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**austin**engineering<sup>LTD</sup>

## **ASX ANNOUNCEMENT**

7 June 2016

### **DESPATCH OF ENTITLEMENT OFFER BOOKLET**

Austin Engineering Limited (**Austin**) confirms that the Entitlement Offer Booklet and personalised Entitlement and Acceptance Form in connection with the pro-rata renounceable entitlement offer (**Entitlement Offer**) as announced on 26 May 2016 were despatched to Eligible Shareholders (as defined in the Entitlement Offer Booklet) in the form attached today.

#### **Further information for Eligible Shareholders**

Eligible Shareholders are encouraged to carefully read the Offer Booklet for further details relating to the Entitlement Offer.

The Entitlement Offer closes at 5.00pm (Sydney time) on 23 June 2016. Applications and associated application moneys must be received prior to this time.

For further information on the above, please contact Executive Chairman, Peter Pursey or Chief Financial Officer, Scott Richardson, on +61 7 3271 2622.

**ENDS**

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**About Austin Engineering:** Austin Engineering Limited is an engineering company with manufacturing facilities in Australia, the USA, South America, and Indonesia. 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. Austin also own 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).

## Entitlement Offer Booklet

In relation to

**A fully-underwritten pro-rata renounceable entitlement offer of 2 New Shares for every 1 Share held at an issue price of \$0.08 per New Share to raise approximately \$28.1 million**

The Entitlement Offer closes at 5pm (Sydney time) on Thursday, 23 June 2016

**This Entitlement Offer Booklet is important and should be read in its entirety. If you do not understand any part of this document or are in doubt as to what you should do, you should contact your professional adviser immediately. This document is provided for information purposes and is not a prospectus or other disclosure document under the Corporations Act.**

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS**



**Lead Manager and Underwriter**

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## IMPORTANT INFORMATION

This Entitlement Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act to Eligible Shareholders with a registered address in Australia and New Zealand recorded in the register of members on 7pm Sydney time Monday, 6 June 2016 (**Record Date**).

This document is not a prospectus under Australian law or under any other law. Accordingly, this document does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. This Entitlement Offer Booklet should be read in conjunction with the Company's other periodic and continuous disclosure announcements to ASX available at [www.asx.com.au](http://www.asx.com.au).

This Entitlement Offer Booklet may contain forward-looking statements, opinions and estimates. Forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control, and which may cause actual results to differ materially from those expressed in the statements contained in this document and the attached materials. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to the Company as of the date of this Entitlement Offer Booklet. Except as required by law or regulation (including the ASX Listing Rules) the Company undertakes no obligation to update these forward-looking statements.

Before making any decision to invest, Eligible Shareholders must make their own investigations and analyses regarding the Company, its business, financial performance, assets, liabilities and prospects, rely on their own inquiries and judgements in the light of their own personal circumstances (including financial and taxation issues) and seek appropriate professional advice.

This Entitlement Offer Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any 'US person' (as defined in Regulation S under the US Securities Act of 1933, as amended (**US Person**)). Shares may not be offered or sold in the United States or to, or for the account or benefit of, any US Person absent registration or an exemption from registration. This Entitlement Offer Booklet has been prepared for publication only in Australia and New Zealand and may not be released elsewhere.

Capitalised terms have the meaning given to them in **section 6**.

## MESSAGE FROM THE CHAIRMAN

Dear Shareholder,

The Company announced on Thursday 26 May 2016 that it was conducting a fully underwritten 2 for 1 pro-rata renounceable entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.08 per New Share (**Entitlement Offer**) to raise approximately \$28.1 million before costs.

The Entitlement Offer is part of a wider equity capital raising being undertaken by the Company (**Capital Raising**) comprising:

- a placement of approximately 21 million Shares at \$0.08 per Share to sophisticated, professional and other investors to whom no disclosure is required under the Corporations Act, to raise up to approximately \$1.67 million (**Share Placement**). Details of the Share Placement were also announced by the Company on 26 May 2016; and
- the Entitlement Offer, to raise approximately \$28.1 million (before offer costs).

### Purpose of the Entitlement Offer

The net proceeds of the Entitlement Offer will be used to fund the reduction of the Company's debt. The successful completion of the Capital Raising will strengthen the financial position of the Company and provide a capital structure which will optimise cashflow.

Further details regarding the Entitlement Offer and financial information regarding the debt reduction strategy are contained in the Company's Investor Presentation which is included in **section 3**.

### Entitlement Offer

On behalf of your Directors, I am pleased to invite you as a valued Shareholder of Austin Engineering Limited to participate in the Entitlement Offer, further details of which are set out in **section 1**.

Eligible Shareholders are entitled to acquire 2 New Shares for every 1 existing Austin ordinary share (**Share**) held on the record date, being 7:00pm (Sydney time) on Monday, 6 June 2016 (**Record Date**).

Eligible Shareholders may also apply for New Shares in excess of their Entitlement through the Shortfall Facility (**Additional Shares**), with such oversubscriptions to be satisfied from Entitlements that were not taken up under the Entitlement Offer. Please see section 1.5 for further details on how Additional Shares will be allocated to Eligible Shareholders.

### Actions required to take up your Entitlement

Your entitlement to subscribe for New Shares under the Entitlement Offer is set out in your personalised Entitlement and Acceptance Form accompanying this Offer Booklet. Instructions on how to participate in the Entitlement Offer are set out in **section 2**.

The Entitlement Offer closes at 5:00pm (Sydney time) on Thursday 23 June 2016, unless extended. To participate, you need to ensure that either your completed Entitlement and Acceptance Form and Application Money or your Application Money submitted by BPAY<sup>®</sup> are received before this time in accordance with the instructions set out on the form and in **section 2**.

If you take no action or your application is not supported by cleared funds, you will be deemed to have renounced your Entitlement. You should note that if you renounce all or part of your Entitlement, then your percentage shareholding in the Company will be diluted by your non-participation in the Entitlement Offer.

**Further information**

It is important that you carefully read this Entitlement Offer Booklet and the other publicly available information about the Company, including information on our website ([www.austineng.com.au](http://www.austineng.com.au)) and consider in particular the risk factors referred to in **section 4** and set out in the Investor Presentation set out in **section 3** before making any investment decision.

On behalf of the Directors, I invite you to consider this opportunity and thank you for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Pursey', with a large, stylized flourish at the end.

**Peter Pursey**  
Chairman

## KEY FEATURES OF THE ENTITLEMENT OFFER

### Summary of Offer

<b>Entitlement</b>	2 New Shares for every 1 Share held on the Record Date (6 June 2016)
<b>Issue Price</b>	\$0.08 per New Share
<b>Discount</b>	25% to the theoretical ex-rights price ( <b>TERP</b> ) of \$0.107 50% to the closing price of \$0.16 on Monday, 23 May 2016
<b>Approximate number of Shares that will be on issue after the Entitlement Offer is fully subscribed</b>	Approximately 526.2 million
<b>Amount to be raised from the Entitlement Offer (before offer costs)</b>	Approximately \$28.1 million
<b>Shortfall Facility</b>	Eligible Shareholders may apply for New Shares in excess of their Entitlement.
<b>Underwriting</b>	Fully underwritten by Blue Ocean Equities Pty Limited. See section 5.12 for details on these arrangements.

### Key dates

<b>Announcement of the Entitlement Offer</b>	Thursday, 26 May 2016
<b>Issue of New Shares under the Placement</b>	Wednesday, 1 June 2016
<b>'Ex' Date</b>	Friday, 3 June 2016
<b>Entitlement trading on ASX begins</b>	Friday, 3 June 2016
<b>Record Date to determine Entitlements</b>	7:00pm (Sydney time) Monday, 6 June 2016
<b>Despatch of Entitlement Offer Booklet and Entitlement and Acceptance Forms</b>	Tuesday, 7 June 2016
<b>Opening date of the Entitlement Offer</b>	Tuesday, 7 June 2016
<b>Entitlement trading on ASX ends</b>	Thursday, 16 June 2016
<b>Closing Date — last date for lodgement of Entitlement and Acceptance Forms and payment of Application Money</b>	5:00pm (Sydney time) Thursday, 23 June 2016
<b>Notification of Shortfall to ASX</b>	Tuesday, 28 June 2016
<b>Issue of New Shares under the Entitlement Offer</b>	Thursday, 30 June 2016
<b>Normal trading of New Shares issued under the Entitlement Offer expected to commence on ASX</b>	Friday, 1 July 2016
<b>Holding statements / confirmation advices for New Shares despatched</b>	Friday, 1 July 2016

Eligible Shareholders that wish to participate in the Entitlement Offer are encouraged to subscribe for New Shares as soon as possible after the Entitlement Offer opens. The Company reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer (including extending the Entitlement Offer or accepting late applications) without notice.

## 1 Details of the Entitlement Offer

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### 1.1 Overview of the Entitlement Offer

Austin proposes to raise approximately \$28.1 million under the Entitlement Offer through the issue of approximately 351 million New Shares. Under the Entitlement Offer, Austin is offering Eligible Shareholders the opportunity to subscribe for 2 New Shares for every 1 Share held at the Record Date, at the Issue Price of \$0.08 per New Share.

Where fractions arise in the calculation of an Entitlement, they have been rounded up to the next whole number of New Share.

The Entitlement Offer comprises two parts:

- (a) **(Entitlement Offer)** Under which Eligible Shareholders are being sent this Entitlement Offer Booklet, together with a personalised Entitlement and Acceptance Form, and are being invited to take up all or part of their Entitlement.
- (b) **(Shortfall Facility)** Under which New Shares attributable to Entitlements:
  - (i) not taken up by Eligible Shareholders; and
  - (ii) that would have been offered to Ineligible Shareholders if they had been entitled to participate in the Entitlement Offer,

will be offered under a Shortfall Facility to Eligible Shareholders that have exercised their full Entitlement. The Company and the Underwriter retain complete discretion regarding the allocation of New Shares to Eligible Shareholders that apply for New Shares in excess of their Entitlement. Please see section 1.5 for further details.

### 1.2 The Entitlement Offer

Eligible Shareholders are invited to participate in a pro-rata renounceable Entitlement Offer to raise up to approximately \$28.1 million (before offer costs). The Entitlement Offer will be conducted on the basis of 2 New Shares for every 1 Share held on the Record Date, at an Issue Price of \$0.08 per New Share, which is payable in full on application.

