public statement or communication of any kind; and
- (c) must consult with the other party to the fullest extent possible regarding the form and content of the announcement or the disclosure including providing drafts and taking into account comments provided by the other Party or its advisors.

9.4 Confidential Information

Subject to clause 9.6, the Parties will keep entirely confidential, and will ensure that their employees, officers, advisers and related bodies corporate keep confidential, all information concerning the Scheme, the subject matter of this Agreement, the negotiations leading to this Agreement, or affairs of the other Party (**Confidential Information**), whether revealed as part of a due diligence investigation or otherwise, and will use the Confidential Information solely for the purpose of implementing the Scheme on the terms and conditions of this Agreement.

9.5 Reasonable steps

The Parties agree that they will take reasonable steps to protect the Confidential Information and to keep it secure from unauthorised persons.

9.6 Exclusions

Clause 9.4 will not prevent disclosure or announcement (as the case may be):

- (a) subject to clause 9.3, to the extent required by law (including the Listing Rules and the UK Listing Rules);
- (b) to the extent required for a Party to fulfil its obligations under this Agreement;
- (c) to the relevant Parties' financial, legal or accounting advisers;
- (d) to the extent permitted under clause 4.3(d) of the Confidentiality Deed; or
- (e) with the written consent of the other Party.

9.7 Confidentiality Deed

If there is any inconsistency or conflict between the provisions of this Agreement and Confidentiality Deed, the provisions of this Agreement shall prevail to the extent of the inconsistency or conflict.

10. Non-Solicitation

10.1 Non-Solicitation and Exception

- (a) Subject to clause 10.1(b), during the Non-Solicitation Period GRD must ensure that it:
 - (i) does not, except with the consent of AMEC, directly or indirectly solicit, encourage, initiate, invite or facilitate any negotiations or discussions or communicate any intention to do any of these things with any person other than AMEC with respect to a Competing Proposal; and

- (ii) does not provide non-public information or permit any person to undertake due diligence investigations to facilitate consideration by any person, other than AMEC, to submit a Competing Proposal.
- (b) Clause 10.1(a) does not apply to the extent that it:
- (i) restricts GRD or the Board from taking or refusing to take any action with respect to a Competing Proposal (which was not solicited, encouraged, initiated, invited or facilitated by GRD in contravention of clause 10.1) provided that the Board has determined, in good faith and based on the written opinion of senior counsel that failing to respond to such a bona fide Competing Proposal would be reasonably likely to constitute a breach of the Board's fiduciary or statutory obligations;
 - (ii) would otherwise be unlawful or a breach of the Listing Rules; or
 - (iii) prevent GRD from continuing to make normal presentations to brokers, portfolio investors and analysts in the ordinary course of business, provided that GRD must reasonably consult with AMEC, and AMEC must use all reasonable endeavours to constructively participate in such consultation as soon as practicable.

10.2 Right to Match

- (a) If at any time during the Non-Solicitation Period GRD receives a Superior Proposal, then:
- (i) GRD must notify AMEC in writing of the Competing Proposal and its material details (**Competing Proposal Notice**);
 - (ii) if GRD gives a Competing Proposal Notice, GRD will not, until 9.00am on the fourth (4th) Business Day following the notice:
 - (A) enter into any legally binding agreement with respect to the Competing Proposal; or
 - (B) subject to law, announce or publicly recommend the Competing Proposal;
 - (iii) if GRD gives a Competing Proposal Notice, AMEC agrees that the notice will be treated confidential;
 - (iv) if GRD gives a Competing Proposal Notice, AMEC will have the right at any time until 9.00am on the fourth (4th) Business Day following receipt of such notice to match the Competing Proposal (**Counterproposal**) by giving written notice to GRD; and
 - (v) if the Board determines that the Counterproposal is at least equal to the Competing Proposal, then the Parties must immediately enter into an agreement amending this Agreement in relation to the Scheme to reflect the Counterproposal.
- (b) For the purposes of this clause 10.2, each material successive modification of any third party proposal in relation to a Competing Proposal will be deemed to constitute a new proposal and the provisions of this clause 10.2 will apply to each such new proposal.

10.3 Notification of approaches

During the Non-Solicitation Period, GRD must notify AMEC promptly if it becomes aware of any:

- (a) negotiations or discussions;
- (b) approach or attempt to initiate any negotiations or discussions; or



- (c) intention to make such an approach or attempt to initiate any negotiations or discussions,
- in respect of any expression of interest, offer or proposal of a kind referred to in clause 10.1.

11. Termination

11.1 Termination by AMEC

AMEC may terminate this Agreement by giving written notice to GRD at any time prior to 5.00pm on the day before the Second Court Date if:

- (a) any member of the Board withdraws his Board Recommendation at any time prior to 5.00pm on the day before the Second Court Date; or
- (b) the Shareholder Approval is not obtained.

11.2 Termination by GRD

GRD may terminate this Agreement by giving written notice to AMEC at any time prior to 5.00pm on the day before the Second Court Date if:

- (a) any member of the Board withdraws his Board Recommendation in accordance with clause 6.5 at any time prior to 5.00pm on the day before the Second Court Date; or
- (b) the Shareholder Approval is not obtained.

11.3 Termination by AMEC or GRD

Either AMEC or GRD may terminate this Agreement by giving written notice to the other Party at any time prior to 5.00pm on the day before the Second Court Date if:

- (a) subject to 11.3(b), the other Party is in material breach of any clause (other than clause 5.1) in this Agreement, including a representation or warranty, of this Agreement provided that:
- (i) it has given written notice to the other Party setting out the relevant circumstance of the material breach and stating its intention to terminate; and
- (ii) if the relevant circumstance continues to exist for five (5) Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) after the notice is given,
- the Party giving the notice may terminate this Agreement; or
- (b) the other Party is in material breach of clauses 6.2(f) and 7 in this Agreement provided that:
- (i) it has given written notice to the other Party setting out the relevant circumstance of the material breach, details of the steps the other Party must take to remedy the material breach and stating its intention to terminate; and
- (ii) if the relevant circumstance continues to exist for ten (10) Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) after the notice is given,
- the Party giving the notice may terminate this Agreement.
- (c) a Court or other Governmental Agency has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Scheme; or

- (d) if the Effective Date does not occur by the End Date.

