

## Notice of Annual General Meeting

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Notice is given that the 2018 Annual General Meeting of shareholders of Austin Engineering Limited (the **Company**) will be held at the Perth Convention and Exhibition Centre, Meeting Room 9, 21 Mounts Bay Road, Perth WA 6000 on Friday 23 November 2018 at 9:00am (AWST).

**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 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 2018.

#### Resolution 1 Re-election of Mr Jim Walker as Non-executive Director

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

*'To re-elect Mr Jim Walker, in accordance with ASX Listing Rule 14.4, who retires with effect from the end of the Annual General Meeting and, being eligible, offers himself for re-election.'*

#### Resolution 2 Election of Mr Sy van Dyk as Non-executive Director

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

*'That Mr Sy van Dyk, who retires after having been appointed as a Director of the Company on 19 February 2018, in accordance with rule 3.3 of the Company's constitution, and being eligible for re-election, be elected as a Director of the Company.'*

#### Resolution 3 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:

*'That the Remuneration Report for the year ended 30 June 2018 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.

A voting exclusion statement applies to this item of business (see below).

#### Resolution 4 Approval of Performance Rights Plan

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

*'That, for the purposes of Listing Rule 7.2 Exception 9, section 260C(4) of the Corporations Act and for all other purposes, the Company's Performance Rights Plan and any grants of Performance Rights and issue of Shares under the Company's Performance Rights Plan, as described in the Explanatory Memorandum accompanying this Notice of Meeting, be approved.'*

A voting exclusion statement applies to this item of business (see below).

#### Resolution 5 Approval for grant of performance rights to Mr Peter Forsyth, Managing Director

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

*'That for the purpose of Listing Rule 10.14 and for all other purposes, approval be given for the grant of 2,145,923 Performance Rights and the issue or transfer of Shares on vesting to Mr Peter Forsyth, in accordance with the terms and conditions of the Company's Performance Rights Plan and as described in the Explanatory Memorandum accompanying this Notice of Meeting.'*

A voting exclusion statement applies to this item of business (see below).

### Voting exclusion statements

The resolutions above are subject to the following voting exclusions.

#### Resolution 3 (Adoption of Remuneration Report)

The Company will disregard and not count any votes cast on Resolution 3 by:

- any member of the Company's Key Management Personnel whose details are included in the Remuneration Report and any Closely Related Party of such a member; and
- any member of the Company's Key Management Personnel, and any Closely Related Party of such a member, who is appointed as an **undirected proxy** for a person who is entitled to vote.

#### Resolution 4 (Approval of Performance Rights Plan)

The Company will disregard and not count any votes cast in favour of Resolution 4 by:

- any member of the Company's Key Management Personnel, and any Closely Related Parties of such a member, who is appointed as an **undirected proxy** for a person who is entitled to vote; and
- Mr Peter Forsyth, being the only Director who is eligible to participate in the Company's Performance Rights Plan, and any of his associates.

#### Resolution 5 (Approval for grant of performance rights to Mr Peter Forsyth, Managing Director)

The Company will disregard and not count any votes cast in favour of Resolution 5 by:

- any member of the Company's Key Management Personnel, and any Closely Related Parties of such a member, who is appointed as an **undirected proxy** for a person who is entitled to vote; and
- Mr Peter Forsyth and any of his associates.

### Exceptions to voting exclusions

However, the Company will not disregard a vote in respect of any of the above resolutions if it is:

- cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form (ie a Directed Proxy Form); or
- cast by the person chairing the meeting 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 (even if the resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel).

#### Please refer below to the important information about the appointment of proxies in relation to the above resolutions.

To consider any other business as may be lawfully put forward in accordance with the Constitution.

Specific comments relating to the resolutions are set out in the Explanatory Memorandum.

