



ASX RELEASE

16 May 2012

For immediate release to the market

COMPANY UPDATE – OPERATIONAL PERFORMANCE AND FINANCIAL RESULTS GUIDANCE

GR Engineering Services Limited (ASX:GNG) (**GR Engineering or Company**) wishes to provide the market with an update on its operational performance and financial results guidance for the financial year ending 30 June 2012.

Operational Performance

GR Engineering has continued to focus on its proven business model leading into FY13 to strengthen the Company's revenue and order book, however FY12 operational and financial performance has been impacted by continuing project delays.

Domestically, GR Engineering has continued to execute projects successfully. New work has also been awarded, with EPC contracts to the value of \$30 million being announced so far in 2H12. GR Engineering is also currently engaged on 16 strategically important late stage studies, early works programs and engineering design engagements that present potential near term construction contract opportunities across a range of projects in gold, base metals and other commodities.

GR Engineering's West African strategy continues to materialise, with studies, front end engineering design and detailed engineering design progressing on a number of projects. The company remains well positioned to convert these engagements into EPC / EPCM contracts in FY13 subject to project approval.

The Company is also actively pursuing opportunities in South East Asia, South America and other international locations. Recent design works packages have been awarded for brownfields upgrade projects in Laos and Mexico.

Financial Results Guidance

GR Engineering advises that its revenue for the financial year ending 30 June 2012 is likely to be between \$150 - \$155 million, with similar margins expected in 2H12 as those achieved in 1H12 and profit before tax of \$19.5 - \$20 million.

The Company's balance sheet strength has been maintained with no material debt and a strong working capital position.

Ends.

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

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

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

GR Engineering directly employs more than 220 professional and support staff at its offices in Perth, Kalgoorlie and Brisbane in addition to its direct construction workforce and subcontractors.