

**This document is important and requires your immediate attention. You should read this document carefully. If you are in doubt as to the action you should take in relation to this document or there is any matter you do not understand you should contact your professional advisers for advice.**

29 June 2009

Dear Shareholder

**Share Purchase Plan**

The Board of Directors of Austin Engineering Limited (**Company**) invite you to participate in the Company's Share Purchase Plan (**Plan**) that was announced on 16 June 2009.

Under the Plan, existing Shareholders are invited to purchase additional fully paid ordinary shares in the Company (**Shares**) at \$1.45 per Share, up to a maximum value of \$5,000. The price of \$1.45 per Share represents a discount of 17.6% to the volume weighted average price of the Company's shares over the five trading days prior to announcing the Plan on 16 June 2009.

The Plan has been structured to encourage our loyal Shareholders to increase their holding and interest in the Company.

The Plan will be offered to Shareholders recorded on the register of members with a registered address in Australia or New Zealand at 7.00pm (Brisbane time) on Friday 12 June 2009.

The Company is seeking to raise \$5.0 million under the Plan and the funds raised will be used to provide the Company with further working capital and to reduce gearing. The Plan will be capped at \$5.0 million, with any scale-back to be undertaken on a pro rata basis.

The Terms and Conditions of the Plan are set out in the attached document. If you make an application to purchase Shares under the Plan, you will have agreed to be bound by those Terms and Conditions.

The indicative timetable for the Plan is as follows:

Opening date of offer	29 June 2009
Closing date of offer	17 July 2009
Issue of shares under the plan	29 July 2009
Quotation of shares on ASX	30 July 2009

**Please note that the closing date of the Plan is 5.00 pm (Brisbane time) on Friday 17 July 2009. If you wish to participate in the Plan please follow the instructions outlined in the attached Application Form so that your Application Amount is received at our Share Registry by that date.**

If you have any questions on the Plan, please call Advanced Share Registry Services Ltd on 08 9389 8033, Monday to Friday, between 8.30am and 5.30pm (WST). In the meantime, please visit our website [www.austineng.com.au](http://www.austineng.com.au) for news and in particular, for an update on the Company's expansion plans into South America. We look forward to receiving your support for the Plan.

Yours sincerely



**Peter Fitch**  
Chairman

**TERMS AND CONDITIONS OF SHARE PURCHASE PLAN**

**1. ELIGIBILITY TO PARTICIPATE**

- 1.1 Shareholders of the Company with a registered address in Australia and New Zealand on the record date of 7.00pm (Brisbane time) on 12 June 2009 are eligible to participate in the Share Purchase Plan (**Plan**).
- 1.2 The Plan does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

**2. TERMS OF THE OFFER**

- 2.1 The Subscription Price of the Shares is \$1.45 per Share, representing a discount of 17.6% to the volume weighted average price of the Company's shares over the five trading days prior to announcing the Plan on 16 June 2009.
- 2.2 The Offer will open at 9.00 am (Brisbane time) on Monday 29 June 2009 (**Opening Date**) and will close at 5.00 pm (Brisbane time) Friday 17 July 2009 (**Closing Date**).
- 2.3 Under the Plan, Eligible Shareholders may apply for:
- (a) 500 Shares for an Application Amount of \$725; or
  - (b) 1,000 Shares for an Application Amount of \$1,450; or
  - (c) 2,000 Shares for an Application Amount of \$2,900; or
  - (d) 3,448 Shares for an Application Amount of \$4,999.60.
- 2.4 The Board reserves the right to amend the Offer timetable at any time.
- 2.5 The Offer is non-renounceable. Accordingly, you cannot sell or transfer your entitlement to participate in the Plan to another person.
- 2.6 Participation in the Plan by Eligible Shareholders is entirely optional and subject to these Terms and Conditions.

**3. APPLICATION FOR SHARES**

- 3.1 Each Eligible Shareholder may apply for the maximum value of \$5,000 worth of Shares.
- 3.2 Joint Eligible Shareholders are considered to be a single registered holding for the purpose of the Share Plan and the joint holders are entitled to participate in the Share Plan in respect of that single holding. If an Eligible Shareholder is a joint holder and also has a separate holding in their individual name, they may only apply for the maximum value of \$5,000 worth of shares between the joint and individual holdings.
- 3.3 Trustees or nominees expressly noted on the Company's share register as a trustee or nominee for a named beneficiary may only apply for the maximum value of \$5,000 worth of shares for each named beneficiary. If the Company's share register does not record a beneficiary in respect of a trustee or nominee holding, the rules for multiple single holdings apply.