The Issue Price represents a discount of approximately:

- 25% to the TERP of \$0.107 per Share on Monday, 23 May 2016; and
- 50% to Austin's closing price of \$0.16 per Share on Monday, 23 May 2016.

Please refer to the Investor Presentation in **section 3** of this Entitlement Offer Booklet for information regarding the purpose of the Entitlement Offer, the sources and applications of proceeds of the Entitlement Offer, Austin's business and strategy and importantly, the risks associated with an investment in Austin. You should also consider publicly available information about Austin available at [www.asx.com.au](http://www.asx.com.au) and [www.austineng.com.au](http://www.austineng.com.au).

### 1.3 Eligible Shareholders

This Entitlement Offer Booklet contains an offer of New Shares to Eligible Shareholders. Eligible Shareholders are those holders of Shares who:

- (a) are registered as a holder of Shares on the Record Date;
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States, are not a US Person and are not acting for the account or benefit of a person in the United States or a US Person; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Shareholders that are not Eligible Shareholders are Ineligible Shareholders.

The Entitlements of Eligible Shareholders who also hold options or performance rights will be calculated on the basis of the number of Shares they hold on the Record Date, disregarding any options or performance rights which have not been exercised before that time.

#### 1.4 Entitlements of Ineligible Shareholders

The Company has decided that it is unreasonable to make offers under the Entitlement Offer to Ineligible Shareholders having regard to the number of Shareholders in those places, the number and value of the New Shares that Ineligible Shareholders would be offered and the costs of complying with the legal and regulatory requirements of jurisdictions outside of Australia and New Zealand. Accordingly, the Entitlement Offer is not being extended to Ineligible Shareholders.

In compliance with the Corporations Act, the Company will appoint a sale nominee approved by ASIC (**Sale Nominee**), to arrange for the sale of the Entitlements which would have been granted to Ineligible Shareholders.

The Company will issue the Entitlements to the Sale Nominee that would otherwise have been issued to Ineligible Shareholders (had they been Eligible Shareholders). The Sale Nominee will not be subscribing for the New Shares but will dispose of the Entitlements at any price necessary to any buyer, it is, at its discretion, able to procure.

The Sale Nominee will have the absolute and sole discretion to determine the timing and the price at which the Entitlements may be sold and the manner of any such sale.

Subject to it being economic to do so, any net proceeds of sale will be distributed (net of expenses) to each of those Ineligible Shareholders for whose benefit the Entitlements are sold in proportion to the Ineligible Shareholders' Entitlement.

Neither the Company nor the Sale Nominee will be held liable for the sale of such Entitlements at any particular price or the timing of such sale.

#### 1.5 Shortfall Facility

A Shortfall Facility will allow Eligible Shareholders that have fully subscribed for their Entitlements under the Entitlement Offer to subscribe for Additional Shares.

Eligible Shareholders can subscribe for Additional Shares by completing the relevant part of the Entitlement and Acceptance Form, or through BPAY<sup>®</sup>, please refer to **section 2**.

The Company, in consultation with the Underwriter, retains complete discretion regarding the allocation of Additional Shares which Eligible Shareholders subscribe for in excess of their Entitlement.

Any Additional Shares will be limited to the extent that there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Shareholders if they had been entitled to participate in the Entitlement Offer.

The Company, in consultation with the Underwriter, may scale back any application for Additional Shares in its absolute discretion, but will not scale back any Entitlement.

There is no guarantee that those Eligible Shareholders will receive the number of Additional Shares applied for, or any. The Company's and the Underwriter's decision on the number of Additional Shares to be allocated to you will be final.

In the event of a scale back, the difference between the Application Money received, and the number of New Shares allocated to you multiplied by the Issue Price, will be refunded by the Company, without interest, following allotment.

## 1.6 Ranking of New Shares

New Shares and Additional Shares issued under the Entitlement Offer will rank equally with existing Shares.

## 1.7 Effect of the Entitlement Offer on Austin's capital structure

### (a) Share capital

The principal effect of the Entitlement Offer on Austin's capital structure will be to increase the total number of issued Shares. The capital structure of Austin following the issue of the New Shares in connection with the Entitlement Offer will be as follows:

<b>Shares on issue on announcement of the Entitlement Offer and Placement</b>	154,502,341
<b>Shares to be issued under the Placement</b>	20,908,911
<b>Shares to be issued under the Entitlement Offer</b>	Approximately 350.8 million
<b>Shares on issue after the Entitlement Offer</b>	Approximately 526.2 million

This table is indicative and has been prepared for illustrative purposes only. Shareholders should be aware that the actual number of Shares issued may differ from this table.

The final number of New Shares to be issued under the Entitlement Offer is subject to reconciliation.

### (b) Other securities

As at the date of this Entitlement Offer Booklet, the Company had on issue 12 million options and 2,266,440 performance rights. The exercise price of all options and performance rights and the number of underlying shares to which the options and performance rights relate will be readjusted in accordance with their terms and the Listing Rules following the Entitlement Offer.

Neither the options nor the performance rights carry an entitlement to participate in the Entitlement Offer.

## 1.8 Effect of the Entitlement Offer on control of the Company

The potential effect that the Entitlement Offer and Shortfall Facility will have on the control of the Company and the consequences of that effect will depend on a number of factors, including Eligible Shareholders' interest in taking up their Entitlements and the level of participation by Eligible Shareholders in the Shortfall Facility.

The potential effect on control of the Company is as follows:

- (a) If all Eligible Shareholders take up their entitlement for New Shares under the Entitlement Offer, the Entitlement Offer will have no effect on the control of the Company.
- (b) In the event that not all Eligible Shareholders take up their full entitlement for New Shares under the Entitlement Offer, any Eligible Shareholder that fails to take up their full entitlement for New Shares under the Entitlement Offer will have their percentage holding in the Company diluted by the issue of the remaining New Shares to Shareholders that have made applications under the Shortfall Facility and to the Underwriter and sub-underwriters.
- (c) The proportional interest of Shareholders who are Ineligible Shareholders will be diluted because they are not entitled to participate in the Entitlement Offer.

- (d) Shareholders that apply for Additional Shares under the Shortfall Facility may increase their interests beyond their Entitlement. This could result in the dilution of holdings of those Shareholders that did not accept their Entitlement in full and those who did not apply for Additional Shares under the Shortfall Facility. The amount of the increase in the relevant shareholders' holding in Austin will depend on the size of the shortfall and the number of Shares applied for by Eligible Shareholders under the Shortfall Facility.
- (e) Thorney Investment Group (**Thorney**), an existing shareholder of Austin, has agreed to act as sub-underwriter to the Entitlement Offer. The Company expects that the effect of the sub-underwriting is that Thorney's interest in the Company may increase from its current level of 19.9%. If no Shareholders take up any of their Entitlements under the Entitlement Offer and Thorney is called on to meet its sub-underwriting obligations, Thorney's interest in the Company is likely to increase up to approximately 26%. If the Underwriter or the sub-underwriters (including Thorney) subscribe for any shortfall shares under the Entitlement Offer, the holdings of those Shareholders who did not accept their Entitlements in full and those Shareholders who did not apply for Additional Shares under the Shortfall Facility will be diluted. Thorney's increased stake in Austin could potentially result in reduced liquidity in the market for Shares and, if the interest exceeds 25%, Thorney could itself prevent the passing of special resolutions by the Company.

#### 1.9 **Withdrawal of Entitlement Offer**

The Board reserves the right to withdraw all or part of the Entitlement Offer at any time before the issue of New Shares, in which case the Company will refund Application Money without payment of interest.

#### 1.10 **No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application or payment once it has been accepted, except as allowed by law.

#### 1.11 **Discretion to deal with shortfall**

To the extent there is any shortfall in subscriptions for New Shares and Additional Shares under the Entitlement Offer, the Directors reserve the right to allocate top up Shares or place any shortfall at their discretion within three months of the close of the Entitlement Offer.

#### 1.12 **Minimum subscription**

There is no minimum subscription for the Entitlement Offer.

#### 1.13 **Rounding of Entitlements**

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

#### 1.14 **Opening and Closing Date for applications**

The Entitlement Offer opens for acceptances on Tuesday, 7 June 2016 and all Entitlement and Acceptance Forms and payments of Application Money must be received by no later than 5:00pm (Sydney time) on Thursday 23 June 2016, subject to the Directors being able to vary the Closing Date in accordance with the Listing Rules.

#### 1.15 **Allotment of New Shares and ASX quotation**

It is expected that allotment of the New Shares will take place as soon as practicable after the Closing Date. It is expected that the New Shares will be allotted no later than Friday, 1 July 2016. However, if the Closing Date is extended, the date for allotment may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX.

**1.16 Lead Manager**

Blue Ocean Equities Pty Limited has been appointed as lead manager to the Entitlement Offer on normal commercial terms.

**1.17 Underwriting**

The Entitlement Offer is fully-underwritten by Blue Ocean Equities Pty Limited who will be paid an underwriting fee and management fee. The underwriting fee is an amount equal to 5.0% of the amount raised under the Entitlement Offer (but is not payable on amounts raised from certain major shareholders and the Company's directors or entities associated with the Company's directors) and the management fee is an amount equal to 1.0% of the amount raised under the Entitlement Offer.

The Underwriting Agreement is in a standard form for transactions of this size and type and contains customary covenants, indemnities and representations and warranties by the Company and terminating events which if they occur, will relieve the Underwriter of its underwriting obligations – a summary is set out in section 5.12.

## 2 How to participate

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### 2.1 What you may do — choices available

Before taking any action you should carefully read this Entitlement Offer Booklet and the other publicly available information about the Company on our website ([www.austineng.com.au](http://www.austineng.com.au)).

The number of New Shares to which Eligible Shareholders are entitled is shown on the Entitlement and Acceptance Form. Eligible Shareholders may:

<b>Alternatives</b>	<b>See section</b>
1 Take up their Entitlement in full	2.2
2 Take up their Entitlement in full and apply for Additional Shares under the Shortfall Facility	2.3
3 Take up part of their Entitlement and allow the balance to lapse	2.4
4 Sell all or part of their Entitlement	
• on ASX	2.5
• by transferring it directly to another person	2.6
5 Do nothing and allow their Entitlement to lapse	2.7

Please note that prices obtainable for the Entitlements may rise and fall over the Entitlement Trading Period and will depend on many factors including the demand for and supply of Entitlements on ASX and the value of the Company's existing Shares relative to the Issue Price. If you sell your Entitlement in the Entitlement Trading Period, you may receive a higher or lower amount than a Shareholder who sells their Entitlements at a different time in the Entitlement Trading Period.

