



GR ENGINEERING SERVICES LIMITED
ENGINEERING CONSULTANTS AND CONTRACTORS



AGM Presentation – 30 November 2012



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Corporate Summary

Capital Structure

Shares on issue ¹	<i>m</i>	150.0
Share price (<i>GNG.ASX</i>) (29/11/12)	\$	0.66
Market capitalisation	\$m	99.0
Cash (30 June 2012) ²	\$m	38.9
Debt (30 June 2012)	\$m	0.5
Enterprise Value	\$m	60.6

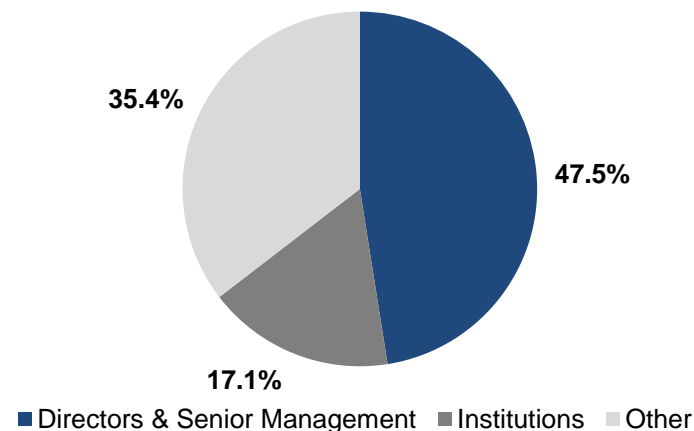
Directors & Management

Barry Patterson	<i>Non-Executive Chairman</i>
Joe Ricciardo	<i>Managing Director</i>
Tony Patrizi	<i>Executive Director</i>
Terrence Strapp	<i>Non-Executive Director</i>
Peter Hood	<i>Non-Executive Director</i>
Joe Totaro	<i>CFO & Company Secretary</i>
Geoff Jones	<i>Chief Operating Officer</i>
Dave Sala Tenna	<i>General Manager</i>

Share Price Performance



Shareholder Breakdown



1. The following additional securities are on issue:
 500,000 options exercisable at \$1.25 each on or before 19 April 2013
 500,000 options exercisable at \$1.50 each on or before 19 April 2014 and vesting on 19 April 2013
 750,000 options exercisable at \$1.80 each on or before 19 April 2015 and vesting on 19 April 2014
 750,000 options exercisable at \$2.10 each on or before 19 April 2016 and vesting on 19 April 2015
 2,265,000 performance rights vesting on various dates

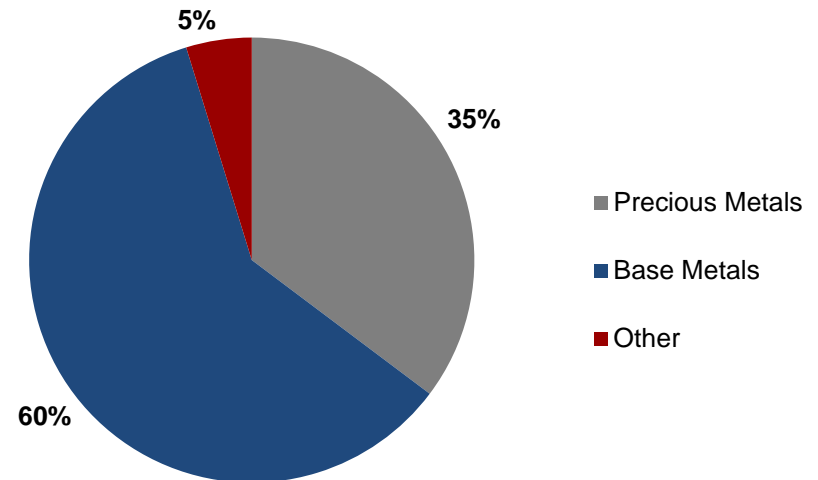
2. Including cash held to secure contingent liabilities under the Company's bonding facilities



About GR Engineering

- Australian based engineering design and construction contractor servicing the mining and minerals processing industry
- Specialising in engineering, procurement and construction (EPC) contracting to provide turnkey project delivery with secure cost, time, plant performance and contract completion warranties and guarantees – hard money contracting
- Employs +220 professional and support staff plus direct construction workforce and subcontractors
- Offices in Perth, Kalgoorlie and Brisbane
- Very strong in gold, base metals and industrial mineral commodities
- GRES operates in a niche market – limited EPC competitors, high barriers to entry
- Over 80% of revenue from study conversions and repeat business

