

AUSTIN ENGINEERING LIMITED

ABN 60 078 480 136

EXTERNAL COMMUNICATIONS POLICY

1. Background and Introduction

Austin Engineering Limited (“the company”) has adopted a policy to guide its relationship and communication with all external parties. These parties include:

- Shareholders and potential shareholders
- The investment community generally, including brokers and investment bankers
- Regulators, e.g. ASIC, ACCC, WH&S, EPA
- Australian Stock Exchange
- Media, including print and electronic media
- Customers and potential customers
- Creditors
- Contractors and service providers
- Community groups

2. Definitions

The terms and phrases used throughout this policy shall have the following meanings unless the context imports a contrary meaning:

“ Act ”	means the Corporations Act 2001 (<i>Cwlth</i>), its successor and predecessor legislation and any regulation made pursuant thereto.
“ ASIC ”	means the Australian Securities and Investment Commission.
“ ASX ”	means the Australian Stock Exchange Limited.
“ Alternate Director ”	means a person appointed as an Alternate Director in accordance with Rule 4 of the Constitution.
“ Board ”	means all Directors of the Company from time to time acting in a collective capacity, notwithstanding the temporary absence of one or more Directors <u>PROVIDED THAT</u> a quorum of Directors is present and that all Directors have received valid notice of the meeting of Directors and the purpose thereof.
“ Body ”	means any corporation, organization, association, partnership, statutory body or the like.
“ Chairman ”	means Chairman or Chairperson of Directors elected in accordance with Rule 12.4 of the Constitution.
“ Company ”	means Austin Engineering Limited, A.B.N. 60 078 480 136.
“ Company Officer ”	means an officer of the Company, howsoever titled, appointed pursuant to rule 18.1 of the Constitution.
“ Committee ”	means a committee established, or charged, by a resolution of the Board, which may be an existing Board committee, to have oversight and delegated authority of the Board in matters relating to External Communications pursuant to and limited by Rule 8.4 of the Constitution.
“ Constitution ”	means the Constitution of the Company as adopted and approved by the Shareholders from time to time.
“ Continuous Disclosure ”	means the manner in which that term is interpreted in the Act and the Listing Rules, particularly Listing Rule 3.1 and ASX Guidance Note 8.
“ Director ”	means a person who has been validly appointed and has not ceased and acting in the position of director in accordance with the provisions of the Constitution and the Act and includes an Alternate Director.
“ Employee ”	means a person in the employ of the Company and shall include a Director, a person in part-time, temporary, casual employment with the Company and contractors and consultants to the Company.
“ External Communication ”	means any communication whether verbal, written or electronic with a person or Body external to the Company
“ Listing Rules ”	means the listing rules of the ASX
“ Managing Director ”	means a Director appointed as managing director in accordance with Rule 7.1 of the Constitution
“ Media ”	means all representatives of the media industry and includes print media (such as newspapers, periodicals, industry papers and journals) and electronic media (such as radio and television stations, internet news services).
“ Policy ”	means this external communications policy

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2. Definitions (Cont'd)

“Regulator” means any government body or like body with statutory authority to regulate or monitor the activity of persons or corporations

“Shareholder” has the same meaning as that of “Member” in the Act

3. Purpose and Objectives of the Policy

- a. The Company's reputation and relationship with external parties is vital to its continued operations and profitability. A uniform and consistently understood policy concerning its dealing and communication with external parties is the cornerstone of, and vital to, the maintenance of the company's reputation.
- b. The Act and the Listing Rules provide severe penalties for disclosure breaches by the company. As a company listed on the ASX there are serious ramifications for the company, its Shareholders and future investors in the company, for breaches, no matter how innocent, of its disclosure obligations.
- c. It is the Board's view that good investor relations is a corner stone of a fair valuation of the company in the market and the company's prosperity and dictate that the manner and contents of its communications with all external parties be consistent.
- d. Good community and Regulator relations are also vital to the company's future efficient operations and profitability.

4. Policy Guidelines

a. General Guideline

Given the seriousness and potentially severe impact that the communications with external parties have on the company's well being it is essential that the authorising body within the company for external communications be the Board of Directors as the supreme decision making body of the company.