If you sell your Entitlements in the Entitlement Trading Period other than on ASX, you may receive a higher or lower amount compared to a Shareholder who sells their Entitlements on the ASX or at a different time in the Entitlement Trading Period on ASX, or to a different person.

If you sell your Entitlement, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up that Entitlement. Your percentage shareholding in the Company will also be diluted.

### 2.2 If you wish to accept your Entitlement in full

If you wish to take up your Entitlement in full, follow the instructions set out in the Entitlement and Acceptance Form.

### 2.3 If you wish to accept your Entitlement in full and apply for Additional Shares

If you have applied to take up all of your Entitlement, you may also apply for Additional Shares. Follow the instructions set out in the Entitlement and Acceptance Form.

If you apply for Additional Shares and your application is successful (in whole or in part) your Additional Shares will be issued at the same time that other New Shares are issued under the Entitlement Offer. There is no guarantee that you will receive the Additional Shares applied for, or any.

### 2.4 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up. You do not need to take any other action as the portion of your Entitlement that you do not take up will lapse.

## 2.5 **If you wish to sell all or part of your Entitlement on ASX**

If you wish to sell all or part of your Entitlement on ASX, you should instruct your stockbroker and provide details as requested from your personalised Entitlement and Acceptance Form. Allow sufficient time for your instructions to be carried out by your stockbroker.

The Entitlement Trading Period on ASX starts on Friday 3 June 2016 (ASX code: ANGR) and ceases on Thursday 16 June 2016. You may incur brokerage costs if you choose to sell your Entitlement on ASX. There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlement on ASX and the price you may be able to achieve.

The Company has no responsibility and disclaims all liability (to the maximum extent permitted by law) to you if you trade your Entitlements before the Entitlements are allotted, or before you receive your personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by the Company or the Company's Share Registry.

If you wish to sell part of your Entitlement on ASX and:

- (a) let the balance lapse - follow the procedures above in respect of the part of your Entitlement you wish to sell on ASX, and do nothing in respect of the balance; or
- (b) take up the balance – follow the procedures above in respect of the part of your Entitlement you wish to sell on ASX and complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up.

## 2.6 **If you wish to transfer all or part of your Entitlement other than on ASX**

If you wish to transfer all or part of your Entitlement other than on ASX you must forward a completed Renunciation and Transfer Form together with the Entitlement and Acceptance Form and the transferee's Application Money to the Share Registry in relation to the part of your Entitlement that you wish to transfer.

If you hold issuer sponsored securities, you can obtain a Renunciation and Transfer Form through the Company's Share Registry on +61 8 9389 8033 at any time from 8.30am to 5.00pm (Perth time) Monday to Friday during the Entitlement Offer period.

The Renunciation and Transfer Form together with the Application Money and the Entitlement and Acceptance Form must be received by the Share Registry at the address in section 2.10 no later than 5.00pm (Sydney time) on Thursday 23 June 2016. If the Share Registry receives both a completed Renunciation and Transfer Form and an application for New Shares in respect of the same Entitlement, the transfer will be given effect in priority to the application.

If you hold broker / CHESS sponsored securities, you should request a Renunciation and Transfer Form from your stockbroker.

If you wish to transfer part of your Entitlement and:

- (a) let the balance lapse - follow the procedures above in respect of the part of your Entitlement you wish to transfer, and do nothing in respect of the balance; or
- (b) take up the balance – follow the procedures above in respect of the part of your Entitlement you wish to transfer and complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up.

You may only transfer your Entitlements in this way to an Eligible Shareholder.

## 2.7 **Do nothing and allow your Entitlement to lapse**

If you do nothing, your Entitlements will lapse and you will receive no benefit. Although you will continue to own the same number of Shares, your percentage holding in the Company will be diluted.

## 2.8 Payment for New Shares

Either:

### Payment by cheque or bank draft

If you are paying for your New Shares by cheque, bank cheque or bank draft, complete and return the Entitlement and Acceptance Form with your payment. The Share Registry must receive your completed Entitlement and Acceptance Form together with full payment for the number of New Shares for which you are applying by no later than **5:00pm (Sydney time) on Thursday 23 June 2016**. If you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Money.

Your cheque, bank cheque or bank draft must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. Your payment must be for the full amount required to pay for the New Shares applied for. Payments in cash will not be accepted.

Cheques must be made payable to 'Austin Engineering Limited' and crossed 'Not Negotiable'.

You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. We will not re-present any dishonoured cheques.

or:

### Pay by BPAY®

If you are paying for your New Shares by BPAY®, please refer to your personalised instructions on your Entitlement and Acceptance Form. Please note that should you choose to pay by BPAY®, you do not need to complete or return the Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form. If you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Money.

When completing your BPAY® payment, please make sure to use the specific Biller Code and unique reference number provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (i.e. where you have multiple holdings), please only use the reference number specific to the Entitlement on that form. If you inadvertently use the same reference number for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which the reference number applies.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by **5pm (Sydney time) on Thursday 23 June 2016**.

### Excess Application Money

Amounts received by the Company in excess of the Issue Price multiplied by your Entitlement (**Excess Amount**) may be treated as an application to apply for as many Additional Shares as your Excess Amount will pay for in full.

Excess Application Money that is not sufficient to subscribe for a number of New Shares multiplied by the Issue Price will be refunded to you except where that amount is less than \$2.00, in which case it will be retained by the Company. The method by which you receive the refund will be at the discretion of the Company. No interest will be paid to Eligible Shareholders on any Application Money received or refunded.

## 2.9 Acceptance of the Entitlement Offer

By completing, and the Company receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY<sup>®</sup>, you:

- (a) agree to be bound by the terms of this Entitlement Offer Booklet and the provisions of the Company's constitution;
- (b) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (e) acknowledge that once the Company receives the Entitlement and Acceptance Form or your payment by BPAY<sup>®</sup>, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares that your payment will pay for at the Issue Price of \$0.08 per New Share;
- (g) authorise the Company and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (h) declare that you were the registered holder(s) at the Record Date (Monday, 6 June 2016) of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (i) acknowledge that the information contained in this booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs, and that the Entitlement Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (j) represent and warrant (for the benefit of Austin) that you are eligible to participate in the Entitlement Offer;
- (k) acknowledge the statement of risks in referred to in **section 4** and pages 16 to 22 of the Investor Presentation, and that investments in the Company are subject to risks;
- (l) represent and warrant that the law of any place (other than Australia and New Zealand) does not prohibit you from being given this Entitlement Offer Booklet or making an application for New Shares; and
- (m) represent and warrant that you are an Eligible Shareholder and have read and understood this booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this Entitlement Offer Booklet and the Entitlement and Acceptance Form.

By completing, and the Company receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY<sup>®</sup>, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that you:

- (a) are not in the United States and are not a US Person (see section 5.2 below), and are not acting for the account or benefit of, a US Person and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;

- (b) acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia and New Zealand, and accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (c) agree that if in the future you decide to sell or otherwise transfer the New Shares or Additional Shares you will only do so in regular transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States or a U.S. Person;
- (d) acknowledge that, if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting on behalf of a person in the United States and you have not sent this booklet, the Entitlement and Acceptance Form or any information relation to the Entitlement Offer to any such person;
- (e) agree to provide (and direct your nominee and custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date; and
- (f) have not and will not send any materials relating to the Entitlement Offer to any person in the United States or that is a US Person, or is acting for the account or benefit of a US Person.

#### 2.10 **Address details and enquiries**

Completed Entitlement and Acceptance Forms (including payment of Application Money) should be forwarded in the enclosed reply paid envelope to the Company's Share Registry by mail to the following address:

##### **Mailing address**

Austin Engineering Limited  
C/- Advanced Share Registry Limited  
110 Stirling Highway  
Nedlands WA 6009

Completed Entitlement and Acceptance Forms (including payment of Application Money) can also be delivered by hand to the above addressed delivery.

If you would like further information you can contact your stockbroker, accountant or other professional adviser.

# Austin Engineering Ltd

## Capital Raising Presentation

May 2016



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This investor presentation (Presentation) has been prepared by Austin Engineering Limited (ABN 60 078 480 136) ("Austin" or the "Company"). This Presentation has been prepared in relation to a share placement and renounceable entitlement offer of New Shares under section 708AA of the Corporations Act as modified by Australian Securities and Investments Commission (ASIC) Class Order 08/35.

**Summary information:** This Presentation contains summary information about Austin, its subsidiaries, and its activities which is current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Austin or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

The historical information in this Presentation is, or is based upon, information that has been released to the Australian Securities Exchange (ASX). This Presentation should be read in conjunction with Austin's other periodic and continuous disclosure announcements lodged with the ASX, which are available at [www.asx.com.au](http://www.asx.com.au).

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**Financial data:** All dollar values are in Australian dollars (A\$ or AUD) unless otherwise stated. Investors should note that this Presentation contains pro forma financial information. The pro forma financial information and past information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Austin's views on its future financial condition and/or performance.

The pro forma financial information has been prepared by Austin in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia. Investors should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation SX of the rules and regulations of the U.S. Securities and Exchange Commission.

Investors should be aware that certain financial data included in this presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934. These measures include Net Debt.

The disclosure of such non-GAAP financial measures in the manner included in the Presentation may not be permissible in a registration statement under the U.S. Securities Act. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although Austin believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this Presentation.