FY12 Revenue by Commodity





FY12 Results Summary

Financial

- Sales revenue - \$152.8 million
- EBIT - \$17.8 million
- PBT - \$19.9 million
- NPAT - \$13.1 million
- Cash flow from operations - \$16.2 million
- Net Cash - \$38.4 million¹
- Final dividend of 4 cps - FY12 dividend of 8 cps (fully franked)

Operational

- Period of transition - expansion into West Africa and the execution of operational strategies
- Structure expanded to accommodate larger projects and greater quantities of work
- Contract delays and deferrals impacted financial performance – continuing trend into FY13
- Established on ground presence in Ghana, Mali and Ivory Coast
- Primary exposure to gold and base metals
- Dispute with Gold Ridge Mining Limited – settlement subsequently achieved

Strategic

- Continued conversion of studies into design and construction work
- Continued geographic expansion
- Maintained dominant position in the gold and base metals space
- Continued iron ore exposure

1. As at 30 June 2012. Including cash held to secure contingent liabilities under the Company's bonding facilities



Design and Construction

- Over 90% contribution to revenue in FY12
- New contracts won with top tier mining companies in FY12
- \$75 million Rasp project for CBH Resources delivered on time and budget
- West African presence established in Ghana, Mali and the Ivory Coast – near term opportunities exist in all 3 jurisdictions
- Detailed design being undertaken for gold projects in Mali and the Ivory Coast
- Robust opportunity pipeline for near term gold projects in Australia and West Africa
- GR Engineering is now positioned to deliver larger contracts on a lump sum EPC basis – benefits expected to be realised through conversion of current project pipeline
- Increasing capability for EPCM projects to cater for client preference and risk profile



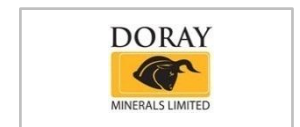
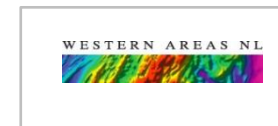
Studies & Consulting

- Over 30 studies and consulting engagements completed in FY12 for projects with estimated capital values of approximately \$900 million¹
- Currently engaged on 18 studies, many for near term projects with estimated capital values of approximately \$1.1 billion¹
- Significant EPC / EPCM conversion potential exists from recently completed and current studies
- Studies primarily for gold projects in Australia and West Africa
- Healthy exposure to base metals retained – well positioned to respond to a commodity price rebound and increased levels of industry capital expenditure
- Studies and front end consulting engagements remain critical to establishing early and intimate project knowledge and providing a competitive advantage in winning design and construction work
- Active on multiple peer review assignments for Australian clients with overseas projects (i.e. Brazil & Turkey) - acting as independent engineers to provide project oversight and support to manage and mitigate technical, operational and project delivery challenges

1. High level estimate based on total project capital cost projections assuming project development proceeds

- GR Engineering is engaged by a variety of clients ranging from leading global diversified mining houses, mid-tier producers, developers and junior explorers
- EPC contracting method offers effective solutions for all client types
 - Larger clients - budgeting certainty and efficiency in delivery
 - Junior clients - fixed price turnkey solutions to obtain project financing
- A significant proportion of GR Engineering's revenue is sourced from repeat business
- GR Engineering has a strong track record of delivering company making projects for its clients

Selected Clients





West African Strategy

- Significant progress made in FY12 on strategy to diversify into West Africa
- West African strategy delivering:
 - Mali - currently undertaking detailed design and early procurement works for an EPCM expansion
 - Ivory Coast - engaged on a brownfields EPCM plant upgrade project and pursuing a further greenfields EPCM opportunity following the delivery of detailed design
 - Ghana - pursuing both near and medium term opportunities for the delivery of greenfields EPC projects
 - Completed 5 feasibility studies for both greenfields and brownfields projects
- Engaged on a feasibility study for a significant upgrade project in Botswana (southern Africa)
- Expectation remains that West African contracts will make a significant contribution to GR Engineering's earnings going forward



HS&E Performance

- Maintained strong HS&E performance in FY12
- Zero lost time injury frequency rate (LTIFR)
- 734 consecutive days of zero LTIFR for all employees and sub-contractors to 30 June 2012. No LTI's recorded to date post FY12 – 887 consecutive days to date
- GR Engineering focusing on long term planning to maintain current excellent safety performance and to prevent harm and injury
- Pursuing the principals of compliance, involvement, encouragement, recognition and reward
- Starlight Children's Foundation is a major beneficiary of GR Engineering's excellent safety performance