Guideline 1.	<i>No External Communication shall occur without approval of the Board of Directors</i>
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b. Board Delegation Guideline

Where, in this policy, the Board delegates approval of an external communication (pursuant to Rule 8.1 of the Constitution) that delegations shall be pursuant to a resolution of Directors at a validly convened meeting of Directors or other similar method as provided for by the Constitution of the Company, e.g. written resolutions as provided for by Rule 12.8 of the Constitution.

Guideline 2.	<i>No delegation to authorise external communication by the Board shall be effective unless evidenced in writing signed by the Chairman</i>
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c. Board may delegate External Communication authority to the Committee

Where the Board has delegated authority in respect of External Communication to the Committee, The Committee shall have the authority of the Board and determinations and authorisations made by the Committee are determinations and authorisations, as the case may be, of the Board.

Guideline 3.	<i>Where the Board has delegated authority in External Communication to a Committee, this Policy shall be read and applied as if the word “Committee” was substituted for the word “Board”</i>
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5. Investment Community Communications

a. Continuous Disclosure Policy

In order to ensure the Company meets its obligations of Continuous Disclosure of information, the Company adheres to the following practices. In the interpretation of this Continuous Disclosure Policy and the Company's Continuous Disclosure obligations substance shall take preference over form:

- Immediate notification to ASX of information concerning the company that a reasonable person would expect to have a material effect on the price or value of the company's securities as prescribed under Listing Rule 3.1, except where such information is not required to be disclosed in accordance with the exception provisions of the Listing Rules.
- the Company will by 31 March 2005 establish a website and all information disclosed to ASX shall be promptly placed on the Company's website following receipt of confirmation from ASX and, if deemed desirable, released to the wider media.
- Market speculation and rumours, whether unsubstantiated or not, have the potential to impact the Company. The Company's general policy is not to respond to market rumour or speculation. However, it may be necessary to make an announcement in certain circumstances and consider applying to ASX for a trading halt until an announcement is made.

b. Continuous Disclosure Procedure

- All Material Information that comes into the possession of the company or any officer or employee of the Company must be reported immediately to the Company Secretary. If in doubt report it to the Company Secretary for a determination.
- The Company Secretary shall determine the nature of the information and the company's responsibility in respect of that information immediately upon receipt. The Company Secretary shall then notify the Managing Director and the Chairman of the information and his/her determination.
- The Board shall ensure that Company Continuous Disclosure announcements:
 - are made in a timely manner
 - are factual
- do not omit material information
- are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
- *[ASX Corporate Governance Council Recommendation 5.1]*
- For administrative convenience, the Company has nominated the Company Secretary as the person responsible for communication with ASX. In addition, the Company Secretary has responsibility for overseeing and coordinating disclosure of information to ASX and communicating with the Managing Director and the Chairman in relation to continuous disclosure matters.
- If a trading halt or other suspension from trading of the Company's securities is necessary to ensure an orderly, fair and informed market, it must be approved by the Board unless it is urgent, in which case, it must be approved by the Chairman (or a person authorised by the Chairman) and advised to all Directors prior to release.
- The Board shall be the authorising organ for public and private disclosure in respect of information concerning the company. All ASX and media releases are to be approved by the Board except for:
 - Urgent releases which must be approved by the Chairman and advised to all Directors prior to release;
 - Administrative releases such as disclosure of Directors' interests and substantial holder notices.
- Under no circumstances shall any employee, officer or executive of the Company communicate (including answer questions or otherwise purport to speak on behalf of the Company) with the ASX or ASIC other than the Chairman, Managing Director or the Company Secretary unless they are specifically authorise in writing by either of those officers.

c. Trading Halts

If a trading halt or other suspension from trading of the Company's securities is initiated it must be authorised under Section 5b of this policy.