11.4 Effect of termination

In the event of termination of this Agreement pursuant to this clause 11 or clauses 2.4(b), other than in respect of a termination that results from a breach by either Party of its obligations under this Agreement, this Agreement will become void and have no effect, other than in respect of any liability for an antecedent breach of this Agreement and provided that clauses 7, 9, 10, this clause 11, 12, 14 and 16 survive termination.

12. Costs

12.1 Costs

Subject to clause 12.4, GRD undertakes to AMEC that it will pay the Break Fee without any set off as compensation for costs and expenses incurred by AMEC in relation to the Scheme and performing its obligations under this Agreement if:

- (a) any member of the Board withdraws his recommendation for the Scheme; or
- (b) a Competing Proposal is announced and as a result of that Competing Proposal:
- (i) a person other than AMEC acquires more than 25% of the Shares in GRD; or
 - (ii) the Competing Proposal is otherwise consummated;
- unless the Competing Proposal is not directly or indirectly facilitated by GRD or any member of the Board.

12.2 Agreement on Break Fee

The Parties acknowledge that:

- (a) the amount of AMEC's costs is inherently unascertainable and that, even after termination of this Agreement, its costs will not be able to be accurately ascertained; and
- (b) as a genuine and reasonable pre-estimate of the costs that AMEC will suffer in the event of the Scheme not proceeding, the Parties agree that Break Fee will be \$1,000,000 (**Break Fee**),

it being acknowledged by the Parties that AMEC's costs may be in excess of this amount.

12.3 Payment of Break Fee

GRD must pay to AMEC the Break Fee if an event referred to in clause 12.1(a) or 12.1(b) occurs within five (5) Business Days of receiving a written demand from AMEC for payment of the Break Fee, unless the Scheme becomes Effective.

12.4 Compliance with law

- (a) The payment of the Break Fee under this clause 12 is not required, or is refundable, to the extent that:
- (i) it is finally determined by a Court to involve a breach of fiduciary or other legal duties or to be unlawful or unenforceable on any other basis; or
 - (ii) the Takeovers Panel makes an order against such payment.
- (b) To the extent reasonably practicable, if clause 12.2 is challenged, each Party must submit in any relevant proceedings that no such determination should be made or if any such determination is made, it should only apply to the extent that the payment is made or to be made in excess of the amount of the actual costs

incurred, directly or indirectly, by a Party and its related entities as a result of the Scheme not being executed or completed.

- (c) Each Party undertakes not to make, nor cause or permit to be made, any application to a court or the Takeovers Panel for or in relation to a determination referred to in clause 12.4(a).

13. Directors' duties

Nothing in this Agreement imposes an obligation on the members of the Board to the extent that compliance with this Agreement would involve a breach of fiduciary duties by the members of the Board or not be in the best interests of Shareholders or be otherwise unlawful.

14. Notices

14.1 Notices of failure to satisfy condition precedent

- (a) Each Party must promptly give the other oral and written notice of a failure to satisfy a Condition or of any event that may prevent a Condition being satisfied.
- (b) AMEC or GRD (as the case may be) will give written notice to the other Party as soon as possible (and in any event no later than (five) 5 Business Days or such shorter time to ensure that notice is given before 5.00pm on the day before the Second Court Date) as to whether or not it waives the breach or non-satisfaction of any Condition resulting from the occurrence of that event, specifying the condition in question.
- (c) A waiver of such breach or non-satisfaction in respect of any one Condition of this Agreement will not constitute:
 - (i) a waiver of breach or non-satisfaction of any other Condition resulting from the same event; or
 - (ii) a waiver of breach or non-satisfaction of that Condition resulting from any other event.

14.2 Notices of other matters

GRD and AMEC will promptly advise each other orally and in writing of any change or event causing, or which, so far as can be reasonably foreseen, would cause:

- (a) a representation or warranty provided in this Agreement by either Party becoming false; or
- (b) a breach of this Agreement by it.

15. Conduct of court proceedings

- (a) GRD and AMEC are entitled to separate representation at all Court proceedings affecting the Scheme.
- (b) This Agreement does not give GRD or AMEC any right or power to give undertakings to the Court for or on behalf of the other Party without that Party's consent.
- (c) GRD and AMEC must give all undertakings to the Court in all Court proceedings which are reasonably required to obtain Court approval and confirmation of the Scheme as contemplated by this Agreement.

16. General

16.1 Further Acts

- (a) Subject to clause 16.1(b), each Party must do anything within its power (including execute any document and sign, pass, or vote in favour, of all resolutions (including conditional resolutions) necessary), and must use its best endeavours to procure that each of its employees and agents and each director it nominated to the board of a company (subject to the fiduciary obligations owed by that director to the relevant company) does anything (including execute any document and sign, pass or vote in favour of all resolutions (including conditional resolutions) necessary) that any other Party may reasonably require to give full effect to this Agreement.
- (b) The requirement in clause 16.1(a) to use best endeavours does not require a Party to pay any money, other than nominal amounts.

