



CHAIRMAN'S LETTER TO SHAREHOLDERS

Hon. Richard Court AC, Chairman

2007 has been both challenging and progressive for the GRD Group of companies. We have experienced a period of significant milestones in the evolution of GRD Limited, both in the development and engineering groups, as the company continues to build on its reputation for excellence based on a common principle of innovation in resource recovery.



During the year our people again demonstrated their expertise in the design and delivery of world class projects and studies.

Our core business GRD Minproc completed, in joint venture with Hatch Associates, the engineering, procurement and construction management (EPCM) services for BHP Billiton's Ravensthorpe Nickel Project, a resource recovery facility that is at the cutting edge of nickel processing.

We now have more than 1,000 professionals spread across the globe delivering value to clients in commodities including copper, nickel, uranium, platinum, gold and municipal solid waste. They continue a legacy that began in the 1970's, with 2008 marking GRD Minproc's 30th anniversary.

The commitment and drive of our people was further recognised in 2007 when GRD Minproc was named "best of the best" at the Western Australian Industry and Export Awards. The company was selected from an impressive field of 15 category winners to receive the Premier's Award for Excellence.

At the time, Premier Alan Carpenter described GRD Minproc as a "great example of an innovative local company successfully contributing to Western Australia's economy."

The focus of the GRD Group, however, goes well beyond Australia's state borders. GRD Minproc continues to expand globally both in a corporate and project sense as we pursue a strategic direction that delivers sustainable growth.

The foresight shown in establishing offices in the growth hubs of Africa and South America is now paying dividends and both are making a valuable contribution to our study and project pipelines.

We are also developing strong relationships with quality clients, whether they be established or emerging companies in the minerals sector.

Global Renewables has also made its mark internationally. The company achieved financial close on the Lancashire Waste Partnership PFI Project early in 2007 and construction has now begun on two UR-3R™ facilities. These facilities are part of a network that will process 600,000 tonnes of municipal solid waste each year.

Global Renewables, in alliance with Lend Lease Corporation, now has a strong foothold in the United Kingdom waste market – but with success comes the pressure to win more contracts and we are tracking a growing number of waste management opportunities in both the United Kingdom and Europe.

The achievements reflected in successes such as the delivery of Ravensthorpe and securing the Lancashire project were counter-balanced, however, by an inconsistent financial performance in the second half of the year.



The Board and senior management have taken and will continue to take steps to address those areas of the business that struggle to deliver value to our shareholders.

There were also significant changes to our board in 2007.

Respected resources industry figure Dr Chris Pointon has been appointed as a non-executive director.

Chris has significant international experience and a wealth of industry knowledge. He was President of Stainless Steel Materials for BHP Billiton until December 2006, building it into the world's third largest nickel producer.

Having worked for some of the world's biggest resource players, Chris brings a client's perspective and strong business leadership to the Board table.

Brettney Fogarty, a former Executive Chairman, stood down from the Board in May 2007. I would like to acknowledge the contribution made by Brettney during his time with the company.

On behalf of the Board I would also like to thank our shareholders for their continued support and pass on our gratitude to all GRD management and personnel.

Hon. Richard Court AC
Chairman