**Dated: 23 October 2018**

By order 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 (Brisbane time) on Wednesday, 21 November 2018. 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  
Kings Row 1, Level G  
52 McDougall Street  
Milton QLD 4064;
  - b. by facsimile to its registered office on fax number +61 7 3271 3689; or
  - c. at its share registry:  
Computershare Investor Services  
GPO Box 242  
Melbourne VIC 3001  
  
or fax number (within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555.
8. Any proxy form received after this deadline including at the meeting will be treated as invalid.
9. 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.
10. Clause 9b 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.
11. 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.
12. The Chairman intends to vote all Undirected Proxy Forms in favour of all resolutions including Remuneration Resolutions.
13. The following definitions apply in this document:
  - a. **ASX** means ASX Limited or the securities exchange it operates, as the context requires.
  - b. **Closely Related Party** means the closely related parties of Key Management Personnel as defined in the Corporations Act, and includes certain members of their family, dependants and companies they control.
  - c. **Company** means Austin Engineering Ltd ACN 078 480 136.
  - d. **Corporations Act** means the *Corporations Act 2001* (Cth).
  - e. **Directed Proxy Form** means a proxy form which specifies how the proxy is to vote.
  - f. **Directors** means the directors of the Company from time to time (each a **Director**).
  - g. **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 (as set out in the Directors' Report included in the Company's 2018 Annual Report) (**Remuneration Report**) identifies the Company's Key Management Personnel for the financial year to 30 June 2018.
  - h. **Listing Rules** means the Listing Rules of the ASX.
  - i. **Performance Period** has the meaning in Resolution 5.
  - j. **Performance Rights Plan** means the Company's Performance Rights Plan adopted by the board on 20 December 2013 as amended.
  - k. **Remuneration Resolution** means a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel and includes Resolutions 3, 4 and 5 in this Notice of Meeting.
  - l. **Share** means a fully paid ordinary share in the capital of the Company.
  - m. **Undirected Proxy Form** means a proxy form that does not specify how the proxy is to vote.
  - n. **Vesting Conditions** are the conditions that must be satisfied for a Right to vest and entitle the holder to the value of a Share (which may be satisfied either in cash and/or in Shares).



# 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 9:00am (AWST) on Friday 23 November 2018 at Perth Convention and Exhibition Centre, Meeting Room 9, 21 Mounts Bay Road, Perth, Western Australia, 6000.

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

## 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.

## Resolutions 1 and 2 – Background

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

In accordance with the ASX Listing Rule 14.4, Mr Walker, who was first appointed as Non-executive Director in July 2016, will retire from the office of Director with effect from the end of the Annual General Meeting and submits himself for re-election by shareholders as a Non-executive Director of the Company.

Rule 3.3 of the Company's constitution also requires that Mr van Dyk, who was appointed as a Non-executive Director by the Board on 19 February 2018, automatically retires and is eligible for re-election by shareholders as a Non-executive Director of the Company.

Profiles for Mr Walker and Mr van Dyk follow.

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 Board considers all of the current Non-executive Directors to be independent, including each of the Directors seeking election.

## Resolution 1 Re-election of Mr Jim Walker as Non-executive Director

Mr Jim Walker has over 40 years of experience in the resources sector. He is currently Non-executive Chairman of Macmahon Holdings Limited and Australia Potash Limited, Chairman of the WA State Training Board and a Non-executive Director of 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, Programmed Maintenance Services 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 Fellow Australian Institute of Management (AIM WA).

### Qualifications:

- GACD, FAIM

### Special responsibilities:

- Member of the Nomination and Remuneration Committee
- Member of the Audit Committee
- Member of the Risk Committee

### Directorships held in other listed entities:

- Macmahon Holdings Limited from 22 January 2015
- Seeing Machines Limited from 19 May 2014
- Australian Potash Limited from 15 August 2018

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

## Resolution 2 Election of Mr Sybrandt (Sy) van Dyk as Non-executive Director

Mr Sy van Dyk is a Chartered Accountant by profession, with more than 25 years sales, operational and financial experience primarily within the resource sector. He has previously held roles as CEO and Managing Director at Macmahon Holdings Limited and a number of senior operational roles at the WesTrac Group. Prior to WesTrac, Sy's career included a number of senior positions within Kimberly-Clark South Africa.