16.2 Notices

Any communication under or in connection with this Agreement:

- (a) must be in writing;
- (b) must be addressed as shown below:

Name: AMEC Australia Pty Ltd
Address: Level 1, 30 The Esplanade
Perth, WA 6000
Fax no: + 61 8 9486 9722
For the attention of: Company Secretary

Name: GRD Limited
Address: Level 14, 140 St Georges Terrace
Perth, WA 6000
Fax no: +61 8 9278 1880
For the attention of: Company Secretary

Name: AMEC plc
Address: 76-78 Old Street,
London, EC1V 9RU
United Kingdom
Fax no: +44 207 539 1657
For the attention of: General Counsel

- (or as otherwise notified by that Party to the other Party from time to time);
- (c) must be signed by the Party making the communication or by a person duly authorised by that Party;

- (d) must be delivered or posted by prepaid post to the address, or sent by fax to the number, of the addressee (provided that a copy of the fax is delivered or posted by prepaid post to the address), in accordance with clause 16.2(b); and
- (e) will be deemed to be received by the addressee:
 - (i) (in the case of prepaid post) on the third Business Day after the date of posting to an address within Australia, and on the fifth Business Day after the date of posting to an address outside Australia;
 - (ii) (in the case of fax) on the third Business Day after the date of posting the copy to an address within Australia, and on the fifth Business Day after the date of posting the copy to an address outside Australia; and
 - (iii) (in the case of delivery by hand) on delivery at the address of the addressee as provided in clause 16.2(b), unless that delivery is not made on a Business Day, or after 5.00pm on a Business Day, when that communication will be deemed to be received at 9.00am on the next Business Day.

16.3 Stamp Duties

The Parties must equally pay all stamp duties (if any) and any fines and penalties with respect to stamp duty in respect of this Agreement or the Scheme of Arrangement or the steps to be taken under this Agreement or the Scheme of Arrangement.

16.4 Expenses

Except as otherwise provided in this Agreement, each Party will pay its own costs and expenses in connection with the negotiation, preparation, execution and performance of this Agreement and the Scheme Booklet and the proposed, attempted or actual implementation of this Agreement.

16.5 Amendments

This Agreement may only be varied by a document signed by or on behalf of each of the parties.

16.6 Assignment

A Party cannot assign, novate or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other Party.

16.7 Business Day

Except where otherwise expressly provided, where under this Agreement the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing will be done on the next Business Day.

16.8 Waiver

- (a) Failure to exercise or enforce or a delay in exercising or enforcing of the partial exercise or enforcement of any right, power or remedy provided by law or under this Agreement by any Party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this Agreement.
- (b) Any waiver or consent given by any Party under this Agreement will only be effective and binding on that Party if it is given or confirmed in writing by that Party.
- (c) No waiver of a breach of any term of this Agreement will operate as a waiver of another breach of that term or of a breach of any other term of this Agreement.

16.9 Counterparts

This Agreement may be executed in any number of counterparts and by the Parties on separate counterparts. Each counterpart constitutes the Agreement of each Party who has executed and delivered that counterpart.

16.10 Attorneys

Each person who executes this Agreement on behalf of a Party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

16.11 Entire Agreement

To the extent permitted by law, in relation to the subject matter of this Agreement, this Agreement and the Confidentiality Deed:

- (a) embody the entire understanding of the Parties and constitute the entire terms agreed upon between the Parties; and
- (b) supersede any prior agreement (whether or not in writing) between the Parties.

16.12 No Representation of Reliance

- (a) Each Party acknowledges that no Party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this Agreement, except for representations or inducements expressly in this Agreement.
- (b) Each Party acknowledges and confirms that it does not enter into this Agreement in reliance on any representation or other inducement by or on behalf of any other Party, except for any representation or inducement expressly in this Agreement.
- (c) Each Party acknowledges and confirms that clauses 16.12(a) and 16.12(b) above do not prejudice any rights a Party may have in relation to information which had been filed by the other Party with the ASIC or the ASX.

16.13 No partnership or agency

Nothing in this Agreement is to be treated as creating a partnership and, except as specifically provided in this Agreement, no Party may act as agent of or in any way bind another Party to any obligation.

16.14 No Scheme

The rights and obligations of the Parties will not merge on completion of any transaction under this Agreement. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction.

Schedule 1 - Conditions

No	Conditions	Condition Date	Party Benefitting
1.	FIRB approval obtained evidenced by the Treasurer of the Commonwealth of Australia either: (a) issuing a notice under FATA stating that the Commonwealth Government does not object to AMEC acquiring all of the Shares under the Scheme; or (b) becoming, or is, precluded from making an order under FATA in respect of AMEC acquiring all of the Shares under the Scheme.	Before 5.00 pm on the day before the Second Court Date	GRD, AMEC
2.	(a) ASIC and ASX issuing or providing such consents or approvals or doing other acts which GRD and AMEC agree are necessary or desirable to implement the Scheme; (b) all other approvals of a Governmental Agency which GRD and AMEC agree are necessary to implement the Scheme are obtained.	Before 5.00 pm on the day before the Second Court Date	GRD, AMEC
3.	No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the Scheme will be in effect.	5.00 pm on the day before the Second Court Date	AMEC, GRD
4.	No Prescribed Occurrence occurs.	5.00 pm on the day before the Second Court Date	AMEC
5.	Shareholder Approval.	5.00 pm on the day before the Second Court Date	AMEC, GRD
6.	The Court orders the convening of the Scheme Meeting or Scheme Meetings under section 411(1); the Court makes orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme; an office copy of the Court order approving the Scheme is lodged with ASIC under section 411(4)(b).	End Date	AMEC, GRD
7.	No Material Adverse Change having occurred.	5.00 pm on the day before the Second Court Date	AMEC
8.	The representations and warranties of GRD in this Agreement being true and correct in all material respects.	5.00 pm on the day before the Second Court Date	AMEC
9.	The representations and warranties of AMEC in this Agreement being true and correct in all material respects.	5.00 pm on the day before the Second Court Date	GRD



Schedule 2 - Capital Structure

Shares

192,384,982 Shares.

