

Westech Update - New Deal Secures Recurring Income Stream

Highlights

- **Westech licensee has secured new contract to supply Westech-designed replacement truck bodies to major South American mining house**
- **Estimated royalties to Westech of \$US3.7 million over the next 4 years**
- **Negotiations for a separate large contract with the same customer to supply new Westech truck bodies are expected to be completed within the next month**
- **Strong forward orders generally for Westech products in South American market, United States and Western Australia.**

Brisbane, March 11, 2008: Austin Engineering Limited (ASX trading code: **ANG**) today announced that its US subsidiary Western Technology Services (**Westech**) would receive royalties worth a minimum \$US3.7 million over the next four years from the first part of a new deal by a Westech licensee, Cainsa, to supply replacement truck bodies to a major South American mining house.

Under the initial instalment of a four-year contract, Westech licensee Cainsa will supply the customer with replacement truck bodies, built to Westech's world-leading lightweight design. Stage one of the contract, for which deliveries will commence from July 1, 2008, will have a total worth around \$US33.5 million and return to Westech at least \$US3.7 million in royalties over the next 4 years. The customer has already started making orders under the new contract from Cainsa.

Negotiations between Cainsa and the customer for stage two of the contract, for the manufacture of new capital Westech bodies, are expected to be completed within the next month. It is anticipated that this second stage of the contract will be worth approximately \$US55 million to Cainsa and run in parallel with part one of the contract. Austin will make an announcement on the royalties due to Westech when negotiations are complete.

Austin Engineering Chairman Peter Fitch said the new contract highlighted the compelling rationale behind the \$US19 million purchase of Westech in November last year, which gave Austin the opportunity to acquire the intellectual property behind the company's market-leading lightweight off-highway dump truck bodies. The design, which Westech manufactures itself and provides to other companies under license, allows trucks to carry more pay load and increase productivity - a strong attraction for major mine operators.

"The purchase of Westech and its lightweight truck body design provides Austin with the dual benefits of a recurring income stream from royalties and a sound base of manufacturing work for our North American and Australian operations," Mr Fitch said. "This latest contract shows major mining companies around the world are recognising the benefits of the Westech design.

"We would expect this to lead to further significant orders at a time when the mining industry is increasing production," he said.

Mr Fitch said Austin had commenced discussions aimed at increasing its presence in South America.

In addition to the major new contract, Cainsa has also received an order from the Chilean copper mining company, Codelco, for 18 Westech truck bodies valued at \$US3.5million, worth \$US386,000 in royalties to Westech.

Cainsa reports that it is continuing to receive good orders from the broader South American market and it currently has orders from other customers for a further 41 Westech truck bodies.

In total, Cainsa has \$US10 million worth of work in hand for the supply of Westech truck bodies.

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At the same time, Westech (USA) itself has forward orders extending well into the 2008-09 financial year.

In Australia, the Westech design is gathering momentum, reflected by good orders along the eastern seaboard. In Western Australia, the company has received a \$A7 million order for 16 Westech truck bodies from the Pilbara region's largest iron ore producer and orders for a further 12 bodies are expected shortly.

In addition, the company's Western Australian operation has secured an order worth \$A2.5 million for the manufacture of specialised tipper-bin assemblies used to carry materials for a major iron ore project in the Pilbara region. This important order introduces a new product line to Austin's existing product range and enables the company to promote additional and expanded capabilities to its key customers and markets.

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For further information, contact Michael Buckland or Colin Anderson on 07 3271 2622.

About Austin Engineering: Austin Engineering Limited is an engineering company with manufacturing facilities in Australia, USA and the Middle East. The Australian and USA facilities provide fabrication facilities servicing the mining, oil, gas and industrial sectors. Key product lines include dump truck bodies, excavator buckets, materials handling equipment and large service vehicles as well as structural steel and mineral processing equipment. The Middle East operation provides specialised products and services for the aluminium smelter industry. Austin owns rights to innovative welding processes which are being introduced to improve welding productivity, coupled with robotic applications to suit product lines, general fabrications and any repetitive production processes.