Market Conditions & Outlook

- Studies and engineering activity levels remain robust
- Client contracting model preference in Australia is now EPC
- Project execution delays and deferrals have continued to adversely impact GR Engineering
 - Caused predominantly by high industry operating costs, delays in regulatory approvals, commodity price uncertainty and continued tightness in debt and equity markets
 - Remain actively engaged with clients in pre-development phase – ready to execute immediately upon project development approval
 - Current workload supports existing manpower levels, albeit at sub-optimal utilisation rates until EPC / EPCM activity increases
- Balance sheet remains strong – approximately \$30 million cash and no material debt¹
- Dividend policy unchanged – targeted payout ratio of 50% - 60% of NPAT
- GR Engineering forecasts FY13 revenue in the order of \$140 million - \$145 million and PBT of \$13 million – \$13.5 million
- 1H13 expected to contribute \$50 million - \$55 million to FY13 revenue and \$1.8 million - \$2.1 million to PBT
- GR Engineering considers it is likely to be nominated as preferred contractor for projects with potential revenue of \$200 million to \$300 million with anticipated award in 2H13

1. Unaudited. Post payment of FY12 final dividend and including cash held to secure contingent liabilities under the Company's bonding facilities.


- Focus remains on winning EPC and EPCM construction projects for completed studies
- Mitigation of current conditions
 - Continue and expand involvement in brownfields projects – less prevention hurdles
 - Maintain low levels of capital intensity and preserve strong balance sheet
 - Retain and develop personnel to continue building our IP and capitalise on a market rebound
 - Maintain conservative approach to corporate overheads and drive business efficiencies
- Continue expansion into West Africa
 - Study activity in West Africa remains strong
 - Build on early success in West African strategy through strong project execution and delivery
- Geographical growth – In addition to West Africa, currently providing engineering services for projects in Mexico, Argentina, Brazil, Laos, Indonesia, England, Egypt, Turkey, Solomon Islands and PNG
- Functional split into EPC and EPCM divisions has been affected
- Retain and attract the highest calibre of professionals and skilled labour in the market



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Zinc / Lead Processing Plant – New South Wales



Iron Ore Desands Plant – Western Australia



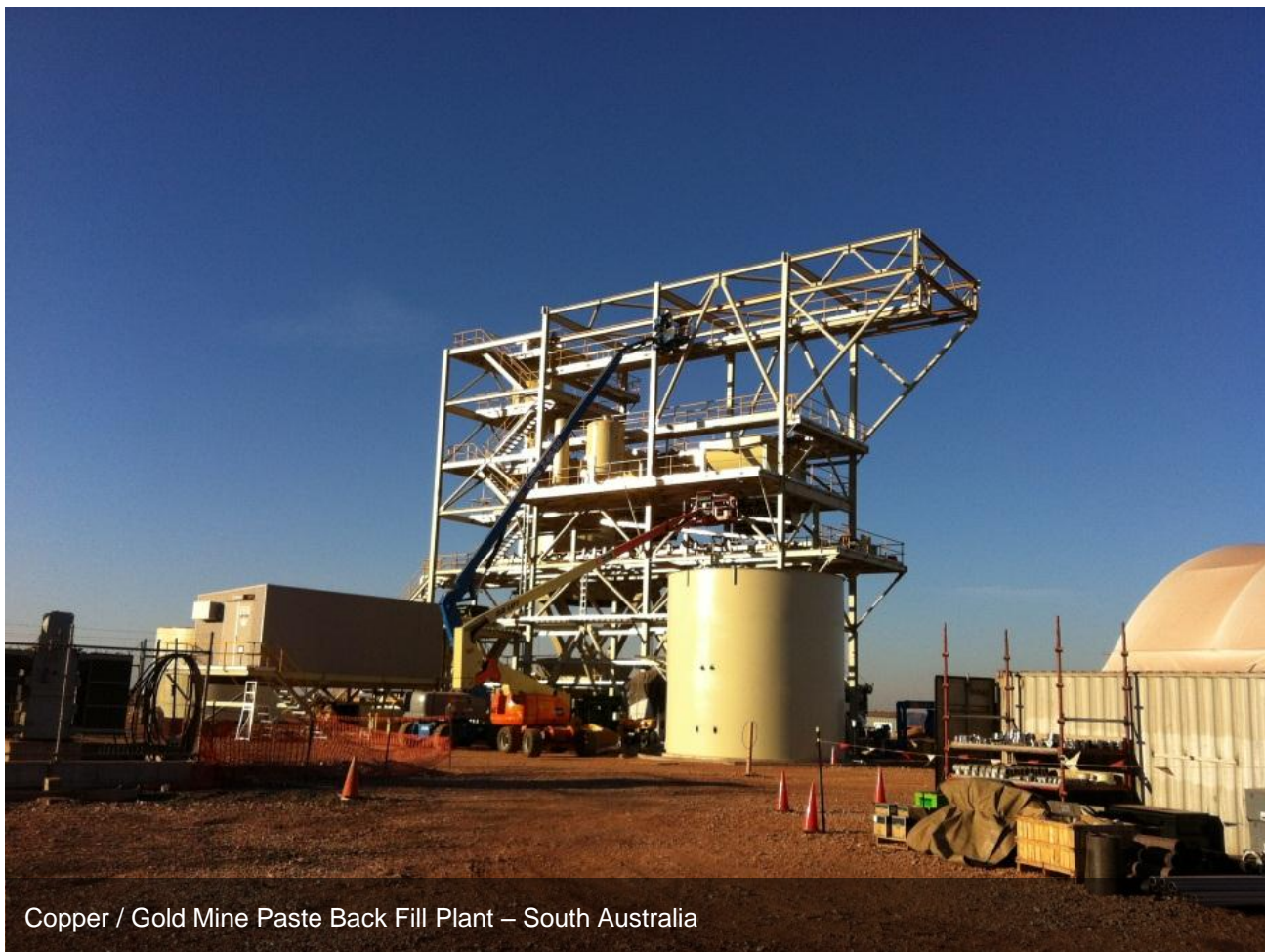
Copper / Gold Regrind Project – Western Australia



