

## **Award of Three-Year Contract by Vale of Brazil**

**Brisbane, 14 January 2014:** The Directors of Austin Engineering Limited (ASX trading code: ANG) are very pleased to be able to announce the signing of a significant contract with Vale, the Brazil-based international miner.

The contract, which is in the form of a supply agreement, is for three years. Equipment will be ordered by Vale and supplied in accordance with its requirements, as determined by its ongoing production schedules and equipment replacement programs. Although the precise value of this contract is not predetermined, Vale has informed the company that the previous contract was for a total of USD 200 million and that the current contract will be split between two companies, with Austin receiving the larger part of the contract.

The contract in the first year is for an initial value of up to USD 59 million of equipment. Vale will review its requirements after the first year and then on a six monthly basis in light of its equipment needs and operating budgets. Further amendments to the contract value will then be issued as required. The contract provides Vale with a range of equipment at fixed prices, adjusted as necessary on an annual basis, with cost escalation.

Austin's scope includes a number of products from its product range such as dump truck bodies, buckets and ancillary equipment. Other products may be considered by Vale as the contract progresses.

Vale has also confirmed that it will discuss with Austin the adoption of scheduled maintenance programs of the kind used by Austin in its Pilbara Hire service and repair business. If these programs are introduced, it will provide Austin a source of recurring reliable repair and maintenance earnings. The ability to plan for the delivery of this work in advance will also assist Austin with maximising efficiencies.

The delivery of products will be from Austin's Chilean and Colombian facilities to the Brazilian border, where Vale will arrange for the crossover into Brazil. Austin will be responsible for the assembly of the products in Brazil. The purchase of two facilities, with existing small workshops and land for expansion, will be pursued in order to enable products to be assembled and maintenance services to be provided. A number of possible sites and businesses have already been identified in Belo Horizonte and Belem in Brazil. In the interim, assembly will be subcontracted to local service providers. Vale's other international operations will also have access through this agreement to Austin's range of products and services from its other worldwide production facilities.

The company had expected that initial deliveries would have started in August 2013, however with product requirements, specifications and associated engineering activities yet to be completed, revenue streams from the contract are now expected to commence from March 2014 onwards.

Commenting on the contract Managing Director Michael Buckland said "This is a very important contract for the company and it continues our successful strategy for expansion into South America. The contract has been in negotiation for over a year and it is pleasing to bring it to a successful conclusion and for Vale to recognise Austin as a preferred supplier of mining products".

"We see this as only a commencement of our expansion strategy in Brazil and we are confident that the establishment of operations in the country will lead to orders from other Brazilian mining customers. There is significant potential for exponential growth in revenue and profitability over the coming years from our operations throughout South America".

**End**

For further information, contact Managing Director Michael Buckland on +61 7 3271 2622.

---

**About Austin Engineering:** Austin Engineering Limited is an engineering company with manufacturing facilities in Australia, the USA, South America, Indonesia and the Middle East. The Australian facilities manufacture, assemble, repair and maintain (on and off-site) 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, industrial radiator and cooling products as well as large structural steel projects. The USA facility (Westech) based in Casper, Wyoming, services the North American and Canadian mining markets and is an industry-leading designer and manufacturer of high-efficiency dump truck bodies. The operations located in Chile, Peru and Colombia manufacture, repair and maintain dump truck bodies and other mining products for their respective markets and, in Chile, also provide specialised heavy equipment lifting and transportation services for mining and industrial markets. The Indonesian production facility on Batam Island serves the equipment and service needs of mining and oil and gas-related customers in Indonesia and Asia. The Middle East operation principally services the aluminium smelter industries in the region. Austin also owns rights to innovative and automated welding processes and these have been introduced into operations in order to improve production efficiencies. For more information visit [www.austineng.com.au](http://www.austineng.com.au).