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d. **Investment Community Briefings**

To ensure that the Company does not breach its Continuous Disclosure obligations, the following policy and procedure shall be strictly adhered to in respect of briefings and presentation to the investment community:

- No public or private presentation for and on behalf of the company may be conducted except by the Managing Director or persons specifically authorised in writing by the Board. For this purpose public or private disclosure includes any disclosure of information that is not public to any person or entity outside the company who or that is not under a binding duty of confidentiality or non-disclosure to the company or in a position of privilege in respect of that information. All information coming into the possession of any Officer or employee of the company by virtue or as a result of his/her employment or other relationship with the company shall be regarded as being strictly confidential to the company.
- The Company Secretary should be fully briefed about all public or private presentations and record should be kept of those meetings.
- In respect of public and private disclosure of information concerning the company, the Company Secretary is the Compliance Officer and shall have responsibility for the company's compliance in this matter.
- To protect against inadvertent disclosure of price sensitive information, the Board has imposed communication blackout periods for financial information between the end of financial reporting periods (30th June and 31st December) and the announcement of results to the ASX. During these periods the Company shall not hold meetings or briefings to discuss financial information with individual investors, institutional investors, analysts or media representatives unless such meetings or briefings shall be the subject of a specific announcement to the market via ASX.
- Only the Chairman, Managing Director or a person authorised by the chairman is authorised to make any public statement on behalf of the Company.

e. **Communication with Shareholders**

The Board recognises that the Shareholders are the beneficial owners of the Company and respects their rights and is continually seeking ways to assist Shareholders in the exercise of those rights.

The Board also recognises that as owners of the Company the Shareholders may best contribute to the Company's growth, value and prosperity if they are informed. To this end the Board seeks to empower Shareholders by:

- communicating effectively with Shareholders;
- enabling Shareholders access to balanced and understandable information about the Company, its operations and proposals;
- assisting Shareholders participation in general meetings.

The Board has established the following policy element that shall guide the Company's considerations in the area of Shareholder communication:

(i) **Use of Technology**

By 31 March 2005, the Company will develop a website which shall be used to enable Shareholders ease of access to company communications to Shareholders and the market in general. The Board shall post as soon as practical after release the following communications and information in the Investor Relations section of the Company's website:

- all ASX and other market announcements;
- summaries of media and analysts briefings;
- summaries of presentations to trade shows and conventions;
- full text of the Company's annual reports, notice of meetings and explanatory information;
- full text of all Shareholders resolutions passed at general meetings; and
- a summary of analyst or media briefings and general meetings.

(ii) **Notices of Meetings**

The Board has adopted the ASX Corporate Governance Council's recommendation and guidelines as published in the Council's *Principles of Good Governance and Best Practice Recommendations Attachment A* in respect of notices of meetings

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e. **Communication with Shareholders (Cont'd)**

(iii) Shareholders may question Auditor

The Board will ensure that a representative of the Company's external auditor, subject to availability, is present at all Annual General Meetings and that Shareholders have adequate opportunity to ask reasonable questions of the auditor at that meeting.

(iv) Disclosure in Annual Report

The Company shall disclose in the Corporate Governance section of its annual report an explanation of any departures from this policy.

(v) Disclosure on The Company's Website

A summary of the arrangements the Company has to promote communications with Shareholders shall be made available in a corporate governance section of the Company's website, when developed.

(vi) Communicating with Shareholders individually

All communications with Shareholders individually shall be with the Managing Director or, in his absence, the Company Secretary only. Only these officers have been authorised by the board for this purpose. No other employee shall discuss any matter with a Shareholder but they shall put them in touch with the aforementioned officers as soon as possible.

This importance of this aspect of the Shareholder Communications Policy cannot be overstated as it encapsulates all other communication issues dealing with the investment community.

f. **External Party Enquiries**

To ensure that the Company does not breach its Continuous Disclosure obligations, the following policy and procedure shall be strictly adhered to in respect of external (third) party enquiries:

- All enquiries, howsoever received (e.g. written, verbal in person, electronic, telephonic, and the like) from a party external to the Company (e.g. media, Shareholder, stockbroker, regulator, or the like) shall be referred immediately to the Company Secretary.
- Under no circumstances shall any employee purport to make a representation, speak on behalf of, or provide information concerning the Company to any external party.
- All employees are to be on their guard and mindful that an innocent enquiry may amount to a request for a statement or representation. Such requests must be referred immediately to the Company Secretary.
- Administrative Employees should be particularly mindful of this policy when the Company has made recent releases or announcements to ASX, as the immediate post-release period is a high probability time for enquiries. These enquiries must be referred immediately to the Company Secretary.