Options

12,000,000 Options as follows:

- (a) 125,000 Options each to subscribe for 1 Share exercisable at \$0.75, vested on 1 January 2002 and expiring on no expiry date;
- (b) 125,000 Options each to subscribe for 1 Share exercisable at \$0.75, vested on 1 January 2004 and expiring on no expiry date;
- (c) 2,000,000 Options each to subscribe for 1 Share exercisable at \$1.40, vested on 1 June 2004 and no expiry date;
- (d) 1,000,000 Options each to subscribe for 1 Share exercisable at \$1.90, vested on 1 June 2004 and no expiry date;
- (e) 1,000,000 Options each to subscribe for 1 Share exercisable at \$2.40, vested on 1 June 2004 and no expiry date;
- (f) 750,000 Options each to subscribe for 1 Share exercisable at \$2.90, vested on 30 September 2006 and expiring on 30 September 2015;
- (g) 150,000 Options each to subscribe for 1 Share exercisable at \$1.95, vested on 1 January 2007 and expiring on no expiry date;
- (h) 1,000,000 Options each to subscribe for 1 Share exercisable at \$2.40, vested on 31 March 2007 and expiring on 1 June 2016;
- (i) 1,000,000 Options each to subscribe for 1 Share exercisable at \$2.40, vested on 31 March 2008 and expiring on 1 June 2016;
- (j) 1,000,000 Options each to subscribe for 1 Share exercisable at \$2.90, vested on 2 March 2007 and expiring on 1 June 2016;
- (k) 1,300,000 Options each to subscribe for 1 Share exercisable at \$2.29, vesting on 1 January 2010 and expiring on 1 June 2012;
- (l) 400,000 Options each to subscribe for 1 Share exercisable at \$2.37, vesting on 1 May 2010 and expiring on 1 October 2012; and
- (m) 2,150,000 Options each to subscribe for 1 Share exercisable at \$1.50 vested on 1 June 2009 and expiring on 1 June 2013.

Schedule 3 - AMEC Deed Poll

[See Annexure 4 of this Scheme Booklet]



Schedule 4 - Timetable

This timetable assumes that there will be no delays caused by obtaining the Regulatory Approvals, Court availabilities and Court hearings and no supplementary material is required to be sent to Shareholders. Any such delay will result in the timetable being amended to incorporate such delays, following consultation between the Parties under clause 6.2(f).

If the Independent Expert is not in a position to finalise its report due to a delay in the finalisation of GRD's half yearly accounts, the Timetable will be delayed and GRD will not have to submit the Scheme Booklet until the Independent Expert's report is finalised.

Date	Action
17 August 2009	Submitting the Scheme Booklet to ASIC and apply to Court for a first hearing date and give ASIC notice of first Court hearing date.
3 September 2009	First Court hearing. Court convenes Scheme Meetings and approves the Scheme Booklet for despatch, and Scheme Booklet given to ASIC for registration.
10 September 2009	Dispatch Scheme Booklet.
12 October 2009	Scheme Meeting to consider and approve the Scheme.
26 October 2009	Second Court Date. Court approves Scheme and ASX announcement is made.
27 October 2009	Court orders lodged with ASIC and copy given to ASX. Scheme becomes Effective.
3 November 2009	Record Date
10 November 2009	Scheme Consideration provided to Shareholders.

Schedule 5 - Scheme of Arrangement

[See Annexure 5 of this Scheme Booklet]

Schedule 6 - Deed of Novation

[See Annexure 3 of this Scheme Booklet]



ANNEXURE 3 - DEED OF NOVATION

Date ►

Between the parties

AMEC	AMEC Australia Pty Ltd ACN 000 436 680 of Level 1, 30 The Esplanade Perth, Western Australia (AMEC)
AMEC Australia Finance	AMEC Australia Finance Company Pty Ltd ACN 138 831 464 of Level 1, 30 The Esplanade Perth, Western Australia (AMEC Australia Finance)
GRD	GRD Limited ACN 009 201 754 of Level 14, 140 St Georges Terrace, Perth, Western Australia (GRD)
AMEC plc	AMEC plc a company registered in England registration no. 1675285 of Booths Park, Chelford Road, Knutsford, WA16 8QZ, United Kingdom (AMEC plc)
Background	<ol style="list-style-type: none">1. AMEC, GRD and AMEC plc are parties to a scheme implementation agreement dated 18 July 2009 (SIA).2. By this deed the parties wish to novate the SIA on the terms of this deed.
This deed witnesses	that in consideration of, among other things, the mutual promises contained in this deed, the parties agree as set out in the Operative part of this deed.

1. Definitions and Interpretation

- (a) In this deed "**Effective Date**" means the date of the SIA.
- (b) The interpretation provisions of clause 1.2 of the SIA will apply to this deed.

2. Novation

- (a) As from the Effective Date, the SIA is novated to Newco to the intent that:
 - (i) AMEC Australia Finance replaces AMEC under the SIA; and
 - (ii) a reference in the SIA to AMEC (including in clause 4 of the SIA) must be read as a reference to AMEC Australia Finance.
- (b) As from the Effective Date, AMEC Australia Finance obtains the rights of AMEC, and assumes the obligations of AMEC (including in relation to the representations and warranties in clause 8.1 of the SIA), under the SIA.
- (c) GRD acknowledges that as from the Effective Date, AMEC Australia Finance has replaced AMEC under the SIA in accordance with this deed and must comply with the SIA on that basis.

- (d) GRD must comply with and shall be liable to AMEC Australia Finance in respect of the SIA on the basis that AMEC Australia Finance has replaced AMEC as a party to the SIA as from the Effective Date in accordance with this deed.
- (e) GRD is not obliged to perform any obligation which it has already discharged in accordance with the SIA and AMEC Australia Finance is not obliged to perform any obligation which has already been discharged by AMEC in accordance with the SIA.
- (f) AMEC must not make claims, actions or proceedings that could result in GRD's liability being greater than it would have been if AMEC had not exercised its nomination rights under clause 3.5 of the SIA.

