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austinengineering^{LD}

ASX ANNOUNCEMENT

EXECUTIVE LEADERSHIP CHANGES AND STRATEGIC UPDATE

Austin Engineering Limited (**Austin**) has today announced a series of changes to its Executive Leadership and also the preliminary outcomes of a strategic review undertaken to address challenges resulting from the continuing mining services sector downturn and to identify corresponding opportunities.

The process of strategic review and change is ongoing and the Board intends to implement any changes through a planned, deliberate and progressive approach to better position the company for the current market environment.

Changes in Executive Leadership

Appointment of Executive Chairman

The development and implementation of a new strategic plan and the ongoing intense focus on improving the company's capital structure will place additional demands on the company's management. As such, the Board has decided to confirm Mr Peter Pursey AM as permanent Chairman and, on an interim basis, to appoint him as Executive Chairman of the Company.

In addition to his Chairman's responsibilities, Peter's executive priorities will include oversight of the corporate strategy development and implementation, capital structure optimisation and key stakeholder liaison responsibilities.

Transition of Chief Executive Officer

Managing Director and Chief Executive Officer, Mr Michael Buckland, has tendered his resignation with the company. He will step down as a director of Austin with immediate effect but will continue to serve as CEO for the remainder of his contracted term, until 30 June 2016, working in conjunction with the Executive Chairman to effectively manage the company through the transition period.

Since the inception of Austin Engineering, Michael's dedication and energy has grown the company to be a well recognised and successful business in the industry during the global mining and resource boom, and a major mining services player in key mining regions of the world.

Michael has given the Company his total commitment during his tenure and will depart at the end of June with the Company's best wishes. In the meantime, the Board welcomes Michael's continuing support and believes it will allow a smooth transition to a new CEO. The company values the strong relationships that it has with its many customers globally and Michael will continue to work with the existing senior management team over the coming months in maintaining those critical partnerships.

The Company will now commence a search process to identify a successor CEO. The timeframe allows for an orderly transition of executive leadership.

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Appointment of a Chief Strategy Officer

In preparation for implementation of the recommendations arising from the strategic review, and to support business plans that are currently in progress, the company recently created a new senior executive role, Chief Strategy Officer (**CSO**).

The Company appointed Mr Charles Rottier to the role of CSO at the beginning of February. Charles brings more than 30 years' diverse engineering experience in business management and project management to this role and is well credentialed to lead the development of a revised business plan, working in collaboration with Austin's experienced management team.

Strategic refocus

Austin acknowledges that the industry has undergone significant change over the past two years and that it needs to refocus its strategy to fully communicate and capitalise on its value proposition and competitive advantages in this new environment.

Austin's core value proposition is that it can design, manufacture, commission, condition monitor, repair and replace its specialised high performance products on a global scale in a way which will enhance productivity for its clients over the life cycle of the asset.

Its competitive advantages include its engineering IP and know how to design productivity-enhancing solutions and its physical presence of workshop facilities located near its customers in a number of major global mining provinces.

Austin's blue chip customer base is market validation that its specialised high performance products and services contribute to production efficiencies which benefit customers also seeking to adapt to sustained challenging market conditions.

Austin has undertaken a strategic review of its operations in Australia, Asia, South America and the USA, in conjunction with an experienced, independent strategy consultant.

The strategic review has identified a number of important opportunities which will better position Austin to address the 'new normal' that now exists in the global mining services sector.

Central to Austin's strategic refocus is a renewed customer-centric emphasis at all levels of the organisation on communicating our value proposition and then delivering productivity improvements to our customers, in a consistent, globally integrated manner.

To achieve this, Austin will endeavour to partner more closely and strategically with its customers with the aim of becoming part of the customer's whole of product life supply chain and asset management programs.

Business update

Trading conditions have continued to remain challenging over the past months, and the company is currently reviewing its guidance for the year ended 30 June 2016. The company is also investigating

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and implementing a range of strategies in respect of refinancing and retiring its bank debt to strengthen its balance sheet. The company expects to be able to advise further on these items with its results release for the first half.

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The changes announced today are focused on implementing strategies and structures to strengthen Austin's position globally in the mining services industry. The company is confident that this will result in it being better placed to deliver more sustainable revenues and to grow its business substantially in the coming years.

For enquiries, please contact Peter Pursey, Executive Chairman.