### Qualifications:

- Bachelor of Commerce (Honours) University of South Africa
- Member of Institute of Chartered Accountants Australia

### Special responsibilities:

- Chair of the Audit Committee
- Member of the Nomination and Remuneration Committee
- Member of the Risk Committee

### Directorships held in other listed entities:

- None

***The Directors (with Mr van Dyk abstaining) recommend that shareholders vote in favour of this Resolution.***

### Resolution 3 Adoption of the Remuneration Report

The Corporations Act 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 2018 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 Key Management Personnel and the link between remuneration and the Company's performance; and
- Details the remuneration arrangements in place for each Key Management Personnel.

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 3.

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

***Noting that each current Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, and that each of them (and their Closely Related Parties) would be excluded from voting on the Resolution, the Board recommends that Shareholders vote in favour of adopting the Remuneration Report).***

***In accordance with section 250R(3) of the Corporations Act, the vote is advisory only and does not bind the Directors or the Company.***

### Resolution 4 Approval of Performance Rights Plan

This resolution seeks shareholder approval for the Performance Rights Plan for the purposes of the Listing Rules.

The Board adopted the Performance Rights Plan in December 2013 to give the Board flexibility to provide long term incentives to the Executive Director and other senior executives through the grant of Performance Rights. The Performance Rights Plan was announced on 30 September 2014.

Non-executive Directors are not eligible to participate in the Performance Rights Plan.

Key terms of the Performance Rights Plan are set out in **Annexure A**.

#### **i. Remuneration Policy**

The performance of the Company depends upon the quality of its executives and Executive Director. Their compensation structure is designed to strike an appropriate balance between fixed and variable remuneration, rewarding capability and experience and providing recognition for contribution to the Company's overall goals and objectives.

In deciding the remuneration and incentives of senior executives, the Board considers there should be an appropriate mix of remuneration comprising cash and securities to link the remuneration to the financial performance of the Company.

Equity-based incentives consistent with the Company's remuneration policy align the performance of Executive Directors with the Company's financial performance. The Board also believe that an equity-based remuneration component helps to attract and retain the best executives.

The Directors consider the remuneration policy to be a sensible and well-balanced policy that allows them to adjust the remuneration mix appropriately to the Company's changing circumstances.

The Performance Rights Plan is used as the vehicle for the Company's remuneration policy.

#### **ii. What is a Performance Right?**

A Performance Right is a contractual right awarded to a senior executive to receive the value of a specific number of Shares which is contingent upon the achievement against particular indicators. Upon the achievement of those indicators, a certain number of (or all) Performance Rights vest. The Performance Rights are an entitlement to the value of Shares which may be satisfied either in cash and/or Shares. Generally it is expected that vested Performance Rights will be satisfied in Shares. If satisfied in Shares, that senior executive is entitled to receive one Share for every vested Performance Right.

The number of Performance Rights issued to any person in any given year represents the maximum number of Shares that they could be entitled to receive if the maximum benchmarked indicators are met. To the extent such indicators are not met, a fewer number (and possibly zero) Performance Rights will vest.

### **iii. Amendments to the Performance Rights Plan**

The Board has recently approved amendments to the Performance Rights Plan which update the Performance Rights Plan to meet the current requirements and practice for issuing performance rights. The terms of the Performance Rights Plan have not been changed materially by these updates. A copy of the Performance Rights Plan is available on the Company's website at <http://www.austineng.com.au/investor-centre/corporate-governance/> and see **Annexure A** for a summary of key features.

### **iv. Requirement for shareholder approval**

Listing Rule 7.1 imposes a cap on the number of securities that a company may issue or agree to issue without shareholder approval. Specifically, the Company may not, without prior approval from shareholders, issue in any 12 month period, securities which are more than 15% of the Shares on issue 12 months before that issue.

However, Listing Rule 7.2 Exception 9 provides an exception to Listing Rule 7.1 where shareholder approval is obtained for the issue of securities under the Performance Rights Plan for a period of three years from the date of shareholder approval. If shareholder approval for this resolution is obtained, the Company will be able to rely on this exception for the issue of Performance Rights (and any subsequent issue of Shares upon vesting) under the Performance Rights Plan.