3. Release by GRD

- (a) GRD releases and discharges AMEC from all obligations under the SIA which fall due for performance on or after the Effective Date.
- (b) GRD gives this release regardless of:
 - (i) when the obligation, liability action, claim or demand arises; and
 - (ii) whether or not it is now or in the future aware of the facts and circumstances relevant to any obligation, liability, action, claim or demand.
- (c) For the avoidance of doubt, AMEC is not liable to GRD in respect of any claim, action, damage, loss, liability, cost, charge, expense, outgoing or payment which GRD pays, suffers, incurs or is liable for under or in respect of the SIA whenever occurring.

4. Release by AMEC

- (a) AMEC releases and discharges GRD from all obligations under the SIA which fall due for performance on or after the Effective Date.
- (b) AMEC gives this release regardless of:
 - (i) when the obligation, liability action, claim or demand arises; and
 - (ii) whether or not it is now or in the future aware of the facts and circumstances relevant to any obligation, liability, action, claim or demand.
- (c) For the avoidance of doubt, GRD is not liable to AMEC in respect of any claim, action, damage, loss, liability, cost, charge, expense, outgoing or payment which AMEC pays, suffers, incurs or is liable for under or in respect of the SIA whenever occurring.

5. General

5.1 Governing law and jurisdiction

This deed is governed by the law in force in Western Australia and each party irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia.



5.2 Counterparts

This deed may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes the deed of each party who has executed and delivered that counterpart.

Executed as a deed

Signed sealed and delivered by
AMEC Australia Pty Ltd
by

sign here ► _____
Director/Company Secretary

print name _____

sign here ► _____
Director

print name _____

Signed sealed and delivered
AMEC Australia Finance Company Pty Ltd
by

sign here ► _____
Director/Company Secretary

print name _____

sign here ► _____
Director

print name _____

Signed sealed and delivered by
GRD Limited
by

sign here ► _____
Director/Company Secretary

print name _____

sign here ► _____

Director

print name _____

Signed sealed and delivered by
AMEC plc
by its attorney

sign here ► _____

Attorney

print name _____

sign here ► _____

Witness

print name _____



ANNEXURE 4 - DEED POLL

This Deed is made this day of 2009

Parties **AMEC Australia Pty Ltd ACN 000 436 680** of Level 1, 30 The Esplanade, Perth, Western Australia (**AMEC**)

and

Each Scheme Participant (as defined in the Scheme Implementation Date)
(**Scheme Participant**)

Recitals

- (a) AMEC and GRD Limited ACN 009 201 754 (GRD) entered into a Scheme Implementation Agreement on [insert date] 2009 (Scheme Implementation Agreement) whereby AMEC agreed to do all things as may be necessary or expedient on its part to implement the Scheme and, in particular, subject to satisfaction of certain conditions, to issue the Scheme Consideration to the Scheme Participants.
- (b) AMEC is entering into this Deed Poll for the purpose of covenanting in favour of Scheme Participants that it will perform its obligations under the Scheme Implementation Date in so far as they relate to the Scheme Participants.

This Deed provides

1. Definitions and Interpretations

1.1 Definitions

ASX means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

Business Day means a weekday on which trading banks are open for business in Perth.

Corporations Act means the Corporations Act 2001 (Commonwealth).

Court means Supreme Court of Western Australia.

Directors mean the directors of AMEC.

Effective Date means the date on which the Scheme becomes Effective.

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411 (4)(b) in relation to the Scheme.

GRD has the meaning given in Recital A.

Record Date means 5.00pm on the day which is five (5) Business Days following the Effective Date or any other date agreed by the Parties with ASX to be the record date to determine entitlements to receive Scheme Consideration.

Register means the register of Shareholders of GRD maintained in accordance with the Corporations Act.

Scheme or **Scheme of Arrangement** means the scheme of arrangement under Part 5.1 of the Corporations Act between GRD and the Shareholders in accordance with the terms of this Agreement.

Scheme Consideration means \$A0.55 for every one (1) Share.

Scheme Implementation Agreement has the meaning given in Recital A.

Scheme Implementation Date means five (5) Business Days after the Record Date.

Scheme Participants means Shareholders as at the Record Date.

Share means a fully paid ordinary share in GRD.

Shareholders mean the holders of Shares.

1.2 Interpretation

In this Deed Poll (including the Recitals), unless the context otherwise requires:

- (a) headings are for convenience and do not affect interpretation;
- (b) the singular includes the plural and vice versa;
- (c) each gender includes every other gender;
- (d) the word “person” includes a body corporate, a partnership, a joint venture, an unincorporated body or association, and any government agency;
- (e) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (f) references to any legislation or regulations include any statutory modification of or substitution for such legislation or regulations;
- (g) references to agreements or deeds are to agreements or deeds as amended from time to time;
- (h) a reference to a clause or party is a reference to a clause of, and a party to, this Deed Poll;
- (i) a reference to a holder includes a joint holder;
- (j) references to a currency are to Australian currency; and
- (k) a reference to time is a reference to the time in Perth, Western Australia.

1.3 Governing Law and Jurisdiction

- (a) This Deed Poll is governed by the laws of Western Australia.
- (b) AMEC irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and to the courts competent to hear appeals from those courts with respect to any proceedings which may be brought at any time relating in any way to this Deed Poll and waives any objection it may now or in the future have that any such proceedings are in an inconvenient forum.

1.4 Nature of Deed Poll

AMEC acknowledges that this Deed Poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not party to it.