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## Executive Summary

- Austin Engineering Ltd (“**Austin**”) is a leading global designer and manufacturer of large yellow goods componentry and maintenance services to the mining industry. Austin is undertaking a significant recapitalisation to enable the Company to take advantage of upswings in demand post capital raising because:
  - Austin’s senior secured syndicated debt will be fully repaid and net debt post raising substantially reduced to manageable levels
  - Significant cost reductions have been implemented to ensure existing EBITDA is preserved and grown from cyclical lows
  - Diversification of the existing customer base continues to occur across both clients and commodities
  - Operations continue to be streamlined and product diversification promoted across Austin’s existing customer base
- Austin is undertaking a capital raising of circa \$29.7 million which consists of the following:
  - A share placement for approximately \$1.67 million at an offer price of \$0.08/share; and
  - A 2-for-1 fully underwritten renounceable entitlement offer to all eligible shareholders to raise ~\$28.1 million at an offer price of \$0.08/share (together the “Capital Raising”)
- The proceeds of the Capital Raising will be used to:
  - Repay all senior secured syndicated debt; and
  - Repay the term loan.
- Post the capital raising Austin’s balance sheet is expected to have the flexibility required to support the capital requirements of the company

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# Investment Thesis

## 1. Austin has grown its maintenance businesses which provide a base-level of sustainable earnings

- Austin has grown its recurring revenue base to ~55% of sales over the past 12 months. This provides a platform that generates approximately \$120 million of revenue per annum
- This allows Austin to maintain strong relationships with customers which is strategically important for securing new product orders

## 2. Product based businesses have market leading positions with substantial revenue upside as mining customers begin ordering again

- Tray businesses, which generate the majority of Austin's product revenue, have strong market share in their respective markets
- It is expected there will be substantial demand for tray and other Austin products due to the replacement cycle of the installed equipment base
- Austin expects materially higher revenues from tray and other product based businesses as the investment cycle turns

## 3. Post the Capital Raising, Austin will have fully repaid its senior syndicated facilities which right-sizes the balance sheet for the current market environment

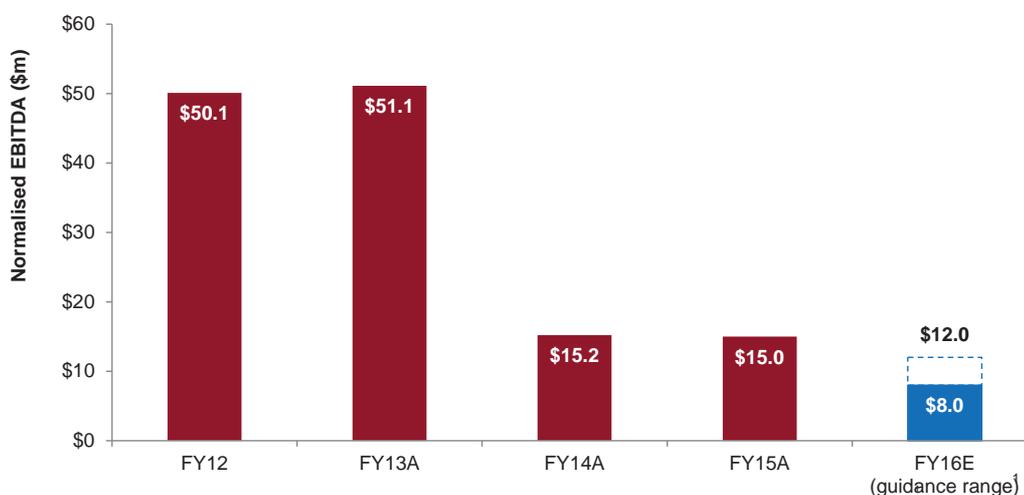
- The capital raising provides Austin the flexibility required to support the capital requirements of the company

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# Earnings Guidance

- The Company reported 1H16 normalised EBITDA of \$3.8m and revised full year guidance
  - FY16 normalised EBITDA is expected to be between \$8m to \$12m
  - Austin is forecasting stronger orders and higher volumes, which will lift productivity in its manufacturing facilities, when compared to 1H16
- Austin's maintenance businesses have grown to c. 55% of total revenue (c. \$120m per annum<sup>2</sup>), which provides a solid base from which to continue rebuilding the business



1. See Appendix for the forecast FY16 normalised EBITDA methodology  
 2. LTM reported services revenue of \$122.1m, making up 56.5% of total revenue

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# Austin Engineering Business Outlook

**Austin has recently secured a number of new contract wins and orders while continuing to grow its maintenance business**

## Americas:

- Chile has recently been awarded an off-site repair contract with a major client worth \$11m of revenue over two years
- The Antofagasta Minerals maintenance contract in Chile has been increased by the client, now worth \$1.5m over three years
- Peru recently secured an order for 6 trays from a large mining client and a 3 year maintenance contract with Prodeco in Colombia has also been committed
- 3 year contract, with a 3 year extension option, with Chilean state copper producer Codelco at its Chuquicamata mine - the contract is for 6 cranes and is expected to generate in excess of \$1m per annum in EBITDA contribution. The contract commenced in late January 2016
- 8 tray bodies for local mining companies ZAMine Service Peru, Minera Cinalo and Southern Peru Copper
- Westech's operations in Wyoming secured a new order for 17 trays. Westech continues to have a significant amount of outstanding tenders waiting on mining companies head office approval. The focus for the year is on growing sales for the company's range of buckets and continuing to secure new clients in Mexico and Canada
- The trend of mining company spending cuts continues across the Americas region

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# Austin Engineering Business Outlook

## Australia:

- Perth recently secured an order for 32 trays for a major iron ore producer to be delivered across 2016 and 2017
- The Perth based Site Services operation recently completed a major specialist repair order in Zambia and is in talks for additional work within Africa
- Hunter Valley operations continue to win new work consisting of a mixture of new products and maintenance contracts. This operation has improved significantly over the past 3 months with onsite/offsite maintenance and repairs now forming a major part of the business
- Positive signs with replacement orders starting to come through as announced to the ASX on 18 May, 2016
- Continue to focus on opportunities to grow the maintenance business

## Asia:

- The Indonesia business on Batam Island has secured a large bucket order and 4 trays delivering revenue of \$1.9m for delivery between May and July 2016
- Indonesia operations recently secured an order for 2 large dragline buckets for an Australia client
- Currently quoting on a number of larger repeat projects for the Indonesian market which the company has previously worked on. These projects are expected in the second half of FY17 and if successful, would deliver significant workload for this operation

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# Placement & Entitlement Offer: Key Details

<b>Offer Size</b>	<ul style="list-style-type: none"> <li>Share placement raising \$1.67m to institutional investors</li> <li>2 for 1 fully underwritten renounceable entitlement offer of ordinary shares in Austin to all eligible shareholders to raise approximately \$28.1m</li> </ul>
<b>Offer Price</b>	<ul style="list-style-type: none"> <li>\$0.08 per fully paid ordinary share               <ul style="list-style-type: none"> <li>50.0% discount to last closing price of \$0.16 per share<sup>1</sup></li> <li>52.3% discount to 5-day VWAP of \$0.168 per share<sup>1</sup></li> <li>46.7% discount to 30-day VWAP of \$0.150 per share<sup>1</sup></li> <li>25.0% discount to TERP of \$0.107 per share<sup>1</sup></li> </ul> </li> </ul>
<b>Share Placement</b>	<ul style="list-style-type: none"> <li>The Share placement will raise \$1.67 million from institutional investors at an issue price of \$0.08/share</li> </ul>
<b>Renounceable Entitlement Offer</b>	<ul style="list-style-type: none"> <li>Renounceable Entitlement Offer is open to all eligible investors on the share register prior to the Ex-date and will raise up to ~\$28.1m; and</li> <li>Entitlements may be bought and sold during the trading period and any rights not sold and not exercised will expire worthless</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>All New Shares issued under the Offer will rank equally with existing Austin shares</li> </ul>
<b>Lead Manager &amp; Underwriter</b>	<ul style="list-style-type: none"> <li>Blue Ocean Equities Pty Ltd</li> </ul>

<sup>1</sup> Calculated with reference to the last close on 23 May, 2016

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## Strengthened Balance Sheet

	As at 31 December 2015 (\$m)	Impact of the Capital Raising (\$m)	Pro Forma as at 31 December 2015 (\$m)
Cash and cash equivalents	3.1		3.1
Trade receivables	30.0		30.0
Inventories	22.3		22.3
Current tax assets	0.7		0.7
Property, plant and equipment	113.2		113.2
Intangible assets	55.2		55.2
Deferred tax assets	13.4		13.4
Other assets	18.3		18.3
<b>Total Assets</b>	<b>256.3</b>		<b>256.3</b>
Trade and other payables	40.9		40.9
Financial liabilities - senior lending facilities	37.4	(28.0)	9.4
Financial liabilities – finance leases	5.2		5.2
Financial liabilities – term loan	6.9		6.9
Financial liabilities – subordinated loan	19.1		19.1
Tax liabilities	10.1		10.1
Provisions	12.8		12.8
<b>Total Liabilities</b>	<b>132.3</b>	<b>(28.0)</b>	<b>104.3</b>
<b>Net Assets / Equity</b>	<b>123.9</b>	<b>28.0</b>	<b>151.9</b>
Net debt	65.4	(28.0)	37.4
Net Gearing <sup>1</sup>	35%		20%

<sup>1</sup> Net Gearing calculation = Net debt/(Net debt + Net assets)

<sup>2</sup> See Appendix for information about the basis of preparation of the pro-forma balance sheet

<sup>3</sup> Refer to page 11 for further details on movements in debt facilities since 31-Dec-15

<sup>4</sup> The COR Cooling sale is expected to result in an accounting loss on sale of \$8-12m. This will be finalised in the June 2016 accounts

- This pro-forma<sup>2</sup> Balance Sheet illustrates the effect of the Capital Raising on the balance sheet of the Company as at 31-December-15 assuming that:
  - \$29.7m of equity is raised (approximately \$28m in net proceeds after fees)
- We note subsequent to 31 December 2015, Austin has<sup>3</sup>:
  - secured a corporate bond and sold COR Cooling<sup>4</sup>. Together with the Capital Raising, these events extinguish the senior lending facilities and term loan
  - taken on \$6.4m in finance leases to fund a new contract won to supply cranes to a customer in Chile
  - A cash balance of approximately \$3m prior to the Capital Raising
- Post the Capital Raising, the total pro-forma Net Debt would have been ~\$37m (including the subordinated loan and corporate bond)
  - Refer to page 20 for a detailed pro-forma breakdown of the current debt outstanding

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## Debt Profile After Capital Raising

- Post capital raising the Company's total gross debt would be reduced to \$36.6m. The table below shows the movements since 31 December 2015 including the impact of the Capital Raising:

	As at 31 December 2015 (\$m)	Movements since 31 December 2015 (\$m)	Impact of the Capital Raising (\$m)	Pro Forma current (\$m)
Senior lending facilities	37.4	(16.0) <sup>1</sup>	(21.4)	-
Finance leases	5.2	5.9 <sup>2</sup>	-	11.1
Term loan	6.9	(0.4) <sup>3</sup>	(6.5)	-
Corporate bond	-	6.4 <sup>4</sup>	-	6.4
Subordinated loan	19.1	-	-	19.1
<b>Total gross debt</b>	<b>68.6</b>	<b>(4.1)</b>	<b>(27.9)</b>	<b>36.6</b>