Section 260A of the Corporations Act restricts the circumstances in which financial assistance may be provided to a person for the purposes of acquiring Shares in the Company. Section 260C(4) exempts assistance that arises under an employee share scheme which is approved by Shareholders. Accordingly, if shareholder approval for this resolution is obtained, the issue of Performance Rights under the Performance Rights Plan and any subsequent issue of Shares upon vesting will not be treated as financial assistance and no further shareholder approval will be necessary.

The Company has not previously sought shareholder approval for the Performance Rights Plan.

***The Board (with Mr Peter Forsyth abstaining) recommends that shareholders vote in favour of this resolution.***

## Resolutions 5 – Background

### i. Remuneration of Mr Peter Forsyth

Mr Peter Forsyth's remuneration package for the year ended 30 June 2018 (as detailed in the Company's 2018 Annual Report) comprised:

Cash Salary \$	Cash Bonus <sup>(a)</sup> \$	Super-annuation \$	Long Term Benefits Leave \$	Share based payments \$	Total \$
475,000	–	25,000	–	–	500,000

(a) Please note that following a review of financial and non-financial achievements of senior executives for the year ended 30 June 2018, the Board determined an STI payment of 40% of TFR (\$200,000) be paid to Mr Forsyth. The STI payment will form part of Mr Forsyth's remuneration package for the 2019 financial year.

## Resolution 5

### Approval for grant of performance rights to Mr Peter Forsyth, Managing Director

#### i. Proposed grant of performance rights

Listing Rule 10.14 provides that a listed company must not permit a Director to acquire securities under an employee incentive scheme without shareholder approval. Accordingly, approval is sought under Listing Rule 10.14 for the proposed grant of 2,145,923 Performance Rights to Mr Peter Forsyth as part of a broader executive incentive program under the Company's Performance Rights Plan. Where approval for the issue of securities is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

The Performance Rights are proposed to be granted on the terms and conditions of the Company's Performance Rights Plan.

Words and expressions used in this section have the same meaning as those words and expressions in the Plan Rules except as otherwise defined in this Explanatory Memorandum.

### ii. Information required by Listing Rules

Listing Rule 10.15A requires certain information to be given to shareholders for the purposes of approval under Listing Rule 10.14. This information is supplied in the table below.

Name of Director	Peter Forsyth
<b>Details of proposed issue</b>	
Maximum number of Performance Rights to be approved under Resolution 5	2,145,923 Performance Rights
Issue price	Nil
Names of any persons referred to in Listing Rule 10.14 entitled to participate in the Performance Rights Plan	Peter Forsyth
Date by which the Performance Rights will be granted	If approved, the Performance Rights are expected to be granted on or about 26 November 2018 and the Shares issued no later than 3 years after the date of the meeting.
Terms of loan in relation to the grant of Performance Rights	Not Applicable
Required statements	Details of any securities issued under the employee incentive scheme will be published in each annual report relating to a period in which securities have been issued and approve for the issue of securities obtained under Listing Rule 10.14.  Any additional persons who become entitled to participate in the employee incentive scheme after the resolution is approved and who are not named in this notice of meeting will not participate until approval is obtained under Listing Rule 10.14.
<b>Details of previous issues</b>	
Securities issued to persons under Listing Rule 10.14 since the last shareholder approval	304,436 Performance Rights to Michael Buckland – \$Nil acquisition price (as approved at the 2015 Annual General Meeting).
<b>Other commercial considerations</b>	
Performance Period	3 financial years ending 30 June 2019, 2020 and 2021
Expiry Dates	5 years after the grant of Performance Rights



#### a. Vesting Conditions

- Performances conditions as outlined below.
- In order for the Performance Rights to vest, Mr Forsyth must remain employed by the Company during the Performance Period (except in the case of death, disablement etc – see **Annexure A** for further details) and the Vesting Conditions must be satisfied.