2. Condition Precedent and Termination

2.1 Condition precedent

AMEC's obligations under clause 3 are subject to the Scheme becoming Effective and binding on Scheme Participants in accordance with section 411(10) of the Corporations Act.

2.2 Termination

The obligations of AMEC under this Deed Poll will automatically terminate (and the terms of this Deed Poll will be of no further force or effect) if the Scheme Implementation Agreement is terminated in accordance with its terms prior to the occurrence of the Effective Date for the Scheme or if the Scheme does not become Effective.

2.3 Consequences of termination

To the extent that this Deed Poll is terminated under clause 2.2 then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) AMEC is released from its obligations to further perform this Deed Poll except those obligations contained in clause 5 and any other obligations which by their nature survive termination; and
- (b) Scheme Participants retain the rights they have against AMEC in respect of any breach which occurred before this Deed Poll is so terminated.

3. Provision of Scheme Consideration

3.1 Provision of Scheme Consideration

Subject to clause 2, in consideration for the transfer of each Share to AMEC, AMEC will on the Scheme Implementation Date cause to be issued to each Scheme Participant the Scheme Consideration.

3.2 Joint holders

In the case of Shares held in joint names any cheque required to be paid to the holders will be payable to the joint holders and be forwarded to the holder whose name appears first in the Register at the Record Date.

4. Warranties

AMEC represents and warrants that:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise the entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll; and
- (d) this Deed Poll is valid and binding upon it.

5. Continuing Obligations

This Deed Poll is irrevocable and subject to clause 2, remains in full force and effect until AMEC has completely performed its obligations under this Deed Poll or all or part of the obligations under this Deed Poll have been terminated under clause 2.2.

6. Stamp Duty

AMEC must pay all stamp duty (if any) imposed on this Deed Poll and on any instrument or other document executed to give effect to this Deed Poll.

7. Notices

7.1 Notice details

A notice, consent, request or any other communication to AMEC under this Deed Poll must be in writing and must be left at the address of AMEC, or sent by pre-paid post (airmail if posted to or from a place outside Australia) to the address of AMEC or sent by facsimile to the facsimile number of AMEC specified below or any other address or facsimile number the addressee requests in writing (provided that a copy of the fax is delivered or posted by prepaid post to the address).

AMEC Australia Pty Ltd

Attention: Company Secretary
Address: Level 1, 30 The Esplanade
Perth, WA 6000
Fax no: + 61 8 9486 9722
Copy to: AMEC plc, 76-78 Old Street, London,
EC1V 9RU, United Kingdom
Fax no: +44 207 539 1657

7.2 Delivery

A notice, consent, request or any other communication under or in connection with this Deed Poll is taken to be received:

- (a) if by delivery, when it is delivered unless it is delivered on a day other than a Business Day or after 5.00pm on a Business Day in which case it is taken to be received at 9.00am on the next Business Day;
- (b) if sent by pre-paid post, three Business Days after posting (or seven Business Days, if posted to or from a place outside Australia); and
- (c) if a facsimile, on the third Business Day after the date of posting the copy to an address within Australia, and on the fifth Business Day after the date of posting the copy to an address outside Australia.

8. General

8.1 Cumulative rights

The rights, powers and remedies of AMEC and Scheme Participants under this Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Deed Poll.

8.2 Waiver and variation

- (a) A provision or a right under this Deed Poll may not be waived except in writing signed by the person granting the waiver.



- (b) A provision of this Deed Poll may not be varied unless the variation is agreed to by the Directors in which event AMEC will enter into a further Deed Poll in favour of the Scheme Participants giving effect to such amendment.

8.3 Assignment

The rights and obligations of a person under this Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with, and no person shall attempt or purport to do so.

Executed as a Deed Poll.

ANNEXURE 5 - SCHEME OF ARRANGEMENT

This scheme of arrangement is made under section 411 of the Corporations Act 2001 (Cth)

Between the parties

Scheme company GRD Limited ACN 009 201 754 of Level 14, 140 St Georges Terrace Perth, Western Australia 6000

Shareholders The holders of fully paid ordinary shares in GRD Limited at the Record Date

1. Definitions and Interpretation

1.1 Definitions

AMEC means AMEC Australia Pty Ltd ACN 000 436 680 Level 1, 30 The Esplanade Perth, Western Australia or its nominee appointed in accordance with the terms of the Implementation Agreement.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

Business Day means a weekday on which trading banks are open for business in Perth.

CHES means the clearing house electronic sub-register system of share transfers operated by ASX Settlement and Transfer Corporation Pty Ltd.

Corporations Act means the Corporations Act 2001 (Cth).

Court means a court of competent jurisdiction under the Act.

Deed Poll means the deed poll dated [•] 2009 executed by AMEC under which AMEC covenants in favour of the Scheme Participants to perform its obligations under the Implementation Agreement and the Scheme.

Effective means when used in relation to the Scheme of Arrangement, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme of Arrangement.

Effective Date means the date on which the Scheme becomes Effective.

End Date means six (6) months after the Implementation Agreement is executed, subject to any extension under the terms of the Scheme Implementation Agreement.

Government Agency means any government or governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency or entity.

Implementation Date means five (5) Business Days after the Record Date.

Record Date means 5.00pm on the day which is five (5) Business Days following the Effective Date or any other date agreed by the Parties with ASX to be the record date to determine entitlements to receive Scheme Consideration.

Register means the register of Shareholders maintained in accordance with the Corporations Act.

Scheme means this scheme of arrangement subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act.



Scheme Consideration means for each Share held by Scheme Participant as at the Record Date, an amount of \$0.55.

Scheme Implementation Agreement means the scheme implementation agreement dated [•] 2009 between GRD and AMEC relating to the implementation of the Scheme.

Scheme Meeting means the meeting of Shareholders to be convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act.