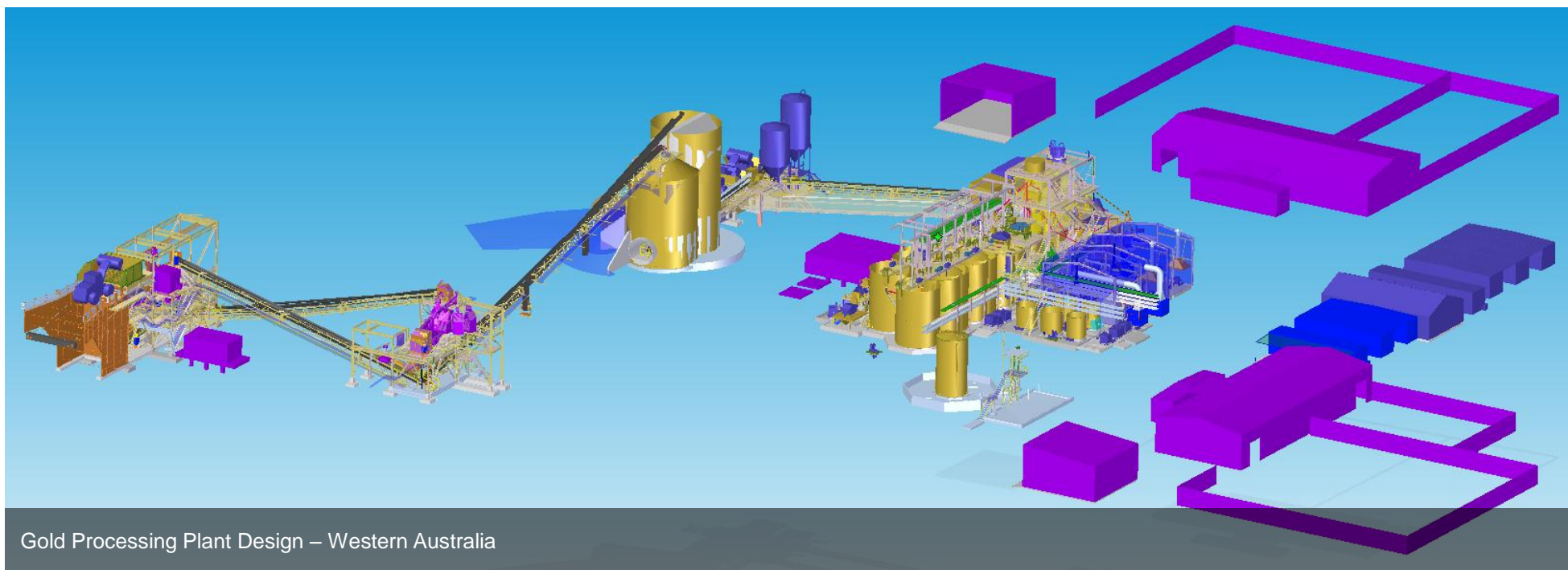
Copper Mine Paste Backfill Plant – Western Australia



Gold Dump Leach Project – Western Australia



Copper / Gold Mine Paste Back Fill Plant – South Australia



Gold Processing Plant Design – Western Australia