

SHAREHOLDER SHARE PURCHASE PLAN

Brisbane, 29 May 2007: The Board of Directors of Austin Engineering Limited (ASX Trading code: **ANG**) is pleased to announce that it is offering shareholders the opportunity to participate in a Share Purchase Plan ("SPP").

Under the SPP, eligible shareholders will be invited to purchase up to \$5,000 worth of new ordinary shares in Austin. The SPP has been structured to encourage loyal, smaller eligible shareholders to increase their holding and interest in Austin.

The Company is seeking to raise \$6.0 million from the issue of the shares to eligible shareholders. Funds raised under the SPP will provide Austin with sufficient funds to retire bank debt associated with the purchase of the Austbore business in April 2007 as well as to provide additional working capital and funds to consider potential business acquisitions.

The right to participate under the SPP will be available exclusively to persons who are registered as holders of fully paid ordinary shares in Austin at 7.00 pm (Perth time) on the Record Date, which will be Friday 1 June 2007, and whose registered address is in Australia or in any other jurisdiction in which it is lawful and practical for Austin to offer shares under the SPP.

Shareholders who have the right to participate under the SPP will be entitled to apply for a maximum of approximately \$5,000 worth of new shares in one of the following amounts:

- \$725 being 500 new shares in the Company; or
- \$1,450 being 1,000 new shares in the Company; or
- \$2,900 being 2,000 new shares in the Company; or
- \$4,999.60 being 3,448 new shares in the Company.

The Shares will be offered at \$1.45 (one dollar and forty five cents) which represents a discount of 10.8% based on the volume weighted average price of Austin's shares on the ten trading days before this announcement.

To the extent that there is any shortfall under the plan, the Company intends to conduct a placement for the amount of the shortfall.

The offer will be non-renounceable and will open on Wednesday 6 June 2007 at 9.00 am (Perth time) and close on Thursday 21 June 2007 at 7.00 pm (Perth time). The SPP offer document, Application Form and Detailed Terms and Conditions will be sent to eligible shareholders on Monday 4 June 2007. The issue and allotment of shares is expected to be completed on or around Tuesday 3 July 2007.

Business Update

The company now has four operating business units comprising of the existing engineering workshops in Brisbane, Perth and Mackay and as of 2 April 2007, the Austbore machine shop facility, also in Mackay.

The Brisbane and Perth workshops are continuing to experience high levels of productive activity flowing from the strong demand for the Company's product range comprising of dump truck bodies, excavator buckets, water tanks, tyre handlers and other mining-related equipment. It is envisaged that these workshops will continue to enjoy increasing levels of activity. An expansion of the productive capacity of the Perth workshop is being considered in order to take advantage of favourable market conditions for the Company's product range.

Redevelopment of the existing Kaldura Industries workshop facility in Mackay is now well underway and the new expanded facility is expected to be completed around the end of September 2007. As previously reported, the redevelopment will place Kaldura Industries in a position to be able to undertake work on heavy components and assemblies for the emerging and expanding market for the repair of mining-related equipment.

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Austin Engineering Limited
Shareholder Share Purchase Plan and Business Update

Business Update (Cont'd)

The integration of the Austbore business has been successfully completed and the facility is also experiencing very good levels of activity, from both domestic and overseas customers. Further business development and expansion opportunities are envisaged as the Kaldura Industries and Austbore businesses will be able to work together to secure fabrication and other work that is currently subcontracted to other companies.

In the current financial year, following good results from its operations and continued demand for its product range, the Company expects to generate an EBIT result in line with its expectations. The 2007/2008 financial year is envisaged to be a year of further growth for the Company. Based on work in hand, continued strong demand for its product range and the full-year contribution of the Austbore business, the Directors are forecasting that EBIT for 2007/2008 will exceed \$10m.

End

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 Brisbane, Perth and Mackay. The Brisbane facility provides fabrication facilities servicing the mining, oil, gas and industrial sectors. Key product lines include structural steel, mineral processing equipment, dump truck bodies and excavator buckets. The Perth and Mackay facilities manufacture and assemble products used in the resources industry including dump truck bodies, excavator buckets, materials handling equipment and large service vehicles. Austin own 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.