Scheme Participant means each Shareholder at the Record Date.

Scheme Transfer means for each Scheme Shareholder, a duly completed and executed instrument of transfer of the Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all the Shares.

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard.

Share means a fully paid ordinary share in GRD.

Share Registrar means Computershare Investor Services Pty Limited, Level 2, Reserve Bank Building, 45 St Georges Terrace, Perth, WA 6000.

Shareholder means holders of Shares.

1.2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme.
- (b) the singular includes the plural and the plural includes the singular.
- (c) words of any gender include all genders.
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning.
- (e) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual.
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this agreement and a reference to this agreement includes any schedule, attachment and exhibit.
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document.
- (i) a reference to '\$' or 'dollar' is to Australian currency.
- (j) a reference to any time is a reference to that time in Perth, Western Australia.
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme.
- (l) a reference to a party to a document includes that party's successors and permitted assignees.
- (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision.
- (n) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:

- (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,
- is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Interpretation of inclusive expressions

Specifying anything in this scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2. Preliminary matters

- (a) GRD is a listed public company registered in Western Australia and is a company limited by shares.
- (b) AMEC is a company registered in the United Kingdom and is a company limited by shares.
- (c) If the Scheme becomes Effective:
 - (i) AMEC will provide or procure the provision of the Scheme Consideration to Scheme Participants in accordance with the Scheme; and
 - (ii) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to AMEC and GRD will enter the name of AMEC in the Register in respect of the Scheme Shares.
- (d) GRD and AMEC have agreed, by executing the Scheme Implementation Agreement, to implement the Scheme.
- (e) AMEC has agreed, by executing the Deed Poll, to perform its obligations under this Scheme, including the obligation to provide or procure the provision of the Scheme Consideration to the Scheme Participants.

3. Conditions to the Scheme

- (a) The Scheme is conditional on:
 - (i) all the conditions precedent set out in Schedule 1 of the Scheme Implementation Agreement having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement; and
 - (ii) the Scheme Implementation Agreement not having been terminated by either party to that agreement before 8.00am on the Second Court Date.
- (b) The satisfaction of the conditions precedent in clause 3(a) is a condition precedent to the operation of clause 4.2.
- (c) The Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date or any later date GRD and AMEC agree.



4. The Scheme

4.1 Lodgement of Court orders

GRD will lodge with ASIC office copies of the Court orders under section 411 of the Corporations Act approving the Scheme by 5.00pm on the first Business Day after the day on which the Court approves the Scheme.

4.2 Transfer of Shares

On the Implementation Date:

- (a) the Shares, together with all rights and entitlements attaching to them as at the Implementation Date, will be transferred to AMEC by:
 - (i) GRD delivering to AMEC the Scheme Transfer to transfer all Shares to AMEC, without the need for any further act by any Scheme Participants; and
 - (ii) AMEC duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to GRD for registration;
- (b) in consideration of the transfer of the Shares to AMEC, AMEC will provide or procure the provision of the Scheme Consideration to each Scheme Shareholder in accordance with clause 4.3 of the Scheme; and
- (c) immediately after receipt of the Scheme Transfer, GRD will enter the name of AMEC in the Register in respect of the Shares subject to the Scheme Transfer.

4.3 Provision of Scheme Consideration

- (a) Subject to clause 4.3(b), AMEC's obligations to provide or procure the provision of the Scheme Consideration to each Scheme Shareholder will be satisfied by AMEC dispatching or procuring the dispatch to each Scheme Shareholder, by prepaid post to their address recorded in the Register at the Record Date, of a cheque in Australian dollars for the Scheme Consideration due to that Scheme Shareholder in accordance with the Scheme.
- (b) In the case of joint holders of Scheme Shares, the cheque will be forwarded to the holder whose name appears first in the Register on the Record Date.

5. Dealings in Shares

- (a) To establish the identity of the Scheme Participants, dealings in Shares will only be recognised if:
 - (i) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the relevant Shares by the Record Date; and
 - (ii) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date at the place where the Register is kept.
- (b) GRD must register registrable transmission applications or transfers of the kind referred to in clause 5(a)(ii) by the Record Date.
- (c) If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Record Date.
- (d) GRD will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after the Record Date.

- (e) For the purpose of determining entitlements to the Scheme Consideration, GRD must maintain the Register in accordance with the provisions of this clause 5 until the Scheme Consideration has been paid to the Scheme Participants. The Register in this form will solely determine entitlements to the Scheme Consideration.
- (f) All statements of holding for Shares will cease to have effect from the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Shares relating to that entry.
- (g) As soon as possible on or after the Record Date, GRD will ensure that details of the names, registered addresses and holdings of Shares for each Scheme Shareholder are available to AMEC in the form AMEC reasonably requires.

6. Quotation of Shares

- (a) GRD will apply to ASX to suspend trading on the ASX in Shares from the Effective Date.
- (b) On a date after the Implementation Date to be determined by AMEC, GRD will apply:
 - (i) for termination of the official quotation of Shares on the ASX; and
 - (ii) to have itself removed from the official list of the ASX.

7. General Scheme provisions

7.1 Consent to Scheme amendments

If the Court proposes to approve the Scheme subject to any alterations or conditions, GRD may, with the consent of AMEC (such consent not to be unreasonably withheld), by its counsel consent on behalf of all persons concerned to those alterations or conditions.

7.2 Scheme Participants' agreements and representations

- (a) The Scheme Participants agree to the transfer of their Shares in accordance with the Scheme.
- (b) The Scheme Participants are taken to have warranted to GRD that all their Shares (including any rights attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Shares together with any rights attaching to those shares.

7.3 Title to and rights in Scheme Shares

- (a) The Shares transferred under the Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (b) AMEC will be beneficially entitled to the Shares transferred to it under the Scheme pending registration by GRD of AMEC in the Register as the holder of the Shares.



