

30 August 2004

Dear Shareholder

Austin Engineering Ltd (ANG) - Sale of Unmarketable Parcels of Shares

On 14 June 2004 the Company wrote to you to explain the programme for the sale of shareholdings of less than a Marketable Parcel. As explained then, in broad terms, a Marketable Parcel is defined in the Australian Stock Exchange Listing Rules as a parcel of securities with a market value of \$500 or more.

Based on the closing price on the Australian Stock Exchange of the Company's shares as at 11 June 2004, you were identified then as potentially having a shareholding of less than a Marketable Parcel. You were then given the opportunity to elect your keep your shareholding of less than a Marketable Parcel by completing a retention notice and returning it to our share registry by 5.00pm Perth time on 30 July 2004.

In accordance with the programme detailed in the Company's letter of 14 June 2004, completed retention notices received by our share registry by 5.00pm Perth time on 30 July 2004 were collated and examined. It was then determined that:

- A completed retention notice had not been received from you by that time and;
- Based on the closing price on the Australian Stock Exchange of the Company's shares as at 30 July 2004, you were identified as having a shareholding of less than a Marketable Parcel at that time.

As a result, the Company proceeded to arrange to sell your shareholding of less than a Marketable Parcel.

The process for the sale of your shareholding of less than a Marketable Parcel has now been completed and the price obtained for the sale of the shares comprising of your shareholding was 31.5 cents per share. Accordingly, a cheque is attached for the total proceeds of the sale of your shareholding. All costs associated with the sale of your shares have been borne by the Company.

If you have any questions on the foregoing, or if you have alternative instructions on the application of the proceeds of the sale of your shareholding (such as the donation of the proceeds of sale to charity), please contact me on +61 7 3271 2622 or by email at colina@austineng.com.au.

Yours faithfully
For and on behalf of Austin Engineering Ltd



Colin Anderson
Company Secretary