



GR ENGINEERING SERVICES
ENGINEERING CONSULTANTS AND CONTRACTORS

ASX RELEASE

20 April 2018

For immediate release to the market

**Hemerdon Tungsten and Tin Project
EPC Contract – Settlement**

GR Engineering Services Limited (GNG.ASX) (**GR Engineering**) refers to its previous announcements in relation to ongoing disputes with Wolf Minerals (UK) Limited (**Wolf**) associated with the EPC contract for the design and construction of the Hemerdon Tungsten & Tin Project mineral processing plant in Devon, England (**Contract**).

GR Engineering confirms that GR Engineering Services (UK) Limited (**GRES UK**) has entered into a settlement agreement with Wolf to fully and finally settle all claims in relation to the Contract, without admission of liability by either party (**Settlement**). Under the terms of the Settlement, which are confidential, GRES UK has agreed to contribute a settlement sum to be applied by Wolf towards third party works to install building cladding that will reduce the emissions of low frequency noise (LFN) from the processing plant.

The terms of the Settlement are effective immediately. Upon payment of the full Settlement sum, Wolf has agreed to return to GRES UK all security it holds under or in connection with the Contract, including a bank guarantee in the amount of approximately £7.5 million.

In addition to the payment of a settlement sum, GR Engineering confirms that as a result of the Settlement, it will record a non-cash impairment of approximately \$6.5 million, to be realised in this second half of financial year 2018. This amount relates to the value of progress claims which remain unpaid as at the date of the Settlement that will become unrecoverable.

GR Engineering confirms that it maintains insurance, including for the matters giving rise to Wolf's claims and continues to work closely with its insurers. GR Engineering will keep the market informed of any material outcomes in this regard.

Ends.

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

GR Engineering has successfully completed the engineering design and construction of projects for a diverse range of clients, including global mining houses, mid-tier miners and junior developers undertaking their first project. Traditionally an EPC contractor, GR Engineering also has the ability to contract through a variety of models, including EPCM and hybrid contracting arrangements.

GR Engineering also has a long history of providing a diverse range of process engineering consulting services, including feasibility study preparation and management, process design and peer review engagements. These services have been delivered for projects globally and play a key role in delivering organic growth opportunities through design and construction project execution.

The Company also has a presence in the hydrocarbons industry via its wholly owned subsidiary, Upstream Production Solutions. Upstream Production Solutions is a leading provider of operations and maintenance and well management services to the Australian and South East Asian oil and gas industry.

As a group, GR Engineering employs more than 450 professional and support staff throughout Australia and internationally, in addition to a direct construction workforce and subcontracted personnel.