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austinengineering^{LTD}

27 July 2015

DESPATCH OF RETAIL ENTITLEMENT OFFER BOOKLET AND LETTER TO INELIGIBLE RETAIL SHAREHOLDERS

Austin Engineering Limited (**Austin**) confirms that the Retail Entitlement Offer Booklet and personalised Entitlement and Acceptance Form in connection with the accelerated pro-rata non-renounceable entitlement offer (**Entitlement Offer**) as announced on 20 July 2015 were despatched to Eligible Retail Shareholders (as defined in the Retail Entitlement Offer Booklet) today.

A letter to Ineligible Retail Shareholders (as defined in the Retail Offer Booklet) notifying them of the Entitlement Offer and their ineligibility to participate in the Retail Entitlement Offer (in the form attached) has also been despatched today to Ineligible Retail Shareholders.

Further information for Eligible Shareholders

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

The Retail Entitlement Offer closes at 5.00pm (AEST) on Monday, 10 August 2015. Applications and associated application moneys must be received prior to this time.

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

ENDS

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.

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Dear Shareholder

Notification to ineligible shareholders

On 20 July 2015 Austin Engineering Limited (**Company** or **Austin**) announced that it is undertaking an underwritten pro-rata accelerated non-renounceable entitlement offer to raise up to approximately \$31.6 million, before offer costs (**Entitlement Offer**). The Entitlement Offer will comprise an accelerated institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). Both the Institutional Entitlement Offer and the Retail Entitlement Offer are underwritten subject to certain conditions and customary termination events pursuant to an underwriting agreement.

The Retail Entitlement Offer provides eligible retail shareholders with the opportunity to subscribe for 5 new shares for every 6 shares held at 7pm (Sydney time) on 23 July 2015 at an issue price of \$0.45 per new share.

This letter is to inform you that, unfortunately, you are not eligible to participate in the Retail Entitlement Offer. You are not required to do anything in response to this letter.

Why am I not eligible to participate in the Retail Entitlement Offer?

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those persons who:

- (a) are registered as a holder of ordinary Austin shares as at 7pm (Sydney time) on Thursday, 23 July 2015 (**Record Date**);
- (b) have a registered address on the Company's register of members in Australia or New Zealand;
- (c) are not in the United States and are not a U.S. Person and are not acting for the account or benefit of a US Person;
- (d) are not an eligible institutional shareholder who was invited to participate in the Institutional Entitlement Offer;
- (e) are not an ineligible institutional shareholder; and
- (f) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without the requirement for a prospectus or offer document to be lodged or registered.

The Company has determined, pursuant to section 9A(3)(a) of the *Corporations Act 2001* (Cth) and Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders in countries outside of Australia or New Zealand in connection with the Retail Entitlement Offer.

The securities laws of many countries require the use of offer documents specific to that country or compliance with local laws for the Retail Entitlement Offer to be made in those countries. Having regard to the number of ineligible retail shareholders in particular countries, the number and value of the Company's ordinary shares to which those shareholders would otherwise be entitled and the potential cost of compliance with local laws to make the Retail Entitlement Offer in those countries, the Company has limited the countries in which the Retail Entitlement Offer will be made.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b), the Company wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for new shares under the Retail Entitlement Offer.

As an ineligible retail shareholder you are not required to do anything in response to this letter.

On behalf of the directors and management of the Company, we regret that you are not eligible to participate in the Retail Entitlement Offer and thank you for your continued support.

Yours sincerely,

A handwritten signature in purple ink, appearing to read 'Michael Buckland', with a stylized flourish at the end.

Michael Buckland
Managing Director