7.4 Appointment of AMEC as sole proxy

Upon the Scheme becoming Effective, and until GRD registers AMEC as the holder of all Scheme Shares in the Share Register, each Scheme Participant:

- (a) is deemed to have appointed AMEC as attorney and agent (and directed AMEC in such capacity) to appoint the chairman of AMEC as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution, and no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 7.4(a)); and
- (b) must take all other actions in the capacity of a registered holder of Scheme Shares as AMEC reasonably directs.

8. Power of attorney

Each Scheme Shareholder, without the need for any further act, irrevocably appoints GRD and all its directors and officers (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this Scheme including a proper instrument of transfer of its Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all the Shares.

9. General

9.1 Stamp duty

AMEC will pay all stamp duty payable in connection with the transfer of Shares to AMEC.

9.2 Consent

The Scheme Participants consent to GRD doing all things necessary or incidental to the implementation of the Scheme.

9.3 Notices

If a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to GRD, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at GRD registered office or at the office of the Share Registrar.

9.4 Governing law

- (a) The Scheme is governed by the laws in force in Western Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action to be taken at GRD expense

GRD must, at its own expense, do all things and execute all documents necessary to give full effect to this agreement and the transactions contemplated by it.



ANNEXURE 6 - NOTICE OF MEETING

GRD Limited
A C N 0 0 9 2 0 1 7 5 4

Notice of Court ordered Scheme Meeting

A Meeting of the Company will be held at Parmelia Hilton, 14 Mill Street, Perth, Western Australia, at 10.00am on 10 November 2009 (WST).

Shareholders are urged to attend the Meeting or vote by either lodging the proxy form attached to this Notice or registering your proxy instructions electronically.



GRD Limited
ACN 009201754

Notice of Court ordered Scheme Meeting

Notice is hereby given that by an Order of the Federal Court (Court) made on 1 October 2009 under section 411(1) of the Corporations Act 2001 (Cth), the Court has directed that a meeting of Shareholders of GRD Limited (GRD or the Company) will be held at Parmelia Hilton, 14 Mill Street, Perth, Western Australia, at 10.00am on 10 November 2009 (WST) (Meeting).

Purpose of meeting

The purpose of the Meeting is to consider and, if thought fit, to agree (with or without modification) to a scheme of arrangement proposed to be made between GRD and the Shareholders (Scheme). To enable you to make an informed voting decision, important information on the Scheme is set out in the booklet accompanying this Notice of Meeting (Scheme Booklet). The Scheme Booklet and proxy form both form part of this Notice, and terms and abbreviations used in this Notice and in the Scheme Booklet are defined in the Scheme Booklet.

Resolution

The meeting will be asked to consider and, if thought fit, to pass the following resolution:

“That, pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between GRD and the Shareholders, which is set out in Annexure 5 of the Scheme Booklet which accompanies this Notice of Meeting, is agreed to, and the Board of Directors of GRD are authorised to agree to such alterations or conditions as are thought fit by the Court, and subject to approval by the Court, to implement the scheme with any such modifications or conditions.”

Required voting majority

In order for the Scheme to be effective, this resolution must be passed by:

- (a) A majority of the number of Shareholders present and voting (whether in person or by proxy); and
- (b) At least 75% of the votes cast on the resolution.

Court approval

In accordance with section 411(4)(b) of the Corporations Act 2001 (Cth), the Scheme (with or without modification) is subject to approval of the Court. If the resolution proposed at the meeting the subject of this Notice is approved by the requisite majority, and the relevant conditions of the Scheme are satisfied or waived by the time required under the Scheme, GRD intends to apply to the Court for the necessary orders to give effect to the Scheme.

Entitlement to vote

The GRD Board has determined, and the Court has ordered, that a person's entitlement to vote at the Meeting to consider the Scheme will be the entitlement of that person as set out in the Company's share register as at 7.00pm on 8 November 2009.

How to vote

Shareholders entitled to vote at the Meeting can vote:

- by attending the meeting and voting in person; or
- by appointing an attorney to attend the meeting and vote on their behalf, or, in the case of corporate shareholders, a corporate representative to attend the meeting and vote on its behalf; or
- by appointing a proxy to attend the meeting and vote on their behalf, using the proxy form accompanying this Notice.

A personalised proxy form accompanies this Notice. The proxy form contains full details of how to appoint persons and how to sign and lodge the voting form, including how you may register your proxy instructions electronically at the Company's share register website at www.investorvote.com.au.

To be valid, proxy forms or electronic voting instructions must be received by the Company's share registry, Computershare Investor Services Pty Limited, by 10.00am on 8 November 2009.

By Order of the Board of Directors

1 October 2009

A handwritten signature in black ink, appearing to be 'S. Cater', written in a cursive style.

Simon Cater
Company Secretary



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Corporate Directory

GRD Limited	ACN 009 201 754
Directors	Hon. Richard Court AC Mr Cliff Lawrenson Mr Bruce G Thomas Dr John D White Dr Christopher R Pointon Mr Richard J Linnell
Company Secretary	Mr Simon Cater
Registered Office	Level 14, AMP Building 140 St Georges Terrace Perth Western Australia 6000
Share Registry	Computershare Investor Services Pty Ltd Level 2, 45 St Georges Terrace Perth Western Australia 6000
Financial Advisor	Morgan Stanley Australia Limited Level 39, The Chifley Tower 2 Chifley Square Sydney New South Wales 2000
Legal Advisor	Hardy Bowen Lawyers Level 1, 28 Ord Street West Perth Western Australia 6872
Stock Exchange	ASX Limited Exchange Plaza 2 The Esplanade Perth Western Australia 6000 ASX Code: GRD
Website	www.grd.com.au
Email	grd@grd.com

