E&A LIMITED

2015 Annual General Meeting

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29 January 2016

Agenda: Chairman and Managing Director’s Address

1. Market for E&A Subsidiaries Products and Services
2. Strategy to Rebuild Shareholder Value
3. Financial Performance Over the Last Financial Year
4. Performance for the First Half of This Financial Year and Outlook for FY16
5. Safety and People Performance
6. Items of Business


Fabtech – Evaporation Ponds, QLD

2015 At A Glance

Financial

- Revenue and trading result impacted by provisions for outstanding WIP, disputed contract claims and restructuring costs
- Workload and margins impacted by foreshadowed decline of CSG sector, iron ore and oil price drop
- Renewable Energy Target uncertainty impacted capacity utilisation
- Revenue $198.6m, down 28%
- Statutory Net Loss after Tax of $24.4m

Operating

- Zero LTI record maintained across entire business
- Margin pressure offset by focus on productivity and efficiency improvement
- Productivity & Profit Improvement Program delivered annualised savings of $6m with further $2m of annualised savings expected in FY16
- Realigned business towards maintenance services, shutdowns and sustaining capital projects
- Lessened exposure to major construction projects

Strategic

- Successful integration of Tasman Power business and established presence in Pilbara region
- Establishment of Tasman Rope Access business
- Secured working capital through US$10M subordinated loan facility from LIM Advisors and restructure of NAB loan facilities

Market Conditions

Market Conditions

- The trading outlook for engineering services deteriorated over the last twelve months.
- The current commodity prices are forecast to remain depressed for the remainder of CY16.
- Since January 2015, key commodity prices have declined (i.e. iron ore down 39%, thermal coal down 20%, copper down 30% and gold down 10%).
- The price of iron ore is hovering around $US40 per tonne, a significant reduction from the $US100-plus a year ago or the heady heights of $US160 per tonne in 2011.
- Since January 2015, the price of Brent oil is down 42% and oil prices recently breached the US$30/bbl level for the first time in 12 years.
- The RET was reviewed by the Government and reduced in June 2015 from the previously legislated 41,000 GWh to 33,000 GWh.
- The outlook for the restoration for the wind energy generation business is improving but the rapid expansion anticipated following the approval of the new RET target remains elusive and is dependent upon electricity retailers entering into long term power purchasing agreements with the proposed owners of new wind farms.
- Last year was a period of frustrated anticipation for the Australian defence industry, and in particular the naval shipbuilding sector who have been waiting for the delivery of the Defence White Paper and a decision on frigates and submarines.
- The outlook for water services industry has remained stable.

Rebuilding Shareholder Value

Strategy for Rebuilding Shareholder Value

E&A Limited has adopted four major strategies to rebuild shareholder value:

1. The negotiation of a two year US$10M convertible note facility with Lim Advisors and the restructure of the term, repayment obligations and borrowing cost of our NAB loan facilities;
2. The recovery of the disputed, variation, delay and disruption contract claims for their existing carrying value;
3. The delivery of an improved EBITDA; and
4. The potential sale of one or more of the Group's operating subsidiaries.

Strategic Funding Agreement with LIM Advisors

- On 31 August 2015, E&A Limited entered into a two year Loan Facility Agreement for an initial advance of US$6 million with a further standby facility of US$4.0 million provided by LIM Opportunistic Credit Master Fund, a fund managed by the LIM Advisors Limited, (“together referred to as “LIM”).
- The facility has provided EAL with the funding necessary to complete certain contract works whilst contemporaneously initiating legal proceedings to maximise the recovery of its outstanding contract claims. More generally the LIM funding has supported the working capital requirements of EAL’s businesses. The merits of this strategy have already been confirmed through the recovery of the GELOR and NRAH claims.
- The term of the loan is 24 months and EAL is expected to make early repayments as it resolves its contract claims. LIM has subject to shareholder approval sort as a condition of the loan facility equity conversion rights for the initial drawn amount of US$6.0 million at 18 cents a share on or before 30 September 2016, or after that date at the time of any repayment by EAL. LIM also has further equity conversion rights in relation to the standby loan facility amount for US$4.0 million, which has now been drawn, at 25 cents per share on or before 30 September 2016, or after that date at the time of any repayment by EAL.

Refinance of National Australia Debt

- As part of the strategic funding relationship with Lim Advisors the National Australia Bank has agreed to convert $31.0M of EAL's current working capital facilities utilised to fund the disputed contract works to Longer Term Commercial Bill debt.
- EAL intends to utilise the funds recovered from the recovery of the disruption and delay claims to retire both NAB and LIM Advisors debt.