- 3.4 Eligible Shareholders wishing to apply for Shares under the Plan must:
- (a) complete the Application Form (if paying by cheque or bank draft). By completing an Application Form, each Eligible Shareholder certifies that (except where shares are held as trustee or nominee on account of a Beneficiary) the aggregate of the Application Amount for:
    - (i) the Shares the subject of the application; and
    - (ii) any other shares in the class applied for by or on behalf of the Eligible Shareholder (and, if applicable, any joint shareholder) under the Plan or any similar plan operated by the Company in the 12 months prior to the application,does not exceed \$5,000;
- each Eligible Shareholder completing an Application Form as nominee or trustee on account of a Beneficiary, certifies the aggregate of the Application Amount for;
- (i) the Shares subject of the application; and
  - (ii) any other shares in the class applied for by or on behalf of the Beneficiary under the Plan or any similar plan operated by the Company in the 12 months prior to the application,
- does not exceed \$5,000.
- (b) arrange payment of the Application Amount for the Shares applied for by the Eligible Shareholder by cheque, bank draft or BPAY in the manner specified on the Application Form;
  - (c) if paying by cheque or bank draft, forward the completed Application Form and payment for the Application Amount to the Share Registry at the address specified on the Application Form, to reach such address by no later than the Closing Date;
  - (d) if paying by BPAY, you do not need to return the Application Form to the Share Registry.
- 3.5 All Application Amounts will be deposited into an account. Application Amounts received in respect of any applications rejected by the Board under clause 3.6 shall be refunded by the Company without interest.
- 3.6 The Board reserves the right to reject any application for Shares (in whole or in part) including (without limitation) if, in the reasonable opinion of the Board:
- (a) an Application Form is not correctly completed; or
  - (b) the applicant is not an Eligible Shareholder; or
  - (c) the issue of Shares would contravene any law or the Listing Rules; or
  - (d) the exact payment of the Application Amount for the Shares applied for is not received; or
  - (e) it believes the issue of those Shares may result in a person receiving Shares with an application price totalling more than \$5,000 in any consecutive 12 month period under the Plan or other similar arrangement; or
  - (f) if the applicant has not otherwise complied with the Terms and Conditions of the Plan.

#### 4. **ISSUE OF SHARES**

- 4.1 If applications are received from Eligible Shareholders for more than the 3,448,275 Shares contemplated by this Plan, the Directors reserve the right to scale back applications on a pro rata basis.

- 4.2 Accordingly, the Board reserves the right to allocate fewer Shares than an Eligible Shareholder applies for under the Plan. Excess Application Amounts will be returned to the relevant applicant(s). No interest will be paid on the Application Amounts so returned.
- 4.3 The Company intends to issue the Shares under the Plan on the Issue Date. The Company reserves the right to vary the Issue Date without further notice including where the Closing Date has been varied pursuant to clause 2.4.
- 4.4 The Company will apply to ASX for quotation of the Shares.

## 5. **GENERAL**

- 5.1 The Shares are a speculative investment and the Market Price of the Shares may change between the date of the Offer and the Issue Date. The Subscription Price will not change. This means that the Subscription Price you pay for the Shares may exceed the Market Price of the Shares at the Issue Date. The Company does not make any assurance as to the Market Price of Shares and there can be no certainty that Shares will trade at or above the Subscription Price following the Issue Date. Shareholders should seek their own financial advice in relation to participation in the Plan.
- 5.2 No brokerage, commission, stamp duty or other transaction costs will be payable by Eligible Shareholders in respect of an application for, and an issue of, Shares under the Plan.
- 5.3 The offer of Shares under the Plan is in accordance with the Class Order which grants relief from the requirement to prepare a disclosure document for this offer. In New Zealand, the offer of Shares under the Plan is in accordance with the Securities Act (Overseas Companies) Exemption Notice 2002, which grants relief from the requirement to prepare an investment statement or prospectus for this offer.
- 5.4 The Board may change or terminate the Plan at any time prior to the Issue Date. In the event that the Board does so, it will advise the ASX. Any omission to give notice of changes to or termination of the Plan, or the non-receipt of any such notice, will not invalidate the change or termination.
- 5.5 If the Plan is withdrawn, all Application Amounts will be refunded. No interest will be paid on any refunded Application Amount.
- 5.6 The Company may settle in any manner it deems appropriate, any disputes or anomalies which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any applicant or application for Shares. The decision of the Company will be conclusive and binding on all persons to whom the determination relates.
- 5.7 Subject to the Corporations Act, the Class Order and the Listing Rules, the Company reserves the right to waive compliance with any provision of the Plan Terms and Conditions.