- Significant headroom on subordinated loan covenant
  - Senior debt (excluding subordinated loan and corporate bond): Normalised EBITDA of 4.0x
  - Senior debt (excluding subordinated loan and corporate bond) of approximately \$11.1m<sup>5</sup>
  - EBITDA for covenant purposes is normalised historic EBITDA for last 12 months. Based on LTM normalised EBITDA of \$10m, this covenant is 1.1x
- Austin's interest expense is expected to be substantially reduced post the capital raising
- Debt will be reduced further by sale of land and sale and lease back of properties
  - Expect to receive \$8.7m of gross sale proceeds from the sale / sale and lease back of two properties, namely in Peru and Colombia in 2H 2016
- New optimised debt facilities will likely replace some of the existing international facilities – improving funding cost and flexibility

- Senior loan repaid from COR Cooling sale proceeds and issue of corporate bond
- Net increase in finance leases due to \$6.4m in new crane leases less existing lease repayments
- Term loan repayments since 31-Dec-15
- Secured corporate bond which was used to repay senior lending facilities
- Senior debt calculated for covenant purposes will likely increase over the short term as Austin seeks to increase working capital investment and facilities by c. \$5m

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## Indicative Timetable

Event	Date <sup>1</sup>
<b>Company enters Trading Halt</b>	Tuesday, 24 May 2016
<b>Share recommence trading on the ASX and Company announces Share Placement and Renounceable Entitlement Offer</b>	Thursday, 26 May 2016
<b>Share Placement DvP settlement</b>	Tuesday, 31 May 2016
<b>Placement shares allotted</b>	Wednesday, 1 June 2016
<b>'Ex' Date for shares in the Renounceable Entitlement Offer Rights Trading commences</b>	Friday, 3 June 2016
<b>Record Date for the Renounceable Entitlement Offer</b>	7pm, Monday, 6 June 2016
<b>Renounceable Entitlement Offer opens</b>	Tuesday, 7 June 2016
<b>Rights Trading ends</b>	Thursday, 16 June 2016
<b>Renounceable Entitlement Offer closes</b>	5pm, Thursday 23 June 2016
<b>Shortfall settlement date</b>	Thursday, 30 June 2016
<b>Allotment of shortfall shares and trading commences</b>	Friday, 1 July 2016

<sup>1</sup> The Company in consultation with the Lead Manager reserves the right to vary the dates without notice

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# Appendix

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## FY16 Forecast Methodology

- The forecast provided by the Company is based upon its normal annual budget process which includes a bottom up process where each operation provides a detailed profit & loss statement, balance sheet and cash flow statement. The main tasks involved are as follows:
  - Historical/actual figures associated with labour costs, costs of consumables, current supplier agreements with creditors and forecast increases for inflation are reviewed and incorporated/amended as necessary. Changes in operational requirements are also reviewed and accounted for
  - Sales forecasts are generated from current work on hand, current contracts/agreements, quotes in the market, and conversations/meeting with clients regarding forecast requirements over the next year. Historical run rates for clients are also used to generate sales forecast in certain businesses within the group
  - Once the operational budgets are completed these are then forwarded to corporate office where they are scrutinised by senior management and any queries sent back to the operation for responses/amendments
  - Following management approval these budgets are then forwarded to the Company's Directors for an initial review, which generally initiates further clarifications and/or amendments to the numbers
  - Corporate costs are allocated on known costs, historical run rates and any contracts in place
  - Lastly the finalised budgets are sent to the Directors for final approval and incorporation into the group

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## Basis of Preparation of Pro-forma Balance Sheet

- To illustrate the effect of the Offer on the Company, the pro-forma consolidated balance sheet of the Company has been prepared based on the reviewed balance sheet of the Company as 31 December 2015, adjusted to reflect the following pro-forma transactions:
  - a) The pro-forma balance sheet has been prepared on the basis of accounting policies normally adopted by the Company.
  - b) The financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by the accounting standards applicable to financial statements.
- The pro-forma balance sheet is not a forecast. The actual financial position of the Company on completion of the Capital Raising will differ from the position illustrated in the pro-forma balance sheet due to operations during the period between 31 December 2015 and the date when the Capital Raising is completed.

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## Key Risks

### Summary

Investors should be aware that there are risks associated with an investment in the Company. Activities of the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance. There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance and position of the Company and the outcome of an investment in the Company. Some of these risks can be adequately mitigated by the use of safeguards and appropriate systems but many are beyond the control of the Company and its Directors and cannot be mitigated.

Prior to deciding whether to take up their New Shares under the Entitlement Offer, Shareholders should read this entire Investor Presentation and review announcements made by the Company to ASX (at [www.asx.com.au](http://www.asx.com.au), ASX:ANG) in order to gain an appreciation of the Company, its activities, operations, financial position and prospects. Shareholders should also consider the summary risk factors set out below which the Directors believe represent some of the key specific and general risks that Shareholders should be aware of when evaluating the Company and deciding whether to participate in the Entitlement Offer. The risk factors set out below are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed. Shareholders should also have regard to their own investment objectives and financial circumstances and should seek professional guidance from their stockbroker, solicitor, accountant or other professional advisor before deciding whether to invest.

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# Key Risks

## Specific Risks

### Market risk

- For the last few years there has been a significant decline in expenditure in the types of goods and services that the Company provides. There is a risk that the reduced expenditure in recent years will be deeper and continue for longer than expected. If this occurs it will have a material adverse effect on the Company and its earnings.
- The Company's earnings are exposed to production volume and it believes that, despite market conditions, there will be an eventual need for replacement of installed equipment which will support earnings.

### Competition

- Austin faces competition across its range of products and services. A significant increase in competition, including through imports, could materially affect the future financial position and performance of Austin by putting downward pressure on prices or by reducing Austin's sales volumes.

### Financial risk

- Even following the repayment of the senior secured syndicated debt and the term loan, the Company will continue to have debt obligations. The debt facilities contain a variety of material covenants which the Company and its subsidiaries must comply with. Whilst every effort will be made to seek to comply with the covenants, in the event of a breach, the lenders may be entitled to call for repayment of the facilities (and exercise its rights as secured creditor where Austin defaults on such repayment). This will have a material adverse effect on the ability of the Company to continue its operations.
- Austin may not be able to access equity or debt capital markets to support its business growth objectives or successfully refinance its debt facilities on commercially favourable terms, or at all.
- If Austin is unable to manage its indebtedness and the restrictions applicable to it as a result of this indebtedness, its ability to implement its business strategy may be impaired and the results of its operations and financial condition may be adversely affected.

### Sustainability of growth and margins

- The sustainability of growth and the level of profit margins are dependent on Austin's ability to secure new customers and contracts.
- A failure to secure service contracts may have a material adverse effect on Austin. Additionally, if Austin experiences strong growth in future years and is not able to properly manage such growth due to labour or capital equipment shortages, its financial performance could be adversely affected.

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# Key Risks

### Operational risk

- Interruptions at the Company's facilities could impact Austin's ability to supply its customers and could adversely affect our operations, financial condition or results of operations.
- The production of mining consumables and steel products involves inherent risks relating to the nature of manufacturing processes. Specifically, manufacturing processes are dependant on quality inputs and critical equipment such as furnaces, casters, steam boilers, rolling mills and electrical equipment which may incur downtime as a result of unanticipated failures or other events, such as breakdowns, loss of external power supply or natural disasters and other events outside Austin's control.
- Industrial action between the Company and unions could disrupt the Company's operations. A shortage of skilled personnel may increase Austin's costs and may materially and adversely affect production levels and profitability.

### Dependence on key customer and supplier relationships

- Austin relies on various key customer and supplier relationships, and the loss or impairment of any of these relationships could have a material adverse effect on Austin's operations, financial condition and prospects.
- An interruption in raw material, electricity, gas or water supply, a deterioration in the quality of raw materials or inputs supplied or an increase in the price of those raw materials could adversely impact the quality, efficiency or cost of products. Any of these events could have an adverse impact on the Company's financial condition and results of operations.
- Depending on the market price of the relevant commodity, some of the Company's customers may determine that it is not economically feasible to maintain current levels of production or to continue commercial production at some or all of their operations or the development of some or all of their current projects, as applicable, and reduce or cease their purchases of Austin products and services.

### Product risk

- The products and services Austin produces are subject to sales agreements with customers and must meet certain specifications. Despite controls and measures being in place, products and services may fall outside these specifications due to process failures, equipment malfunctions or variability of inputs which could have a material adverse effect on the Company's financial condition and results of operations.
- Austin is exposed to warranty and liability risks relating to defects in its steel products. If any products it sells are defective or fail to meet the required specifications, the relevant customers may assert claims against the Company.
- Austin maintains an internal risk management process and also follows quality assurance procedures in relation to the manufacture of its products and materials.

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# Key Risks

## Occupational Health and Safety (OHS)

- Austin's operations are subject to extensive health and safety laws and regulations.
- Failure to comply with the Company's internal health and safety policies and processes and with health and safety laws and regulations could result (and in some instances has resulted) in enforcement action which could result in monetary penalties. In addition, any significant government investigation or enforcement of health and safety requirements could damage the Company's reputation as a responsible company and employer or could result in suspension or closure of our operations.

## Natural risks

- Austin operates in regions that are subject to unpredictable weather, geological conditions and other natural risks that could result in production delays or disruptions to our operations.
- The negative impacts of climate change could increase the frequency of severe weather resulting in increased natural risks.

## Intellectual property

- There can be no assurances that the validity, ownership or authorised use of intellectual property (including technology, know-how, trademarks, designs and patents (both owned and licensed) relevant to Austin's business may not be challenged.

## Litigation and legal matters

- Austin is exposed to the risk of claims and lawsuits arising in the ordinary course of its business, including claims for damages and commercial disputes relating to its business, products and services, which if successful, could adversely affect its business or financial position.

## Reduction in outsourcing

- Austin is dependent on customers outsourcing service, repair and maintenance services. Should customers undertake these works internally then the need for externally provided services may negatively affect the growth prospects and financial performance of the Company.

