

ASX Announcement

10 October 2012

For immediate release to the market

**SETTLEMENT OF ARBITRATION PROCEEDINGS INVOLVING GOLD RIDGE MINING LIMITED
AND GR ENGINEERING SERVICES LIMITED**

- **Agreement reached for GR Engineering to receive cash consideration in full and final settlement of its claim and GRML's counterclaim**
- **Arbitration proceedings to be discontinued in their entirety**
- **GR Engineering looks forward to any opportunity to work collaboratively with St Barbara to assist in unlocking the value at Gold Ridge**

GR Engineering Services Limited (ASX:GNG) (**GR Engineering** or **Company**) is pleased to announce that it has reached agreement with Gold Ridge Mining Limited (**GRML**) a wholly owned subsidiary of St Barbara Limited (ASX:SBM) (**St Barbara**) to settle the arbitration proceedings commenced by GR Engineering on 28 June 2011 to recover outstanding costs and associated damages relating to a lump sum engineering, procurement and construction contract at the Gold Ridge mine in the Solomon Islands.

Settlement has been achieved on the basis that in consideration for GR Engineering and GRML releasing each other from their respective claim and counterclaim and termination of all arbitration proceedings, GRML will pay to GR Engineering a cash sum of \$2.65 million. GR Engineering carries a provision of \$1.52 million against the GRML claim. The settlement will result in a further write-off of \$0.49 million against the amount owed by GRML. GR Engineering's directors consider that this write off amount will be more than offset by the avoidance of further legal costs and the opportunity to establish a good working relationship with St Barbara.

The settlement remains subject to formal documentation being drafted and signed, including a confidential deed of settlement and arbitration consent orders being finalised.

In addition to the commercial settlement achieved by GR Engineering and GRML, GR Engineering and St Barbara have discussed the opportunity for GR Engineering to assist St Barbara with unlocking the value at Gold Ridge through the delivery of engineering services to optimise the operation and performance of the processing plant facilities.

Commenting on the settlement, GR Engineering's Managing Director, Mr Joe Ricciardo said:

"GR Engineering is pleased to reach this mutual settlement outside of arbitration with the positive and pragmatic cooperation of St Barbara, which has only recently assumed ownership of the Gold Ridge mine and assets. Having reached this settlement delivers several positive outcomes to GR

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Engineering, with none more important than a preservation of its excellent reputation and standing in the marketplace.

The Company now looks forward to being able to carry on with its business as a provider of high quality design, construction and consultancy services to the mineral processing industry. In this regard, GR Engineering would welcome the opportunity to work collaboratively with St Barbara to unlock the value at Gold Ridge.”

Ends.

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