#### b. Performance conditions

- 50% of the Performance Rights will vest on meeting Total Shareholder Return (**TSR**) target (**TSR Performance Rights**); and
- 50% of the Performance Rights will vest on meeting Earnings Per Share (**EPS**) growth target (**EPS Performance Rights**)

##### (i) TSR performance criteria

50% of the Performance Rights granted to Mr Forsyth are subject to a TSR performance condition (as described below) over the respective Performance Period. The Performance Rights will vest as follows:

<b>TSR Performance (annually over 3 year period)</b>	<b>% of Performance Rights assessed under TSR performance condition to vest</b>
Less than 15% CAGR* in TSR	0%
15% CAGR* in TSR	50%
CAGR* between 15% and 25% in TSR	50% + straight line increase in % awarded until 25% is achieved
At 25% CAGR* in TSR	100%

\* CAGR (Compound Annual Growth Rate)

TSR will be calculated by the Board as the difference in Share price over the Performance Period, plus the value of Shares earned from notionally reinvesting dividends received over this period, expressed as a percentage of Share price at the beginning of the Performance Period.

TSR will be determined on the following basis:

- Dividends are re-invested on the ex-dividend date;
- Share prices are calculated as the volume weighted average sale price of Shares on the ASX for the 30 days preceding the start of the Performance Period and the 30 days up to and including the end of the Performance Period;
- Tax and any franking credits (or similar) will be ignored; and
- The board has the discretion to disregard any abnormal, non-recurring or one-off items.

##### (ii) EPS performance criteria

50% of the Performance Rights granted to Mr Forsyth are subject to an EPS performance condition (as described below) over the respective Performance Period. The Performance Rights will vest as follows:

<b>EPS Performance (annually over 3 year period)</b>	<b>% of Performance Rights assessed under TSR performance condition to vest</b>
Less than 15% CAGR* in EPS	0%
15% CAGR* in EPS	50%
CAGR* between 15% and 25% in EPS	50% + straight line increase in % awarded until 25% is achieved
At 25% CAGR* in EPS	100%

\* CAGR (Compound Annual Growth Rate)

EPS will be determined by the Board in accordance with Accounting Standard AASB 133 'Earnings per Share' subject to the adjustments as described below.

In determining EPS, the Board has the discretion to disregard earnings reasonably attributable to businesses acquired by the Group after 1 July 2018 and/or abnormal one off events.

***The Directors (with Mr Forsyth abstaining) recommend that shareholders vote in favour of this Resolution.***

## Annexure A

### Summary of key features of the Performance Rights Plan

#### Instrument

- The Performance Rights Plan uses Performance Rights which are entitlements to the value of Shares which may be satisfied either in cash and/or in Shares. Generally it is expected that vested Performance Rights will be satisfied in Shares. The price to exercise the Performance Rights is at the discretion of the Board (and may be nil), however vesting is performance tested. The value that will be realised is then a function of performance against indicators (**Vesting Conditions**) and the Share price at the time of vesting.

#### Eligibility

- Selected full or part-time employees (including a Director employed in an executive capacity) as nominated by the Board are eligible to participate.

#### Terms & Conditions

- The Board has the discretion to set the terms and conditions on which it will offer Performance Rights under the Performance Rights Plan, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensuring the plan operates as intended.
- All Performance Rights will be subject to Vesting Conditions. The conditions are intended to be challenging and linked to growth in shareholder value. The terms and conditions of the Performance Rights Plan include those aspects legally required as well as a method for calculating the appropriate number to vest in the circumstances of a change of control and the treatment of Performance Rights in the circumstances of various forms of termination.

#### Number of Rights

- The number of Performance Rights offered to a participant is at the discretion of the Board.

#### Vesting

- Performance Rights vest based on the Company's performance. Upon the satisfaction of the Vesting Conditions, the value of Performance Rights that vest will be evaluated and will either be paid in cash, converted into Shares based on the then Share price, or a combination of cash and Shares. The Board may determine that an amount is payable by a participant to acquire a Share upon exercise of a Performance Right.

#### Performance Period

- The Performance Period is determined by the Board as part of the relevant invitation.

