

Austin Engineering Limited

ACN 078 480 136

Notice of Annual General Meeting

To be held at

Date: **Friday 25 November 2016**

Time: **10:00am**

Place: **BDO Melbourne, Collins Square, Tower 4, Level 18, 727 Collins Street, Melbourne, Victoria 3008**

This is an important document and requires your attention

This document should be read in its entirety.

If you are in any doubt how to deal with this document, please consult your legal, financial or other professional advisor.

Notice of Annual General Meeting

Notice is given that an Annual General Meeting of shareholders of Austin Engineering Limited ACN 078 4809 136 (the **Company**) will be held at 10:00am Friday 25 November 2016 at BDO Melbourne, Collins Square, Tower 4, Level 18, 727 Collins Street, Melbourne, Victoria 3008.

Agenda

Financial Statements and reports

To receive and consider the financial statements and the reports of the Directors and the Auditor for the financial year ended 30 June 2016.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, pass the following as an ordinary resolution under section 250R(2) of the Corporations Act 2001:

'That the Remuneration Report for the year ended 30 June 2016 be and is hereby adopted'.

Notes:

- (1) *The vote on this resolution is advisory only and does not bind the Directors or the Company.*
- (2) *If 25% or more of votes that are cast are voted against the remuneration report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a 'spill resolution') that another meeting be held within 90 days at which all of the Company's Directors (other than a Managing Director) must stand for re-election.*

Voting exclusion statement

The Company will disregard and not count any votes cast (in any capacity) on Resolution 1 by or on behalf of either or both the following persons:

- (a) *a member of the Company's Key Management Personnel; or*
- (b) *a Closely Related Party of a member of the Company's Key Management Personnel.*
unless:
- (c) *the person*
 - (i) *does so in relation to a resolution where they hold a Directed Proxy Form; or*
 - (ii) *is the Chairman of the Meeting and is expressly authorised to exercise the proxy even though the resolution is a Remuneration Resolution; and*
- (d) *the vote is not cast on behalf of a person described in paragraph (a) and (b) above.*

Resolution 2 – Election of Mr James (Jim) Allan Walker as Non-Executive Director

To consider, and if thought fit, to pass the following as an ordinary resolution:

'That Mr Jim Walker, who having been appointed as a Director of the Company on 8 July 2016 in accordance with the Company's constitution, be elected as a Director of the Company.'

Resolution 3 – Election of Mr Christopher (Chris) Charles Indermaur as Non-Executive Director

To consider, and if thought fit, to pass the following as an ordinary resolution:

'That Mr Chris Indermaur, who having been appointed as a Director of the Company on 8 July 2016 in accordance with the Company's constitution, be elected as a Director of the Company.'

Resolution 4 – Ratification of Previous Placement Shares issued

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

'That for the purposes of Listing Rule 7.4 and for all other purposes, shareholders ratify the issue of 20,908,911 fully paid ordinary shares at an issue price of \$0.08 per share, issued by way of placement to sophisticated and institutional investors as set out in the Explanatory Memorandum accompanying this Notice of Meeting.'

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associate of that person.

However, the Company will not disregard a vote if:

- (a) *it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- (b) *it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

Dated: 21 October 2016

By of the Board



Christine Hayward
Company Secretary

Notes

1. The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the share register at 7.00pm (Melbourne time) on Wednesday, 23 November 2016. Accordingly, those persons are entitled to attend and vote at the meeting.
2. If you are eligible, you may vote by attending the meeting in person or by proxy or attorney. A member who is a body corporate may appoint a representative to attend and vote on its behalf.
3. To vote by proxy, please complete, sign and return the enclosed proxy form in accordance with the following instructions. If you require an additional proxy form, the Company will supply it on request.
4. A member who is entitled to vote at the meeting, may appoint one proxy if the member is only entitled to one vote or one or two proxies if the member is entitled to more than one vote. A proxy need not be a member of the Company.
5. Where the member appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.
6. The proxy form must be signed by the member or the member's attorney. Proxies given by a corporation must be executed in accordance with the Corporations Act and the constitution of that corporation.
7. To be effective, the proxy form and the power of attorney or other authority (if any) under which it is signed or a certified copy, must be received by the Company at least 48 hours before the time for holding of the meeting or any adjourned meeting:
 - a. at its registered office at 173 Cobalt Street, Carole Park, Qld 4300;
 - b. by facsimile to its registered office on fax number +61 7 3271 3689; or
 - c. at its share registry, Advanced Share Registry Services:
110 Stirling Highway, Nedlands, WA, 6009
PO Box 1156, Nedlands, WA, 6909
or fax number +61 8 9262 3723
8. Any proxy form received after this deadline including at the meeting will be treated as invalid.
9. A member of the Company's Key Management Personnel or their Closely Related Party must not, whether in person or by proxy, vote in their own right on the adoption of the Remuneration Report in Resolution 1.
10. A person appointed as proxy may vote or abstain from voting as he or she thinks fit except in the following circumstances:
 - a. The proxy holds a Directed Proxy Form;

- b. Where the proxy is voting in relation to a Remuneration Resolution and the proxy is either a Key Management Personnel for the Company or a Closely Related Party and holds an Undirected Proxy Form; and
 - c. The proxy is required by law or the Company's Constitution to vote in a certain manner or abstain from voting.
11. Clause 10(b) does not apply if the Chairman of the meeting is appointed as proxy and his appointment expressly authorises the Chairman to exercise the proxy even if the resolution is a Remuneration Resolution.
12. If you appoint the Chairman as your proxy and have not directed him how to vote, you are expressly authorising the Chairman to cast your Undirected Proxy Form in accordance with his intentions set out below.
13. The Chairman intends to vote all Undirected Proxy Forms in favour of all resolutions including Remuneration Resolutions.
14. The following definitions apply in this document:
- a. **Closely Related Party** means the closely related parties of Key Management Personnel as defined in the Corporations Act 2001, and includes certain members of their family, dependants and companies they control.
 - b. **Directed Proxy Form** means a proxy form which specifies how the proxy is to vote.
 - c. **Key Management Personnel** of the Company are the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2016.
 - d. **Remuneration Resolution** means a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel and includes Resolution 1 in this Notice of Meeting.
 - e. **Undirected Proxy Form** means a proxy form which does not specify how the proxy is to vote.

Explanatory Memorandum

This Explanatory Memorandum has been prepared to assist shareholders with their consideration of the resolutions to be put to the Annual General Meeting to be held at 10.00am on Friday 25 November 2016 at BDO Melbourne, Tower 4, Level 18, 727 Collins Street, Melbourne, Victoria 3008.

The Explanatory Memorandum should be read with, and form part of, the accompanying Notice of Annual General Meeting.

1 Financial Statements and Reports

As required by law, the financial report, Directors' report and Auditor's report are laid before the Annual General Meeting. Members will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports. Members will also be given a reasonable opportunity to ask the Auditor questions about the conduct of the audit and content of the Auditor's report. There is no requirement however for members to approve the reports.

2 Resolution 1 – Adoption of the Remuneration Report

The Corporations Act 2001 requires that a resolution be put to the members to adopt the Remuneration Report as disclosed in the Directors' report contained in the Company's 2016 Annual Report. The resolution gives the members the opportunity to ask questions or make comments concerning the Remuneration Report during the meeting.

The remuneration report:

- Discusses the Company's policy on remuneration of Directors and the link between remuneration and the Company's performance; and
- Details the remuneration arrangements in place for each Director.

Under Section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Company or its Directors. Although the vote is advisory, the Directors recognise this vote as an indication of shareholder sentiment and have careful regard to the outcome of the vote and any discussion when setting the Company's remuneration policies.

The Corporations Act states that if 25% of votes that are cast are voted against the adoption of the remuneration report at two consecutive AGMs then shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Directors (other than the Managing Director) must be considered for re-election.

Key Management Personnel and their Closely Related Parties are excluded from voting on this resolution in certain circumstances – please see the notes to Resolution 1.

The Chairman of the meeting intends to vote all Undirected Proxy Forms in favour of this resolution.

As the Directors have a personal interest in the proposed Resolution 1, they make no recommendation as to how shareholders should vote on the Resolution.

3 Resolutions 2 and 3 – Background

ASX Listing Rule 14.5 and clause 3.6 of the Company's constitution requires the Company to hold an election of Directors each year.

In accordance with ASX Listing Rule 14.4 and the Company's constitution, Non-executive Director, Mr Eugene Fung will retire by rotation at the end of the meeting. Mr Fung joined the Board in April 2004 and, given his length of service, will not be seeking re-election.

Mr Fung has made significant contributions to the Company in the areas of corporate finance, acquisitions, governance, the Company's recent strategic review, recapitalisation and refocus on its core capabilities and as Chair of the Nomination and Remuneration Committee and member of the Audit Committee since July 2012.

Also in accordance with the constitution, Mr Walker and Mr Indermaur, who were appointed as Non-Executive Directors by the Board on 8 July 2016, are to be elected by shareholders as Non-Executive Directors of the Company.

Profiles of Mr Walker and Mr Indermaur follow.

Appropriate background checks have been carried out on all Directors in accordance with the ASX Corporate Governance Principles and Recommendations and no materially adverse information was revealed.

The Board regularly reviews the independence of each Non-Executive Director and undertakes an annual review in accordance with the ASX Corporate Governance Principles and Recommendations, the Corporations Act and the Board Charter. The most recent reviews were undertaken during the 2016 financial year. The Board considers all of the current Non-Executive Directors (excluding the Executive Chairman) to be independent, including each of the Directors seeking election.

4 Resolution 2 – Election of Mr James (Jim) Allan Walker as Non-Executive Director

Mr Jim Walker has over 40 years experience in the resources sector. He is currently Non-executive Chairman of Macmahon Holdings Limited, Chairman of the WA State Training Board and a Non-executive Director of Programmed Maintenance Services Group Limited, Seeing Machines and RACWA Holdings Pty Limited. Jim was formerly Managing Director and Chief Executive Officer of WesTrac Pty Limited, a director of Seven Group Holdings Limited and National Hire Group Limited and was formerly National President of the Australian Institute of Management. Jim is a graduate member of the Australian Institute of Company Directors (AICD) and Australian Institute of Management (AIM WA).

Qualifications: GAICD, FAIM.

Special responsibilities: Member of Audit Committee

Directorships held in other listed entities: Macmahon Holdings Limited and Programmed Maintenance Services Limited.

The Directors (with Jim Walker abstaining) recommend that shareholders vote in favour of this Resolution.

5 Resolution 3 – Election of Mr Christopher (Chris) Charles Indermaur as Non-Executive Director

Mr Chris Indermaur has over 30 years of experience in large Australian companies in engineering and commercial roles. He is currently the Non-executive Chairman of Poseidon Nickel Limited and Medibio Limited. Chris was formerly the Engineering and Contracts Manager for the QNI Nickel Refinery at Yabulu, Company Secretary for QAL and General Manager for Strategy and Development at Alinta Limited. Chris holds a Bachelor of Engineering (Mechanical) and a Graduate Diploma of Engineering (Chemical) from West Australian Institute of Technology (now Curtin University). Chris also holds a Bachelor of Laws and a Master of Laws of the Queensland University of Technology and a Gradual Diploma in Legal Practice from the Australian National University.

Qualifications: B. Eng (Bachelor of Engineering), Graduate Diploma of Engineering (Chemical), B. Law, M. Law, Graduate Diploma in Legal Practice.

Special responsibilities: Member of Risk Committee

Directorships held in other listed entities: Poseidon Nickel Limited and Medibio Limited.

The Directors (with Chris Indermaur abstaining) recommend that shareholders vote in favour of this Resolution.

Directorships held in other listed entities: Poseidon Nickel Limited and Medibio Limited.

The Directors (with Chris Indermaur abstaining) recommend that shareholders vote in favour of this Resolution.

6 Resolution 4 – Ratification of Previous Placement Shares Issued

6.1 Background

As part of the Company's \$29.7 million capital raising announced on 26 May 2016, the Company issued 20,908,911 ordinary shares on 1 June 2016 at an issue price of \$0.08 per share to institutional and sophisticated investors (**Placement Shares**).

6.2 Shareholder approval

Resolution 5 seeks ratification by shareholders of the placement shares issued.

ASX Listing Rule 7.1 prohibits an ASX listed company, except in certain cases, from issuing or agreeing to issue new equity securities without the approval of its shareholders, if the number of securities issued or agreed to be issued by the company during the previously 12 months exceeds 15% of the total number of securities on issue at the commencement of that 12 month period (**Placement Capacity**).

ASX Listing Rule 7.4 provides that an issues of equity securities made without prior approval of shareholders may be treated as having been made with shareholder approval if:

- (a) at the time of the issue, it did not breach ASX Listing Rule 7.1; and
- (b) the shareholders of the company subsequently ratify the issue in a general meeting.

The issue of the placement shares was made in accordance with Listing Rule 7.1, accordingly, the Company seeks shareholder ratification in accordance with Listing Rule 7.4. If this resolution is approved it would have the effect of allowing the issue of the placement shares to be treated as having been made under shareholder approval so they will not be counted towards the Company's Placement Capacity under ASX Listing Rule 7.1.

6.3 Information required by ASX Listing Rule 7.5

For the purposes of ASX Listing Rule 7.5 the Company provides the following information (in addition to information contained in the Notice of Meeting and elsewhere in this Explanatory Memorandum) for the purposes of shareholder ratification under Listing Rule 7.4:

Number of Placement Shares allotted	20,908,911 ordinary shares
The price at which the Placements Shares were issued	\$0.08 cents per share
The basis on which allottees were determined	The shares were allotted to sophisticated and institutional investors (in accordance with section 708(8) and (10) of the Corporations Act 2001), to whom no disclosure is required under the Corporations Act.
The terms of the Placement Shares issued	All shares issued under the Placement are fully paid ordinary shares in the Company that rank pari passu with existing ordinary shares on issue.
The use (or intended use) of the funds raised	Debt reduction purposes
Voting exclusion statement	A voting exclusion applies to this statement – please see the notes to Resolution 4

The Directors unanimously recommend that shareholders vote in favour of this resolution.

Proxy Form

Completed proxy can be lodged:

BY MAIL: Advanced Share Registry Limited
PO Box 1156, Nedlands, WA 6909

BY FAX: (61 8) 92623723

BY EMAIL: admin@advancedshare.com.au
ON LINE: www.advancedshare.com.au
(you will need your SRN or HIN to login)

If your address as shown here is incorrect, mark "X" here and write correct address.

Step 1 - Appointment of Proxy

I/we being member/s of **Austin Engineering Limited** and entitled to attend and vote hereby appoint

The Chairman
of the Meeting
(mark with an "X")

OR

Write here the name of your proxy if someone other than the Chairman of the Meeting

or failing the person named, or if no person is named, the **Chairman of the Meeting**, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at BDO Melbourne, Tower 4, Level 18, 727 Collins Street, Melbourne, Victoria 3008, on Friday 25 November 2016 at 10:00am.

Important notice – appointment of the Chairman as your proxy for Resolution 1.

By appointing the Chairman of the Meeting as your proxy, you expressly authorise the Chairman to vote in favour of Resolution 1, even though the resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

The Chairman intends to vote all undirected proxies in favour of all Resolutions.

If you appoint the Chairman as your proxy and you do not wish the Chairman to vote in favour of any Resolution, you may direct the Chairman to vote against that Resolution or abstain from voting on that Resolution by marking the appropriate box opposite that Resolution below.

Step 2 - Proxy Voting Instructions

If you wish to instruct your proxy how to vote, insert "X" in the appropriate box against each Resolution set out below. If you do not instruct your proxy how to vote on a Resolution, your proxy may vote as they think fit or abstain from voting. The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

For	Against	Abstain
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Resolution 1 – Adoption of the Remuneration Report

Resolution 2 – Election of Mr James Walker as Non-Executive Director

Resolution 3 – Election of Mr Christopher Indermaur as Non-Executive Director

Resolution 4 – Ratification of Previous Placement Shares issued

If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Step 3 - Signature of Securityholders - This section must be completed

Individual or first shareholder

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

This section must be signed in accordance with the instructions overleaf to enable your directors to be implemented. In addition to signing the proxy form, please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone Number

How to complete this Proxy Form

1. Your name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Security holders sponsored by a broker should advise their brokers of any changes. **Please note:** you cannot change ownership of your securities using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairman of the meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the meeting will be your proxy. A proxy need not be a shareholder of the Company.

3. Voting on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shares will be voted in accordance with such directions unless you indicate only a portion of your voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as they chose (except as noted elsewhere in relation to resolutions directly or indirectly connected to the remuneration of the Company's Key Management Personnel). If you mark more than one box against a Resolution your vote on that Resolution will be invalid.

If you wish to appoint as your proxy a Director of the Company (other than the Chairman of the meeting) or other member of the Key Management Personnel of the Company whose remuneration details are set out in the Remuneration Report, or their Closely Related Parties, you should specify how they must vote on Resolution 1 by completing the "For", "Against" or "Abstain" boxes on the proxy form. If you do not do that in relation to Resolution 1 your proxy will not be able to exercise your vote on your behalf for that Resolution.

If you appoint the Chairman of the meeting as your proxy in relation to Resolution 1, but do not complete any of the boxes "For", "Against" or "Abstain" opposite the Resolution on the proxy form, you will be expressly authorising the Chairman of the meeting to vote in favour of those Resolutions.

If you wish to appoint the Chairman of the meeting as proxy with a direction to vote against, or to abstain from voting on any Resolution, you must specify this by completing the "Against" or "Abstain" boxes on the proxy form.

4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and to vote on your behalf. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry (see contact details below) or you may copy this Proxy Form.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that Proxy Form. If the Proxy Forms do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half of your votes. Fractions of votes will be disregarded; and
- return both forms together in the same envelope.

5. Signing Instructions

You must sign this Proxy Form as follows in the spaces provided:

Individual: Where the holding is in one name, the holder must sign.

Joint holding: Where the holding is in more than one name, all of the shareholders must sign.

Power of attorney: To sign under Power of Attorney, you must have already lodged the Power of Attorney with the Company's share registry. If you have not previously lodged the Power of Attorney, please attach a notarially certified photocopy of it to this Proxy Form when you return it.

Companies: Where the company has a sole director who is also the company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a company secretary, a sole director can sign alone. Please indicate the office held by signing in the appropriate place. If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry (see address details below).

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the share registry address given below **not later than 48 hours before** the commencement of the meeting i.e. no later than 10.00am (Melbourne time) on Wednesday 23 November 2016. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

By delivery	By post	By email	By facsimile	On-line
110 Stirling Highway Nedlands WA 6009	PO Box 1156 Nedlands WA 6909 Australia	admin@advancedshare.com.au	+61 8 9262 3723	www.advancedshare.com.au (you will need your SRN/HIN to login)