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# Key Risks

## Contractual risks

- Austin's financial performance is reliant on the revenue produced from the utilisation and productivity of its key assets. To ensure that the productivity of the Company's assets is maximised, where possible the Company engages in short term contracts with its customers and certain suppliers. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contracts is dependent upon the relevant third party complying with its contractual obligations.
- Specifically, some of the Company's contracts are able to be terminated by the customer with a short period of notice. Any early termination of existing or future material contracts relating to the Company's assets may adversely affect the financial performance and/or financial position of the Company.
- To the extent that third parties default in their obligations or become insolvent, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.
- The Company has also entered into contracts with third party product and service providers, who the Company may be reliant upon to efficiently conduct its operations. Any non-compliance by these third parties may have adverse consequences on the financial position of the Company.
- In some circumstances where an established relationship exists with a customer, the Company may continue to provide services to the customer beyond the life of the contract, on the assumption that the contractual terms will continue to apply. Disputes may ultimately arise with these third parties to the extent that there is uncertainty over the terms that govern the relationship. These disputes may require legal action which as noted above may prove costly with the ultimate outcome being uncertain.

## Risks associated with global operations

- Austin is subject to political, legal, social and economic policy risks and uncertainties in the countries in which the Company operates. Any deterioration or disruption of the political, legal, social or economic environment and business climate in those countries may have an effect on Austin's businesses, financial position, results of operations or prospects.
- Austin provides products and services in a number of countries around the world. Therefore, Austin is subject to tax and legal regimes of many different jurisdictions and is subject to risks of changes in laws, taxes or interpretation or enforcement.

## Insurance

- It is not always possible to obtain insurance against all risks and Austin may decide not to insure against certain risks as a result of high premiums or other reasons. The occurrence of an event that is not fully covered, or covered at all, by insurance, could have a materially adverse effect on the Company's financial position.

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# Key Risks

## Disruption to Business Operations

- The Company's activities are subject to a range of operational risks. Such operational risks include equipment failures, IT system failures, external services failure (including energy or water supply), industrial action or disputes and natural disasters. While the Company will endeavour to take appropriate action to mitigate these operational risks or to insure against them, one or more of these risks may have a material adverse impact on the performance of Austin.

## General Risks

### Movements in commodity prices and other factors

- Austin operates in the mining services industry and movements in international commodity prices, exchange rates and a decrease in the volume of production are beyond Austin's control and could adversely affect Austin's profitability and balance sheet.
- Austin's business is strongly influenced by movements in international steel prices, which fluctuate significantly over time, are cyclical, difficult to forecast and outside of Austin's control.
- Austin's business depends on a number of factors outside the control of Austin, including, but not limited to, continued global economic growth, continued international demand and infrastructure constraints experienced by Austin's clients. Any prolonged decline in the demand for energy may result in a corresponding decline in the use for the Company's services, which will have an adverse effect on the financial performance and/or financial position of the Company.
- If any of these factors move adversely to Austin, that may have a material adverse impact on the financial position and performance of Austin.

### Foreign exchange rates and interest rates

- Adverse movements in exchange rates may impact sales proceeds received, product costs and price competitiveness and may impact the operations and financial performance of Austin. Also, adverse fluctuations in interest rates, to the extent that they are not hedged may impact Austin's financial performance.

### Stock market fluctuations

- The value of the New Shares will be determined by the share market and will be subject to a range of factors beyond the control of the Company and the Directors. Share market fluctuations in Australia and other stock markets around the world may negatively affect the value of the New Shares. Factors that may influence the investment climate in stocks may not relate to actual performance of the Company and may include general economic outlook, changes in government fiscal, monetary and regulatory policies, movements in commodity prices, exchange rate movements, interest rates, inflation and political developments.

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# Key Risks

## Lack of liquid market for shares

- There can be no guarantee that an active market in the Shares will develop or continue or that the price of the Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares at a price that is attractive to them or at all. There may be relatively few, or many potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Applicants paid.

## General economic conditions

- Both Australian and world economic conditions may negatively affect Austin's performance. Any slow down in economic conditions or factors such as the level of production in the relevant economy, inflation, currency fluctuation, interest rates, taxation legislation, supply and demand and industrial disruption may have a negative impact on the Company's costs and revenue. These changes may adversely affect the Company's financial performance and/or financial position.

## Accounting Standards

- Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this presentation may adversely impact on Austin's reported financial performance and/or financial position.

## Legal and Regulatory Changes

- The operating activities of the Company are subject to extensive laws and regulations. These relate to labour standards, taxes, occupational health, waste disposal, transportation safety and other matters. Compliance with these laws and regulations increases the costs of operating activities. As legal requirements change frequently, are subject to interpretation and may be enforced to varying degrees in practice, Austin is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, changes in regulations and policies and practices could have an adverse impact on the Company's future cash flows, earnings, and financial position.

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# Foreign Selling Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

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# Foreign Selling Restrictions

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

## British Virgin Islands

The entitlements and the New Shares may not be offered in the British Virgin Islands unless the Company or any person offering the securities on its behalf is licensed to carry on business in the British Virgin Islands. The securities may be offered to British Virgin Islands business companies from outside the British Virgin Islands without restriction.

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## Austin's Principal Products



Off-highway  
dump truck  
bodies



Buckets



Water tanks



Service modules



Tyre handlers



Ancillary  
attachments

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## Austin Principal Services



Equipment  
repair and  
maintenance



Specialised  
fabrication



Painting and  
blasting



Specialised  
machining and  
line boring



On-site maintenance and shutdown  
services (Austin Engineering Site  
Services)

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# Austin Brands



The Austin Engineering brand encompasses design and manufacture of mining and earthmoving equipment, along with the provision of support services, from four Australian operations (Brisbane, Hunter Valley, Mackay, Perth), an Indonesian operation and Peruvian operation.



The Austin Ingenieros brand represents the company's operations in Chile and Colombia, providing design and manufacture of mining and earthmoving equipment, along with the provision of support services.



Austbore's core capabilities include general machining services, the overhaul of track frames and other mining equipment and mobile line-boring services. Austbore work closely with the Austin Engineering Mackay operation in supply of their services.



Perth-based John's Engineering & Cranes Pty Ltd (JEC), was one of Australia's longest established manufacturers of Mining and Earthmoving attachments and off highway truck bodies. The JEC branded range of products are now designed and manufactured by Austin Engineering operations globally.



Austin Engineering Site Services (formerly Pilbara Hire Group) provide full turnkey, on-site repair and maintenance services throughout Western Australian mine sites, with a particular focus on mobile mining and fixed plant equipment.



Servgrut is a significant and successful supplier of heavy equipment lifting, transportation and site services to the mining and industrial markets in Chile.



Western Technology Services, or Westech, is one of the world's largest non-OEM designer and manufacturer of off highway dump truck bodies. Based in Wyoming USA, the Westech branded range of products are now designed and manufactured by the Austin Engineering Group globally.



## 4 Risk factors

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An investment in the New Shares being offered under this Entitlement Offer Booklet is not risk free. The provision of services to the mining industry may be considered a high-risk activity.

The future performance of the Company and the future investment performance of the Shares may be influenced by a range of factors. Many are outside the control of the Board and the Company.

Prior to making any decision to accept the Offer, investors should carefully consider the risk factors applicable to the Company.

The Directors have set out in the Investor Presentation (replicated in **section 3**) a series of risks considered to be relevant to the Company and the Entitlement Offer as follows:

- **Summary** - a summary of the risks associated with an investment in the Company is set out in the Investor Presentation on page 22 of this booklet;
- **Specific Risks** - the key risks which are specific to the Company are set out in the Investor Presentation on pages 23 to 25 of this booklet; and
- **Other Risks** - other material risks relating to the Company are set out in the Investor Presentation on page 25 of this booklet.

Careful consideration should be given to those risk factors, as well as the other information contained in of the Investor Presentation, this Entitlement Offer Booklet and the Shareholder's own knowledge and enquiries, before an investment decision is made.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of Austin and not capable of mitigation. There are also general risks associated with any investment in Shares.

The risks described in the Investor Presentation (replicated in **section 3**) are not to be taken as exhaustive. The specific risks considered and others not specifically referred to may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Entitlement Offer Booklet.

## 5 Important information for Shareholders

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### 5.1 No prospectus or product disclosure statement and not investment advice

The Entitlement Offer complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. Accordingly, neither this Entitlement Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC.

This Entitlement Offer Booklet is not investment advice and does not take into account your investment objectives, financial situation, tax position and particular needs. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to invest.

### 5.2 Shareholders outside Australia and New Zealand

#### (a) General restrictions

This Entitlement Offer Booklet and accompanying Entitlement and Acceptance Form do not constitute an offer of New Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. In particular, this Entitlement Offer Booklet may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia and New Zealand except to the extent permitted below.

The distribution of this Entitlement Offer Booklet in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of this document outside Australia and New Zealand should seek advice on and observe any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

It is the responsibility of any applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws and that the applicant is physically present in Australia or New Zealand.

#### (b) New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

**(c) Hong Kong**

WARNING: This Entitlement Offer Booklet has not been, and will not be, registered as a prospectus under the *Companies (Winding Up and Miscellaneous Provisions) Ordinance* (Cap. 32 of the Laws Hong Kong), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the *Securities and Futures Ordinance* (Cap. 571 of the Laws of Hong Kong) (**SFO**). No action has been taken in Hong Kong to authorise or register this Entitlement Offer Booklet or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

**(d) Singapore**

This Entitlement Offer Booklet and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Entitlement Offer Booklet has been given to you on the basis that you are:

- (i) an existing holder of the Company's shares;
- (ii) an "institutional investor" (as defined in the SFA); or
- (iii) a "relevant person" (as defined in section 275(2) of the SFA).

In the event that you are not an investor falling within any of the categories set out above, please return this Entitlement Offer Booklet immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

**(e) United Kingdom**

Neither the information in this Entitlement Offer Booklet nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this Entitlement Offer Booklet, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Entitlement Offer Booklet should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons:

- (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**);
- (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or
- (iii) to whom it may otherwise be lawfully communicated,

(together, **relevant persons**).

The investments to which this Entitlement Offer Booklet relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

**(f) United States**

This Entitlement Offer Booklet may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this Entitlement Offer Booklet have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

**(g) British Virgin Islands**

The Entitlements and the New Shares may not be offered in the British Virgin Islands unless the Company or any person offering the securities on its behalf is licensed to carry on business in the British Virgin Islands. The securities may be offered to British Virgin Islands business companies from outside the British Virgin Islands without restriction.