## GLOSSARY

In the Plan, unless the context otherwise indicates:

**Application Form** means the application form distributed with these Terms and Conditions;

**Application Amount** means the total amount payable by an Eligible Shareholder who applies for Shares under the Plan based on the Subscription Price for the total number of Shares applied for by that Eligible Shareholder;

**ASX** means ASX Limited ACN 008 624 691;

**Board** means the board of Directors of the Company from time to time;

**Class Order** means ASIC class order CO 02/831 dated 17 September 2002 as amended or supplemented from time to time;

**Closing Date** is 5.00 pm (Brisbane time) on 17 July 2009;

**Company** means Austin Engineering Limited ABN 60 078 480 136;

**Corporations Act** means *Corporations Act 2001 (Cth)*;

**Director** means the directors of the Company;

**Eligible Shareholders** means those Shareholders who satisfy the conditions set out in clause 1.1;

**Issue Date** is 29 July 2009;

**Listing Rules** means the listing rules of the ASX;

**Market Price** has the same meaning defined in the Listing Rules;

**Offer or Issue** means a non-renounceable offer of up to \$5,000 worth of ordinary fully paid shares in the Company to each Eligible Shareholder under the Plan;

**Record Date** is 5.00pm (Brisbane time) on 12 June 2009;

**Shareholders** means the holders of shares in the Company;

**Shares** means 3,448,275 new fully paid ordinary shares in the capital of the Company issued pursuant to the Plan;

**Share Registry** means Advance Share Registry Services of PO Box 1156, Nedlands, Western Australia 6909;

**Subscription Price** means the price of the Shares being \$1.45;

**Plan** means the Austin Engineering Limited Share Purchase Plan approved by the Board as amended from time to time;

**Terms and Conditions** means the terms and conditions set out in the Plan.

## SHARE PURCHASE PLAN ("PLAN") APPLICATION FORM

«ADDRESS\_1»  
«ADDRESS\_2»  
«ADDRESS\_3»  
«ADDRESS\_4»  
«ADDRESS\_5»  
«ADDRESS\_6»

Holder Number: «SRN»  
Sub-Register: «HOLDER\_CATEGORY»

Record Date: 7.00pm (Brisbane time), 12 June 2009

**Date Offer Closes: 5.00pm (Brisbane time), 17 July 2009**

This document is important. If you do not understand it, you should consult your stockbroker, accountant or other professional adviser without delay. Please see instructions on the reverse on how to complete this Application Form and where to send it. If you do not wish to participate in the Plan, do not fill out this form.

### 1 Application for Shares and payment by Cheque or Bank Draft

If you wish to participate in the plan and you are paying by cheque or bank draft, please tick the appropriate box below to indicate the value of the parcel of shares you wish to purchase.

**A: 500 Shares**                      **B: 1,000 Shares**                      **C: 2,000 Shares**                      **D: 3,448 Shares**  
 **A\$725**                      OR                       **A\$1,450**                      OR                       **A\$2,900**                      OR                       **A\$4,999.60**

Cheques or bank drafts should be drawn in Australian currency, made payable to Austin Engineering Limited and crossed "Not Negotiable". Please ensure that the cheque or bank draft amount corresponds with the amount ticked in box A, B, C or D above. Incorrect payments may result in your application being rejected.

