

Expansion of Chilean Repair and Maintenance Services

Brisbane, 22 November 2011: The Directors of Austin Engineering (ASX trading code: **ANG**) are pleased to announce the acquisition of the business of V&V in Calama, Chile. This is, as foreshadowed in previous announcements made to the market, about increasing Austin's exposure to repair and maintenance operations in this important mining region.

Highlights of the acquisition include:

- Normalised historical calendar year EBIT of USD 3.3m (2010) and USD 3.0m (2009) on revenues of USD 6.9m (2010) and USD 6.1m (2009)
- Site-based equipment hire and repair and maintenance business
- Strategically located next to the majority of mines in Chile
- Extensive range of site-based equipment such as cranes and trucks
- Allows Austin to offer a one-stop service to major miners in northern Chile
- Purchase price of USD 25m, with settlement and take-over of the business on 2 January 2012
- Total net assets acquired of approximately USD 19.5m, comprising of USD 24m of property, plant and equipment and USD 4.5m of equipment lease liabilities taken-over
- Funded from existing bank debt facilities
- EPS accretive in the current financial year

Calama is the hub city for the supply of engineering services to the majority of miners in the area and is located approximately 400km inland from Austin's new 'La Negra' workshop facilities in Antofagasta. V&V specialises in the repair of mining products and the hiring of site-based equipment to major miners around Calama. Its facilities are located on a substantial (27,000m²) block of land in the industrial area of Calama and are located close to significant mining operations in the region.

Commenting on the acquisition, Managing Director Michael Buckland said "The purchase of the V&V business gives Austin a strategic advantage in offering repair and maintenance services not only for our existing range of products but also for our competitors products. V&V's facilities will enable a significant amount of on-site repairs to be undertaken for major miners in the region. V&V also has an extensive range of cranes from 25 to 400 tonne in lifting capacity as well as forklifts and trucks for the transportation of products which will give us additional access for site-based repairs".

"It is our intention to push very heavily into the ongoing maintenance of our own products and with the equipment acquired we will also pursue site-based, product-related maintenance projects as we do in Australia. We have been in discussions with a number of our customers who have welcomed our presence in the area and we expect to receive our first new maintenance orders, following a number of significant tenders than have been submitted, within the first six weeks of establishing a direct presence in the region."

"V&V's existing facilities will enable repairs on mining equipment to be undertaken immediately although the construction of a new workshop facility with heavy crane-lifting capabilities will be considered at a later stage. Expenditure on this redevelopment project is currently estimated to be between \$1m and \$1.5m," he said.

Existing management will stay on for a three-month period. A new manager for the facility has been appointed and the operation will come under the control of Austin's management team based in Antofagasta.

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

About Austin Engineering: Austin Engineering Limited is an engineering company with manufacturing facilities in Australia, the USA, South America, Indonesia and the Middle East. The Australian facilities manufacture, assemble, repair and maintain (on and off-site) products used in the mining and resources sector. Key product lines include dump truck bodies, large service vehicles, excavator buckets, materials handling equipment, mineral processing equipment, industrial radiator and cooling products as well as large structural steel projects. The USA facility (Westech) based in Casper, Wyoming, services the North and South American mining markets and is an industry-leading designer and manufacturer of specialised lightweight dump truck bodies. The Chilean and Indonesian operations manufacture dump truck bodies and other mining products for the South American and Indonesian markets. The Middle East operation principally services the aluminium smelter industries in the region. Austin also own rights to innovative welding processes which have been introduced to improve welding productivity. Robotic welding systems are also used for product lines, general fabrications and repetitive production processes.