

Confirmation of Binding Agreement for Chilean Acquisition

Brisbane, 1 July 2009: Austin Engineering Limited (**Austin**) (ASX:ANG) today announces that it has signed a binding letter of intent in relation to proceeding with the acquisition of a leading dump truck body business in Chile. The signing of the binding letter of intent precedes the overall completion of the acquisition, which will be conditional upon:

- The completion of due diligence by Austin by 15 July 2009;
- The completion of financing, as satisfied by the approval by shareholders in general meeting on 20 July 2009 of Tranche 2 of the Placement announced to the market on 16 June 2009 (to raise \$15.8 million from the issue of 11 million new shares to institutional and sophisticated investors); and
- The signing of final contract documentation.

The acquisition is expected to be completed towards the end of July 2009. The binding letter of intent provides for the payment of break fees under the following circumstances:

- By Austin - if Austin is not able to proceed with completion due to shareholders not approving the issue of Tranche 2 of the Placement shares in general meeting on 20 July 2009; and
- By either party - if Austin or the Chilean acquisition target company do not proceed with completion for reasons other than the completion of financing by Austin.

No break fees are payable if due diligence is not completed to Austin's satisfaction and which would result in Austin not proceeding with the acquisition.

End

For further information contact Managing Director, Michael Buckland or Chief Financial Officer, Colin Anderson on +61 7 3271 2622.

About Austin Engineering: Austin Engineering Limited is an engineering company with manufacturing facilities in Australia, the USA and the Middle East. The Australian facilities manufacture, assemble and overhaul products used in the mining and resources sector. Key product lines include dump truck bodies, large service vehicles, excavator buckets, materials handling equipment, mineral processing equipment as well as large structural steel projects. The USA facility (Westech) based in Casper, Wyoming, services the North and South American mining markets and is an industry-leading designer and manufacturer of specialised lightweight dump truck bodies. The Middle East operation principally services the aluminium smelter industries in the region. Austin also own rights to innovative welding processes which have been introduced to improve welding productivity, coupled with robotic applications to suit product lines, general fabrications and any repetitive production processes.