Please enter the details of your cheque or bank draft in the boxes provided below:

Cheque or Bank Draft Number                      BSB Number                      Account Number  
                                           

**Please now proceed to step 3 below. Complete your contact details, paperclip your cheque or bank draft to this form and return the cheque or bank draft and form in the reply paid envelope that has been provided.**

### 2 Application for shares and payment by BPAY

If you wish to participate in the plan and you are paying by electronic means, please arrange for payment to be made by BPAY using the following Biller Code and Reference Number:



**Biller Code: 212969**

**Ref No: xxxxxxxxxxxxxxxx**

Please ensure that the reference number used in your BPAY payment corresponds with the number detailed above and that your payment corresponds with the value of the parcel of shares you wish to purchase. Incorrect reference numbers or payments may result in your application being rejected. **You do not need to return this form if you are paying by BPAY.**

### 3 Contact Details

Please provide a daytime telephone number where we can contact you if we have any questions about this application.

\_\_\_\_\_  
Name (PRINT)

\_\_\_\_\_  
Daytime telephone number

**AUSTIN ENGINEERING LIMITED**  
**ABN 60 078 480 136**  
**SHARE PURCHASE PLAN**

**How to complete this Application Form:**

Please carefully read the Terms and Conditions of the Share Purchase Plan ("Plan") detailed in the attached document provided with this Application Form. If you do not understand the Terms and Conditions or if you have any doubts about what to do, please consult your stockbroker, accountant or other professional adviser. By applying and paying for Shares under the Plan, you acknowledge that:

- You have read and understood the terms and conditions of the Plan and certify the aggregate application price for Austin Engineering Limited's ordinary shares which you have applied for under this Plan
- You are eligible to participate in the Plan as you are recorded on the register of members of Austin Engineering Limited with a registered address in Australia or New Zealand on the Record Date.
- You give the certification in accordance with clause 3.4(a) of the Terms and Conditions.

If you wish to participate in the Plan:

**1 Application for Shares and Payment by Cheque or Bank Draft**

Tick one box corresponding to the parcel of shares you wish to apply to purchase.

- Do not tick more than one box.
- Do not cross out the amounts next to the boxes and replace them with another amount.
- Make the cheque or bank draft payable to "Austin Engineering Limited".
- The date of the cheque should be the date you fill it in. Do not post-date the cheque.
- The cheque or bank draft must be for the same amount as the box you have ticked in part 1 of the Form.
- Cross the cheque "Not Negotiable". Do not forget to sign the cheque.
- Paperclip the cheque or bank draft to the form.
- Cheques will be processed on the day of receipt and sufficient cleared funds must be held in your account.
- Cheques returned as unpaid may not be represented and may result in your application being rejected.
- Your application form and cheque or bank draft must be received by Advanced Share Registry Ltd by no later than 5.00pm (Brisbane time) on 17 July 2009.

**2 Application for Shares and Payment by BPAY**

Decide the value of the parcel of shares you wish to apply to purchase.

- Prepare a BPAY payment using the BPAY Biller Code and Reference Number in part 2 of the Form.
- Please ensure that you use the correct BPAY Biller Code and Reference Number.
- Your payment must be received by Advanced Share Registry Ltd by no later than 5.00pm (Brisbane time) on 17 July 2009.
- Please be aware that your own financial institution may implement earlier cut off times in respect of electronic payments and you should take this into consideration when making payment.
- It is your responsibility to ensure that funds submitted through BPAY are received on time.
- You do not need to return this form to Advanced Share registry Ltd if you are paying by BPAY.

**3 Contact Details**

Fill in your telephone number and name if you are making payment by cheque or money order as we may need to contact you, for example, if you have not filled in this application form correctly.

**4 Questions on the Application Form**

If you have any queries on this form or your entitlement, please contact Advanced Share Registry Services on 08 9389 8033 or at:

**MAILING ADDRESS**

Advanced Share Registry Ltd  
PO Box 1156  
Nedlands  
Western Australia, 6909

**STREET ADDRESS**

Advanced Share Registry Ltd  
150 Stirling Highway  
Nedlands  
Western Australia, 6009

Please note that Chapter 2C of the Corporations Act 2001 requires information about shareholders (name, address and details of shareholding) to be included in Austin Engineering Limited's public register. This information must continue to be included in Austin Engineering Limited's public register if you cease to be a shareholder. These statutory obligations are not altered by the *Privacy Amendment (Private Sector) Act 2000*. Information is collected to administer your security holding and if some or all of the information is not collected then it might not be possible to administer your security holding.

**Please remember that this offer closes at 5.00pm (Brisbane time) on 17 July 2009**