#### Vesting Conditions

- Vesting Conditions are to be determined by the Board as part of each invitation to participants, however the conditions selected are intended to create alignment with the experiences and expectations of shareholders over the Performance Periods. Vesting conditions will be performance relative to a scale of outcomes determined by the board for the relevant participant.

#### Exercise Price

- The Board may determine that an amount is payable by a participant to acquire a Share upon exercise of a Performance Right. If no determination is made, the exercise price is zero.

#### Cessation of Employment

- The Performance Rights Plan contains provisions concerning the treatment of vested and unvested Performance Rights in the event that a participant ceases employment (ie becomes a leaver).
- Where a participant becomes a leaver, other than due to special circumstances, their Performance Rights automatically lapse.
- Where a participant becomes a leaver due to special circumstances, the Board may determine that any or all of their Performance Rights will vest. If they make no determination within 6 months, the Performance Rights will automatically lapse.

#### Change of Control of the Company

- Where a change of control has occurred, or the Board considers a change of control event will occur, Performance Rights granted will vest (at the Board's discretion) if performance is in line with the performance conditions attaching to those Performance Rights.
- Any Performance Right which does not vest will automatically lapse unless the Board determines otherwise.

#### **Issue of Shares or cash settlement**

- After a valid exercise of a Performance Right the Company will issue, allocate or acquire on market the relevant number of Shares and/or pay a cash amount to the participant. The method is at the Board's discretion.
- If Performance Rights are cash settled, the payment will be the cash equivalent of the value of the Shares which would otherwise have been granted. Unless the Board determines otherwise, the payment will be minus the funds required to be withheld for tax or superannuation and/or to pay the exercise price (if any).

#### **Voting and Dividend Rights**

- Performance Rights do not carry voting or dividend entitlements. Shares issued when Performance Rights vest carry all entitlements of Shares, including voting and dividend rights.

#### **Transfer of Rights**

- Performance Rights may only be transferred with the prior written consent of the Board. Performance Rights which are otherwise sold, transferred, mortgaged, charged or otherwise dealt with or encumbered (except by force of law) without this consent, will immediately lapse.

#### **Quotation**

- Performance Rights will not be quoted on the ASX. The Company will apply for quotation of any Shares issued upon the vesting of Performance Rights in accordance with the Listing Rules.

#### **Variation of Terms and Conditions**

- To the extent permitted by the Listing Rules, the Board retains the discretion to vary the terms and conditions of the Performance Rights Plan.

#### **Cost and Administration**

- The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying exercised Performance Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the Performance Rights Plan.

#### **Lapse and Forfeiture of Performance Rights**

- Performance Rights will lapse if the prescribed Vesting Conditions are not satisfied within the prescribed Performance Period.

## Company information

### Registered Office

Kings Row 1, Level G  
52 McDougall Street  
Milton, QLD 4064  
P: +61 7 3273 8600  
F: +61 7 3271 3689

### Company Secretary

Christine Hayward

### Website

[www.austineng.com.au](http://www.austineng.com.au)

### ASX Code

ANG

### Share Registry

Computershare Investor Services  
Level 1, 200 Mary Street  
Brisbane, QLD 4101  
P: +61 7 3237 2100



**Austin Engineering Limited**

ACN 078 480 136



ACN 078 480 136

### Lodge your vote:

**Online:**  
www.investorvote.com.au

**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

**Control Number: 182259**

**SRN/HIN:**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



**For your vote to be effective it must be received by 9:00am (AWST) Wednesday 21 November 2018**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole 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 also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** ➔



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Austin Engineering Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate 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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Austin Engineering Limited to be held at **Meeting Room 9, Perth Convention & Exhibition Centre, 21 Mounts Bay Road, Perth WA 6000 on Friday 23 November at 9:00am (AWST)** and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 3, 4 and 5** (except where I/we have indicated a different voting intention below) even though **Items 3, 4 and 5** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 3, 4 and 5** by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

	For	Against	Abstain
1 Re-election of Mr Jim Walker as Non-executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Mr Sy van Dyk as Non-executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval for grant of performance rights to Mr Peter Forsyth, Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /