

25 August 2022

Further detail regarding Mainetec acquisition

Austin Engineering Limited (ASX: ANG, 'Austin' or 'the Company') refers to its announcement of 23 August 2022 regarding the agreement to acquire Australian mining equipment manufacturer, Mainetec Pty Ltd ('Mainetec').

That announcement referred to a post-completion arrangement to incentivise further performance over a three-year period. Under this arrangement, up to \$6 million can be paid (in Austin shares¹) if various performance hurdles are met. Those incentive hurdles relate, respectively, to a higher than assumed revenue level for the Mainetec business; an accelerated roll out of Mainetec's dipper bucket capability; and the implementation of a new business offering by Mainetec (not disclosed for commercial reasons). Following queries, Austin sets out further information about these specific performance hurdles below:

Description and amount	Summary of performance hurdle
General revenue – up to \$3 million	Revenue from Mainetec's buckets business must equal or exceed an agreed annual revenue target in any financial year prior to 30 June 2025 (for the full earn-out amount to be paid). Revenue below a lower (but still substantial) baseline figure will not qualify for any payment, and payment will be pro-rated for revenue that exceeds the baseline (but is less than the target).
Dipper revenue – up to \$2 million	Aggregate revenue for the period 1 July 2022 to 30 June 2025 from worldwide sales of Mainetec sourced new dippers and related sales (but excluding sales that relate to existing work in progress and any further Australian refurbishing or rebuild work) must equal or exceed an agreed revenue hurdle. If aggregate revenue is below this, no amount is payable.
New business offering – up to \$1 million	Mainetec entering into a new (Australia wide) contract (for a new business line) at prices acceptable to Austin with a large Australian mining company (or any of its related bodies corporate) and four other operators prior to 30 June 2025. If these contracts are not entered into, no amount is payable.

The binding agreement was entered into between Austin, the three individual founders of Mainetec (being Brett Hampson, Stephen Mounsey and Daniel Sanderson), and the three current shareholders of Mainetec (each of which is associated with one of the founders). As noted in the 23 August announcement, each of the three founders will be required to continue to be employed by Austin at the end of the three-year incentive period in order for the associated vendor to receive any earn-out shares².

-ENDS-

¹ At a 30 day VWAP to the Austin share price prior to the end of the 3 year period, with a cap of 60 million shares.

² Unless they are a good leaver for the purposes of the agreement.

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Announcement Authorisation

This announcement was authorised by the CEO of Austin.

About Austin Engineering

Austin is a global engineering company. For over 50 years, Austin has partnered with mining companies, contractors and original equipment manufacturers to create innovative engineering solutions that deliver productivity improvements to their operations.

Austin is a market leader in the design and manufacture of loading and hauling solutions, including off-highway dump truck bodies, buckets, water tanks and related attachments, supporting both open-cut and underground operations. Complementing its proprietary product range are repair and maintenance services performed in our workshops and on clients' mine sites, and spare parts.

Through Austin's own design and engineering IP and range of tailored products, it delivers solutions for all commodity applications and drives increased efficiencies in productivity and safety in both open cut and underground mining operations.

Austin's products can create more sustainable mining operations by delivering the lowest cost per tonne to end user, reducing fuel usage per material carried.

The Company is headquartered in Perth and has operations around the world in Australia, USA, Canada, Chile and Indonesia serving many of the major mining sites in the world both directly and through local partners.