



GR ENGINEERING SERVICES
ENGINEERING CONSULTANTS AND CONTRACTORS

ASX RELEASE

25 January 2018

For immediate release to the market

Eastern Goldfields Limited

GR Engineering Services Limited (ASX:GNG) (**GR Engineering**) provides the following update to the market in relation to proceedings in the Supreme Court of Western Australia against Eastern Goldfields Limited (ASX:EGS) (**EGS**) and others, to recover payments of approximately \$9.9 million (plus interest and costs) associated with outstanding progress and variation claims in relation to the Davyhurst Gold Project refurbishment contract entered into by GR Engineering and EGS on 22 September 2016.

In a decision of the Supreme Court of Western Australia delivered on 24 January 2018, GR Engineering and EGS were referred to arbitration for the resolution of the disputes between them. In referring the matter to arbitration, the Court also found that it was *“not necessary ... to consider Eastern Goldfields’ submissions that GR Engineering’s proceedings are not proceedings to enforce payments due under the Contract”*.

A partial stay of GR Engineering’s claims was ordered, with claims remaining on foot in the Supreme Court, including against Investmet Limited (**Investmet**), a company associated with EGS’ Executive Chairman, Michael Fotios, whereby GR Engineering claim that Investmet is in default under a deed of partial accord and satisfaction to guarantee EGS’ payment of \$5.0 million to GR Engineering. In failing to have these proceedings stayed and referred to arbitration, Investmet’s application was dismissed and Investmet was ordered to pay GR Engineering’s costs.

GR Engineering intends to continue pursuing the full amount of its claims, both in the Supreme Court and via arbitration.

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.

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