**5.3 Ineligible Shareholders**

The Company is not extending the Entitlement Offer to Ineligible Shareholders having regard to the cost of complying with legal and regulatory requirements outside Australia and New

Zealand, the number of Ineligible Shareholders and the number and value of New Shares which could be offered to Ineligible Shareholders.

Where this Entitlement Offer Booklet has been dispatched to Ineligible Shareholders, it is provided for information purposes only.

In limited circumstances the Company may elect to treat as Eligible Shareholders certain Shareholders who would otherwise be Ineligible Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

In compliance with the Corporations Act, the Company has appointed an ASIC approved nominee with entitlements to subscribe for New Shares that would otherwise have been available for subscription by Ineligible Shareholders. Please see section 1.4 for further information.

#### **5.4 Notice to nominees and custodians**

If the Company believes that you hold Shares as nominee or custodian you will have received, or will shortly receive, a letter from Austin relating to the Entitlement Offer.

Nominees and custodians should consider carefully the contents of the letter and note in particular that the Entitlement Offer is not available to Ineligible Shareholders.

Austin is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. Where any nominee or custodian is acting on behalf a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. Any person in the United States or any US Person with a holding through a nominee may not participate in the Entitlement Offer. Nominees and custodians may not distribute any part of this Entitlement Offer Booklet in the United States or in any other country outside of Australia and New Zealand.

#### **5.5 Continuous disclosure**

Austin is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half-yearly reports.

Austin is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, Austin has an obligation under the Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its Shares. That information is available to the public from the ASX.

#### **5.6 Taxation consequences**

The taxation consequences of any investment in New Shares will depend upon your particular circumstances. Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances.

## 5.7 Privacy

If you complete an Entitlement and Acceptance Form and apply for New Shares (and Additional Shares), you will be providing personal information to Austin, its agents, contractors and third party service providers. Austin, its agents, contractors and third party service providers will collect, hold and use that information to assess your acceptance, carry out administration of your shareholding, service your needs as a Shareholder and facilitate corporate communications.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, print service providers, mail houses and the Share Registry.

Failure to provide the required personal information may mean that your acceptance is not able to be processed efficiently, if at all.

You may request access to your personal information held by (or on behalf of) Austin and by the Share Registry. You can request access to, or the updating of, your personal information by telephoning or writing to Austin or the Share Registry using the details shown in the Corporate Directory.

The collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) and the Corporations Act.

## 5.8 Future performance and forward looking statements

This document contains certain forward looking statements with respect to the financial condition, results of operations, projects and business of Austin. These forward looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice. Austin gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward looking statements will be achieved.

Forward looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Except as required by law, and only to the extent so required, no person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Entitlement Offer.

## 5.9 Past performance

Past Share price performance provides no guarantee or guidance as to future Share price performance. Past performance information given in this Entitlement Offer Booklet is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this Entitlement Offer Booklet is, or is based upon information that has been released to the market. For further information, please see past announcements released to the ASX.

## 5.10 Risks

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer.

**Section 4** refers to important factors and risks that could affect the financial and operating performance of Austin as set out in the Investor Presentation in **section 3**. You should consider these risk factors carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Entitlement Offer.

### 5.11 Disclaimer of representations

No person is authorised to give any information or make any representation in connection with the Entitlement Offer, which is not contained in this Entitlement Offer Booklet. Any information or representation not contained in this Entitlement Offer Booklet may not be relied on as having been authorised by Austin in connection with the Entitlement Offer. Except as required by law, and only to the extent so required:

- (a) none of Austin, or any person, warrants or guarantees the future performance of Austin or any return on any investment made pursuant to the information contained in this Entitlement Offer Booklet; and
- (b) Austin, its officers, employees and advisers disclaim all liability that may otherwise arise due to the Entitlement Offer Booklet being inaccurate or incomplete in any respect.

### 5.12 Underwriting arrangements

On 25 May 2016, Austin entered into the Underwriting Agreement under which the Underwriter has agreed to manage and fully underwrite the Entitlement Offer.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- (a) Austin has (subject to certain limitations) agreed to indemnify the Underwriter, its related bodies corporate, directors, officers, agents, partners, employees, representatives and advisers against losses incurred in respect of the Entitlement Offer;
- (b) Austin and the Underwriter has given certain representations, warranties and undertakings in connection with (among other things) the conduct of the Entitlement Offer;
- (c) The Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
  - (i) the S&P ASX 200 Index falls by 10% or more from the level as at close of trading on the date of the Underwriting Agreement and is at or below that level at close of trading (i) for 2 consecutive business days during at time after the date of the Underwriting Agreement; or (ii) on the business day immediately prior to the Entitlement Offer settlement date or allotment date;
  - (ii) the Company does not despatch the offer materials on the due date or the offer materials or the Entitlement Offer is withdrawn by the Company;
  - (iii) it is announced by ASX that Austin will be removed from the official list of ASX, or Shares are suspended from trading for 2 consecutive business days (other than with the prior consent of the Underwriter) or Shares cease to be officially quoted on ASX;
  - (iv) the Company fails to perform or observe any of its obligations under the Underwriting Agreement or any representation or warranty given or made by it under the Underwriting Agreement becomes untrue or incorrect and it has, or is likely to have, a material adverse effect;
  - (v) the Company is prevented from issuing New Shares within the time required by the timetable or by or in accordance with the Listing Rules, ASX, ASIC, applicable laws, a government agency or an order of a court of competent jurisdiction;
  - (vi) the Company alters its security capital or its constitution;

- (vii) there is a resignation or dismissal of the chief financial officer or the board of directors of the Company or a director is charged with an indictable offence or is disqualified from managing a corporation;
- (viii) ASIC or any other regulatory body holds or gives notice of intention to hold a hearing or investigation into the Company or its subsidiary or commences or gives notice of an intention to commence a prosecution of the Company in relation to the Entitlement Offer;
- (ix) there are material adverse changes or disruptions in the political conditions or financial markets of key countries, or hostilities commence or escalate in certain key countries;
- (x) there is a material change in law or policy in the Australia (Federal or State) and other certain key countries or there is a banking moratorium in certain key countries;
- (xi) there is a material breach contravention by the Company of any provision of its Constitution, the Corporations Act or any requirement or request made by or on behalf of ASX or ASIC or any other governmental agency or any other applicable law;
- (xii) an event of insolvency occurs;
- (xiii) any of the offer materials are or become false, misleading or deceptive (including by omission); or
- (xiv) there is a material adverse change in the condition (financial or otherwise), assets, earnings, business, affairs, results of operations, management or prospectus of the Company from that disclosed in information publicly available or the offer materials as at the date of the Underwriting Agreement.

The Underwriter will be remunerated by Austin for providing these services at market rates and may be reimbursed for certain expenses.

The Underwriter has not authorised or caused the issue of this Entitlement Offer Booklet (including the Investor Presentation) and takes no responsibility for any information in this Entitlement Offer Booklet (including the Investor Presentation) or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriter excludes and disclaims all liability, for any expense, losses, damages, or costs incurred by you as a result of your participation in the Entitlement Offer and the information in this Entitlement Offer Booklet (including the Investor Presentation) being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

### 5.13 Authorisation and disclaimers

This Entitlement Offer Booklet is issued by, and is the sole responsibility of Austin Engineering Limited.

None of the parties referred to in the Corporate Directory of the Entitlement Offer Booklet (other than Austin), has:

- (a) authorised or caused the issue of this Entitlement Offer Booklet; or
- (b) made or authorised the making of any statement that is included in this Entitlement Offer Booklet or any statement on which a statement in this Entitlement Offer Booklet is based.

To the maximum extent permitted by law, each of the parties referred to in the Corporate Directory of this Entitlement Offer Booklet (other than Austin) expressly disclaims and takes no responsibility for any statements in or omissions from this Entitlement Offer Booklet.

**5.14 Governing law**

This Entitlement Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of applications are governed by the laws applicable in Queensland, Australia.

**5.15 Interpretation**

Some capitalised words and expressions used in this Entitlement Offer Booklet have meanings which are explained in **section 6**.

A reference to time in this Entitlement Offer Booklet is to the local time in Brisbane, Australia, unless otherwise stated. All financial amounts in this Entitlement Offer Booklet are expressed in Australian dollars, unless otherwise stated.

**5.16 No handling fees**

There will be no handling fees payable to brokers for Entitlement and Acceptance Forms lodged by them on behalf of Eligible Shareholders.

## 6 Definitions

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<b>Additional Shares</b>	New Shares which Eligible Shareholders apply for in excess of their Entitlement
<b>Application Money</b>	Money received in respect of an application for New Shares and Additional Shares (if applicable)
<b>ASIC</b>	The Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as applicable
<b>Board</b>	The board of Directors
<b>Closing Date</b>	The last day for payment of Application Money and return of Entitlement and Acceptance Forms being, 5:00pm (Sydney time) on Thursday, 23 June 2016 (unless extended)
<b>Company or Austin</b>	Austin Engineering Limited ACN 078 480 136
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Director</b>	A director of the Company
<b>Eligible Shareholder</b>	A Shareholder as described in section 1.3 of this Entitlement Offer Booklet
<b>Entitlement</b>	The entitlement to subscribe for 2 New Shares for every 1 Share held by the Eligible Shareholder on the Record Date. The entitlement of each Eligible Shareholder is shown on the personalised Entitlement and Acceptance Form
<b>Entitlement and Acceptance Form</b>	The entitlement and acceptance form accompanying this Entitlement Offer Booklet
<b>Entitlement Offer</b>	The pro-rata renounceable entitlement offer to subscribe for New Shares at the Issue Price on the basis of 2 New Shares for every 1 Share held by Shareholders
<b>Entitlement Offer Booklet</b>	This booklet
<b>Entitlement Trading Period</b>	Friday, 3 June 2016 to Thursday, 16 June 2016
<b>Ineligible Shareholder</b>	A Shareholder with an address in the Register outside Australia and New Zealand, unless the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board, in its sole discretion, regards as acceptable and not unduly onerous
<b>Institutional Investor</b>	A person: <ul style="list-style-type: none"> <li>• in Australia, to whom an offer of shares in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an 'exempt investor' as defined in section 9A(5) of the Corporations Act (as inserted by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84); or</li> <li>• in selected jurisdictions outside Australia, to whom an offer of New Shares may be made without registration, lodgement of a formal disclosure document or other formal</li> </ul>

filing in accordance with the laws of that foreign jurisdiction (except to the extent to which Austin, at its absolute discretion, is willing to comply with such requirements)