6. **Media Communications**

a. **Press Briefings and Releases**

Dealings with the Media shall be strictly in accordance with the following policy:

- No ASX announcement shall be released to the Media until such time as the Company has received confirmation that the announcement or release, as the case may be, has been released for distribution by the ASX.
- No person with the Company shall speak with the Media or representatives of the Media without the express written authorisation of the Chairman, managing director or a person authorised by the chairman.
- To protect against inadvertent disclosure of price sensitive information, the Board has imposed communication blackout periods for financial information between the end of financial reporting periods (30th June and 31st December) and the announcement of results to the ASX. During these periods the Company shall not hold meetings or briefings to discuss financial or other price sensitive information with Media representatives unless such meetings or briefings shall be the subject of a specific announcement to the market via ASX.
- Only the Chairman, Managing Director or a person authorised by the chairman is authorised to make any public statement or Media statement, written or otherwise, on behalf of the Company.

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6. Media Communications (Cont'd)

- All enquiries from the Media are to be directed in the first instance to the Managing Director.
- For the removal of all doubt, no press conference, press statement, release of a statement to the Company's public relations advisers shall be authorised without the approval of the Board or other person authorised for such purpose by the Board.

b. Media Speculation or Rumour

Media speculation and rumour is particularly sensitive for the Company requires delicate handling. The following policy shall be strictly followed:

- The Company ordinarily does not comment on media speculation and/or rumour. To do so may only add legitimacy to the speculation or rumour that is unfounded.
- No employee should comment on such speculation or rumour even in an honest and good faith attempt to "set the record straight". All enquiries concerning media speculation or rumour should be directed in the first instance to the Managing Director.
- Where the ASX, in exercise of its discretion under Listing Rule 3.1B and requires the Company to release information for the purposes of clarifying, confirming or refuting speculation or rumour, that notification must be given immediately to the Company Secretary. It should be noted that the Company may have an obligation under Listing Rule 18.7 and well as 3.1B in these circumstances.
- The Company Secretary shall confer immediately with the Managing Director and the Chairman in respect of this matter.
- A Notice from the ASX under Listing Rule 3.1B, shall be dealt with under Section 5b of this Policy.
- It should be noted where there is a matter of Media speculation or rumour this is a high probability period for other enquiries to the Company concerning the speculation or rumour. These enquiries may come from the Media, investment community (e.g. stockbrokers, investment bankers, Shareholders, regulators or the community at large). Administrative staff ought to be counselled to be particularly vigilant at these times and mindful of the adherence to Company's policy.

7. Communications with Customers

Communications with customers or potential customers can be extremely important to the Company as they may amount to actionable representations at a future date and they may have an impact on the Company's relationship with the customer. To ensure that there is adequate consideration that the company's interests are maximised in this area the following policy shall apply:

- No written marketing or other publication intended for customers and potential customers shall be issued with the review and written signoff of the Managing Director.
- The Managing Director shall, in reviewing the publication, be mindful of the following considerations and that the publication protects (or at the least does not compromise) the Company's interest in relation to:
 - Intellectual property of the company
 - Continuous Disclosure obligations
 - Trade Practices Act issues (particularly in respect of Section 52)
 - The requirements of the Act
- The Company has a stated policy of compliance with the Trade Practices Act 1974 (Cth). Accordingly, all Employees dealing with customers shall be mindful of the provisions of that Act in respect of unconscionable conduct and unfair trade practices.
- Employees dealing with customers or potential customers should be mindful of zealously protecting the Company's intellectual property. In this respect, a confidentiality agreement should be entered with a potential customer at the earliest possible stage in negotiations. Employees ought to be particularly mindful to avoid discussing developing Company designs and processes as this might amount to publication and thereby potentially compromise the company's rights under the patent and designs legislation.
- Employees ought to refer this matter to the Company Secretary for advice at an early stage.

