

Strategic Expansion into Colombia

Brisbane, 3 November 2010: The Directors of Austin Engineering Limited (ASX trading code: **ANG**) are pleased to announce that the Board has approved the company's expansion plan into Colombia.

Highlights:

- Strategic move into a country in which the mining and resources industry is expected to grow substantially in coming years
- Early entry into the market enables Austin to take advantage of the economic development of the country
- Little or no existing local manufacturing capabilities for the range of products and services able to be offered by Austin
- Construction of a new purpose-built facility in Barranquilla, northern Colombia at a cost of around USD 4 million
- Expected completion of the facility and establishment of operations by the end of June 2011
- Favourable ongoing tax incentives for establishing operations in the country

The Colombian mineral and resources industry is currently experiencing a period of significant growth with over USD 10 billion planned to be expended on various mining projects over the next 10 years. The needs of the regional miners for specialised mining equipment are significant and are currently met by the importation of relatively expensive equipment due to little or no existing local manufacturing capabilities. The establishment of operations in Colombia will position Austin as the first manufacturer of its kind in the country and it will give the company an important strategic and competitive advantage.

The company will commence construction of a purpose-built facility in Barranquilla, which is located on the north Colombian coast. Barranquilla is one of Colombia's largest cities and is situated in the resources area where most current and future mining projects are underway. Barranquilla also has access to important infrastructure and labour resources and it also offers attractive investment benefits arising from its free-trade zone status, including preferential income tax rates of 15% compared to the normal rate of 30% and a 10-year exemption from local industrial taxes. In addition, operating costs in the country are comparatively low and are also below the levels of other South American countries such as Chile.

The purpose-built facility will consist of a 2,000m² workshop with capacity for a 1,000 m² extension at a later date. Laydown and storage areas and an adjoining office facility will comprise of another 2,000m². Construction is expected to commence in January 2011 with the facility being operational by the end of June 2011. The total cost of the land, facility and equipment will be around USD 4 million.

Commenting on the approval of the plan, Chairman Peter Fitch said "This initiative continues our targeted expansion into South America and our previously stated aim of growing our South American earnings to equal or exceed those of our Australian operations within a few years. With the success we are enjoying in Chile and the imminent start-up of full operations in Brazil in the new calendar year, this expansion is an important follow-on step in establishing a strong presence in South America. We have completed detailed research on expansion into Colombia and we have received very positive feedback and encouragement from customers. At present, no-one in Colombia can offer our range of products and services and the establishment of operations will position Austin as the largest non-OEM player in South America".

"Once established, our full product range will be gradually introduced followed by maintenance services similar to those provided by our new Pilbara Hire and Hunter Valley business units. This will provide expanded service offerings to key customers and we are confident that this will lead to significantly increased revenue year-on-year in Colombia" he said.

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

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About Austin Engineering: Austin Engineering Limited is an engineering company with manufacturing facilities in Australia, the USA, South America 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 Chile operation (Austin Engineering Chile) manufactures dump truck bodies and other mining products for the South American market. 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. Robotic welding systems are also used for product lines, general fabrications and repetitive production processes.