<b>Investor Presentation</b>	The presentation set out in <b>section 3</b> of this Entitlement Offer Booklet
<b>Issue Price</b>	\$0.08 per New Share
<b>Lead Manager</b>	Blue Ocean Equities Pty Limited
<b>Listing Rules</b>	The official listing rules of ASX, as amended or waived by ASX from time to time
<b>New Shares</b>	Shares offered under the Entitlement Offer
<b>Record Date</b>	7:00pm (Sydney time) on Monday, 6 June 2016
<b>Register</b>	The register of Shareholders required to be kept under the Corporations Act
<b>Sale Nominee</b>	Blue Ocean Equities Pty Limited
<b>Share</b>	A fully paid ordinary share in the Company
<b>Share Registry</b>	Advanced Share Registry Limited
<b>Shareholder</b>	A holder of Shares
<b>Shortfall Facility</b>	The offer of Additional Shares to Eligible Shareholder that have fully subscribed to the Entitlement Offer as described in section 1.3
<b>TERP</b>	The theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the theoretical ex-rights price
<b>Underwriter</b>	Blue Ocean Equities Pty Limited
<b>Underwriting Agreement</b>	The underwriting agreement between Austin and the Underwriter dated 25 May 2016
<b>US or United States</b>	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
<b>US Person</b>	The meaning given in Regulation S under the US Securities Act
<b>US Security Act</b>	The <i>United States Securities Act of 1933</i> , as amended

## **CORPORATE DIRECTORY**

### **Directors and senior management**

Mr Peter Pursey – Executive Chairman  
Mr Eugene Fung – Non Executive Director  
Mr Charles Sartain – Non Executive Director  
Mr John Nicholls - Non Executive Director  
Mr Michael Buckland – Chief Executive Officer  
Mr Scott Richardson – Chief Financial Officer  
and Company Secretary

### **Registered office**

173 Cobalt Street  
Carole Park QLD 4300  
Australia

Telephone: +61 7 3271 2622  
Facsimile: +61 7 3271 3689

### **Share Registry**

Advanced Share Registry Limited  
110 Stirling Highway,  
Nedlands WA 6009

### **Website**

<http://www.austineng.com.au>

### **Auditor**

BDO Audit (QLD) Pty Ltd  
Level 10, 12 Creek Street  
Brisbane QLD 4000

### **Legal advisors**

Thomson Geer  
Level 16, Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000  
Australia

### **Lead Manager and Underwriter to the Entitlement Offer**

Blue Ocean Equities Pty Limited

STOCK BROKER USE ONLY		
Date	Entitlement Reduced to	Signed by:
/ /		

## ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

This Entitlement and Acceptance Form relates to a pro-rata renounceable offer of New Shares to Eligible Shareholders of Austin Engineering Limited. As an Eligible Shareholder you are entitled to acquire 2 New Shares for every 1 existing Share held on the Record Date at an issue price of \$0.08 per New Share.

IMPORTANT: The Offer is being made under the Entitlement Offer Booklet. The Entitlement Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Entitlement Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Entitlement Offer Booklet.

**RENOUNCEABLE ENTITLEMENT OFFER CLOSING 5.00pm (Sydney Time) THURSDAY, 23 June 2016.**

**To the Directors  
AUSTIN ENGINEERING LIMITED**

I/We the above mentioned, being registered on 7.00pm (Sydney Time) on 6 June 2016 as the holder(s) of ordinary shares in your Company hereby accept the below mentioned New Shares in accordance with the enclosed Entitlement Offer Booklet.

ENTITLEMENT			
(A)	(B)	(C)=(A)+(B)	Total
Number of New Shares applied for <i>(being not more than the Entitlement shown above)</i>	Number of additional New Shares applied for <i>(in excess of the entitlement shown above)</i>	Total New Shares applied for	Amount Payable (C) * \$0.08
			\$

METHOD OF ACCEPTANCE				
You can apply for New Shares and make your payment utilising either cheque/bank draft or BPAY® (further details overleaf). Please indicate which payment option you have chosen by marking the relevant box below.				
<input type="checkbox"/>	Please enter cheque or bank draft details	<b>Drawer</b>	<b>Bank</b>	<b>Branch</b>
				<b>Amount</b>
				\$
<b>OR</b>				
<input type="checkbox"/>		You can pay by BPAY®. If you choose to pay by BPAY®, you do not need to return this Entitlement and Acceptance Form. Please refer overleaf for details.		

NOTE: Cheques should be made payable to "AUSTIN ENGINEERING LIMITED", crossed "NOT NEGOTIABLE" and forwarded to Advanced Share Registry Ltd (address details overleaf) to arrive no later than **5.00pm (Sydney Time) Thursday 23 June 2016**.

CONTACT DETAILS	
Name:	<input type="text"/>
Telephone:	<input type="text"/>
Email:	<input type="text"/>

INSTRUCTIONS TO YOUR STOCKBROKER	
To be completed and sent to your stockbroker only if you wish to sell the whole or part of your Entitlement.	
Number of ENTITLEMENTS I/we wish to sell	<input type="text"/> Entitlements
Number of NEW SHARES I/we have accepted	<input type="text"/> New Shares (as per reverse side)
I ATTACH a cheque / bank draft for the full amount of New Shares accepted	<input type="text"/> (being Application Monies of \$0.08 per New Share)

**PLEASE REFER OVERLEAF FOR INSTRUCTIONS**

# IMPORTANT INFORMATION

## ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by Bpay@:

- you represent and warrant that you have read and understood the Entitlement Offer Booklet;
- you acknowledge and agree to the matters, and make the warranties and representations, contained in the Entitlement Offer Booklet (including section 2 "How to participate" and section 5.7 "Privacy"); and
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Austin Engineering Limited.

## APPLICATION INSTRUCTIONS

### HOW TO ACCEPT NEW SHARES OFFERED

1. **BPAY payment method:** The total amount payable to accept your entitlement in full and to apply for additional New Shares (if any) and calculate the total amount payable by multiplying to the total number of shares applied for by \$0.08.

Contact your Australian bank, credit union or building society to make this payment from your cheque, savings or credit account. For more information visit: [www.bpay.com.au](http://www.bpay.com.au). Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before **5.00 pm (Sydney time) on 23 June 2016**.

If the BPAY payment is for any reason not received in full, the Company may treat you as applying for as many New Shares as will be paid for by the cleared funds. Shareholders using the BPAY facility will be bound by the provisions relating to this Entitlement Offer. You are not required to submit this Entitlement and Acceptance Form if you elect to make payment using BPAY.

2. **Cheque payment method:** Complete all the relevant sections of the front of this Entitlement and Acceptance Form.

**Acceptance of New Shares:** Enter into Section (A) the number of New Shares you wish to apply for. The number of New Shares in Section (A) must be equal to or less than your Entitlement which is set out on the front of this form.

**Additional New Shares:** If you have applied for your full Entitlement and you wish to apply for additional New Shares, enter into Section (B) the number of additional New Shares applied for.

**Payment amount:** Enter into Section (C) the total amount payable by you. To calculate this amount, add the numbers of shares applied for in Section (A) and Section (B) and multiply that amount by \$0.08.

Complete your payment details and contact details on the front of this form and send your cheque or bank draft and the completed Entitlement and Acceptance Form to the Share Registry (details below) to reach the Share Registry before the close of the Entitlement Offer at **5.00 pm (Sydney time) on 23 June 2016**.

### TO ACCEPT SOME OF THE NEW SHARES OFFERED AND SELL THE REMAINING ENTITLEMENTS THROUGH A STOCKBROKER

On the front of this form:

- Insert the number of New Shares accepted in Section (A); and
- Enter into Section (C) the total amount payable by you. To calculate this amount, multiply the number of shares applied for in Section (A) by \$0.08.

Indicate in the "INSTRUCTIONS TO YOUR STOCKBROKER" section overleaf, the number of New Shares you intend to accept, the amount of your cheque for those New Shares and the number of Entitlements which you intend to sell. Contact your stockbroker and send this form to your stockbroker with your cheque for the New Shares accepted. The sale of your Entitlement must be completed by **5.00 pm (Sydney time) Thursday, 16 June 2016** when Entitlements trading ceases.

### TO SELL ALL YOUR ENTITLEMENTS THROUGH A STOCKBROKER

Contact your stockbroker and insert the information required in the "INSTRUCTIONS TO YOUR STOCKBROKER" section overleaf. Send this form to your stockbroker. The sale of your Entitlement must be completed by **5.00 pm (Sydney time) Thursday, 16 June 2016** when Entitlements trading ceases.

### TO SELL SOME OR ALL OF YOUR ENTITLEMENTS OTHER THAN THROUGH A STOCKBROKER

Obtain a renunciation form from your stockbroker or the Share Registry. Complete the renunciation form with the number of Entitlements you are selling, making sure that it is signed by both you and the buyer. If your shares are held on the CHESS sub-register and you want to sell any of your Entitlements, please contact your stockbroker or CHESS sponsor.

If you wish to accept some of the New Shares offered, follow the procedures above in respect of the part of your Entitlement you wish to transfer and complete this form for the number of New Shares you wish to take up.

Both the renunciation form and this Entitlement and Acceptance Form must be lodged with the Share Registry by **5.00 pm (Sydney time) on 23 June 2016**, together with payment for any New Shares being accepted.

**Entitlements trading commences on 3 June 2016 and ceases at 5.00 pm (Sydney time) on 16 June 2016 by which time any sale of part or all of your Entitlements must be completed.**

### Overseas Shareholders

The Entitlement Offer to which this Entitlement and Acceptance Form relates does not constitute an offer of New Shares in any jurisdiction outside of Australia and New Zealand or to any person to whom, it would not be lawful to make such an offer. By applying for New Shares under this Entitlement and Acceptance Form or by accepting the Entitlement Offer, you represent and warrant that applying for New Shares does not breach any law in any relevant overseas jurisdiction.

**If you have any enquiries concerning this Entitlement and Acceptance Form, please contact the Share Registry on telephone +61 8 9389 8033 or fax +61 8 9262 3723.**

#### Telephone & Internet Banking – BPAY®



Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: [www.bpay.com.au](http://www.bpay.com.au).

#### By Mail

Austin Engineering Limited  
c/- Advanced Share Registry Ltd  
PO Box 1156  
Nedlands WA 6909

#### OR

#### Hand Delivered

Austin Engineering Limited  
c/- Advanced Share Registry Ltd  
110 Stirling Highway  
Nedlands WA 6909