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8. Regulator Communication Policy

The Company's relationship with Regulators is extremely vital to its continued operation and its future profitability.

The Company commits and will continue to commit considerable resources to building harmonious relations with the Bodies that regulate its business and industry in general. The Company, along with all commercial operations, continue to operate only with licence from governments. Accordingly, it is particularly important that the Company's communication with Regulators is conducted with a "big picture" approach.

To future and manage its relationship with all regulators that Company has established the following communications policy which must be adhered to strictly:

- The Company's policy is to co-operate with regulators and all Employees are expected to adopt this policy in spirit in their dealing with Regulators.
- Because of the impact that communication with regulators may have on the Company's future licence to operate, the Board shall be the authorising organ for communication with Regulators.
- The Board may, however, delegate to the Managing Director communication with Regulators on an operational and day-to-day basis and such delegation shall be subject to the limits and conditions, if any, that the Board sees fit and appropriate in the circumstances. Any such delegation shall be consistent with *Guideline 2* (see Section 4b above). Where the Board has delegated communication with Regulators, or a specific Regulator, to the Managing Director, the Board may authorise the Managing Director to delegate lesser communications authority to line managers as he sees fit. In so doing the Managing Director shall so authorise a line manager in writing and shall be mindful of the "big picture" issues when considering such delegation.
- The Regulator Communications Policy is that only employees who have been specifically authorised in accordance with this policy shall communicate with Regulators. To this end any employee who has not been specifically authorised in this manner, or having been authorised the communication concerned exceeds the limits or conditions of that authorisation, and is called upon by a Regulator to provide information shall immediately refer the matter to an employee who has the requisite authorisation or the Board whichever is applicable.
- The Managing Director shall, where he has been authorised to communicate with a Regulator, place before each regular and scheduled Board meeting a summary of significant communications with such Regulators. The contents of this summary shall be included in the minutes of that meeting by the Company Secretary.
- Notwithstanding anything in this Regulator Communication Policy it is the Board's policy that primary communication with ASX and ASIC be approved by the Board. The Board may, by resolution, amend and modify this policy.

9. Communication with Community Groups

The first objective of the Company's communication policy as recorded in Section 3a is:

"The Company's reputation and relationship with external parties is vital to its continued operations and profitability. A uniform and consistently understood policy concerning its dealing and communication with external parties is the cornerstone of, and vital to, the maintenance of the company's reputation."

This is no more relevant than with the Company's relationship with the community at large. Or put differently, the Company's relationship with the community at large and community groups can have long lasting benefits. Accordingly, the Company has established the following policy in respect of communication with this group:

- The Company as a corporate citizen shall play its role and meet the reasonable expectation of the community as a member of that community.
- To achieve this it is important that the Company's communication with the community embraces the "big picture" view that may not be fully appreciated at various levels in the Company.
- Notwithstanding the above, the range of the Company's communication issues with the community may, and probably will, embrace a variety of levels within the community from strictly local issues that are most productively and appropriately handled at the local level with the benefit of local knowledge and identity to extremely wide ranging and whole of Company or whole of community issues that mandate either a Board or corporate view response.

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9. Communication with Community Groups (Cont'd)

- Accordingly, the Board must almost certainly delegate some of the community communication authority to management. This delegation shall be in accordance with *Guideline 2* (see Section 4b above). The determination of the breadth of this delegation will require vital input from management. The Managing Director with the assistance of the Company Secretary shall within three (3) months of the adoption of the Board of this Policy formulate a proposal and recommendation to the Board in respect of this delegation. Until such time as the Board resolves formal delegation in respect of a community communication policy the Managing Director and the Chairman shall determine broad informal guideline for the guidance of line managers in their communication with the community.
- Upon adoption of a community communication policy by the Board in accordance with *the Guidelines* (see Section 4 of this Policy), no employee shall communicate with the community except in strict compliance with the community communication policy and the authorisations thereby given in accordance with *the Guideline* in section 4 of this Policy.

10. Amendment of this Policy

This Communications Policy may be amended only by a resolution of the Board at a validly convened meeting of the Board.