Recovery of the Disputed, Variation, Delay and Disruption Contract Claims

- E&A Limited has a number of significant construction contract claims at various stages of recovery.
- Significant progress has been made since the release of our Annual Report on 1 September 2015:
  - A fully resourced and funded Claim Recovery Team has been established comprising an in-house commercial and legal team supported by independent expert construction claim advisors, leading construction litigation practitioners, senior and junior counsel;
  - Adjudication determinations have been received in relation to project claims for Fabtech Australia QGC Northern Water Treatment Plant project and Ottoway Engineering New Royal Adelaide Hospital project, resulting in receipts of $10.3m inclusive of GST, interest and costs;
  - Formal dispute proceedings have been initiated for each of the outstanding matters, with the timetable for recovery defined by the dispute resolution procedures of the contracts;
  - Arbitration proceedings will commence on the Ottoway Engineering vs MacDow Roma Claim in February 2016. This matter principally relates to delay and disruption costs incurred by Ottoway Engineering on the Santos GLNG project on account of free issue materials arriving out of sequence and to a significant extent well after the originally anticipated completion date for the project;
- E&A Limited has an unwavering commitment to the prosecution and recovery of each of its legitimate and rightful claims for work completed.

The Delivery of an Improved EBITDA

- E&A Limited's ten operating subsidiaries are focussed on improving the profitability of their operations and securing new work.
- Initially our focus was on reducing overheads.
- Indirect operating costs have been reduced by $6.0M and we are progressively working towards implementing a further $2.0M per annum in cost reduction.
- Focus on restructuring pay rates, through EBA renegotiation, improving productivity, simplified project documentation, improved risk management and innovation in the way we deliver services.

New Work

E&A Limited's operating subsidiaries have secured new work in hand including:

- Ottoway Engineering has recently secured in excess of $20M of construction, tank fabrication, well-head skid fabrication and capital equipment repair work.
- Fabtech Australia (Fabtech) has recently been awarded more than $18M worth of geomembrane supply and installation work across the mining, oil& gas, landfill and water industries.
- ICE Engineering & Construction has recently secured more than $8M of electrical installation and associated upgrade work across the oil & gas, mining and water industries.
- Tasman Power has continued to expand its maintenance, shutdown and sustainability project work in the Pilbara with Australia's leading iron ore producers as those operators have brought additional capacity online. Furthermore, Tasman has established a new service, Tasman Rope Access which continues to grow whilst delivering operational savings to its clients.

The delivery of this new work on-time, on budget and fit-for-purpose should enable EAL to deliver improved profitability as Ottoway Engineering has now completed the challenging loss making contracts.

The Delivery of an Improved EBITDA

Company-wide Productivity Improvement and Cost Reduction

Focus Areas

- Projects
- People
- Procurement
- Plant & Equipment
- Property
- Productivity

Major Initiatives

- Improved contract & project management practices
- Exited unprofitable operations
- Reduced staffing levels
- Adjusted remuneration levels to market conditions
- Reduced executive remuneration
- Negotiated improved supply contracts
- Restructured travel to more cost effective arrangements
- Reviewed PPE utilisation and sold surplus equipment
- Cancelled leases for surplus premises
- Restructured workforce arrangements to gain productivity and flexibility improvements

Progress

- Achieved annual cost savings of $6 million to date
- Further $2 million of savings identified for delivery in FY16

The Delivery of an Improved EBITDA

Salary Reductions

- As a cost leadership initiative, E&A Limited executive directors with effect from 1 September 2015 reduced their salaries by a further 10% on their already reduced 10% salary arrangements.
- With effect from 1 January 2016, Mr. Stephen Young has taken a further significant salary reduction and one half on my reduced salary is now dependent upon the Company achieving its forecast results.
- Mr. Mark Vartuli has taken a further reduction of 10%, bringing his combined total salary reduction to 30% of his current contractual arrangements.

Potential Sale of One or More of the Group's Operating Subsidiaries

- The EAL board has undertaken with PwC a strategic review of its portfolio of businesses.
- The board and PwC have identified that opportunities exist for both joint ventures and straight sale transactions.
- Any proposal which represents an outcome where EAL will receive more than carrying value of a subsidiary will be considered as part of the suite of initiatives being pursued to reduce debt and improve shareholder value.

2015 Financial Year in Review

Ottoway Fabrication – Senvion Wind Towers

The 2015 Financial Year in Review

Income Statement

- E&A Limited achieved consolidated revenue of $198.6 million after impairments against the value of inventory of $29.2 million.
- E&A Limited incurred a Net Loss After Tax of $24.4 million, following impairment provisioning for underperforming contracts and disputed outstanding claims of $29.2 million and non-recurring restructuring costs, which combined totalled $33.9 million.

Cash Flow

- EAL recorded negative cashflow from operations, before interest and tax, of $14.5 million and after payment of interest and tax, a net outflow of $22.6 million from operating activities.
- The operating cash flow performance during the period was impacted by the working capital requirements associated with large construction projects undertaken on major projects for iron ore and infrastructure clientele which were subject to disputed variation, delay and disruption contract claims.

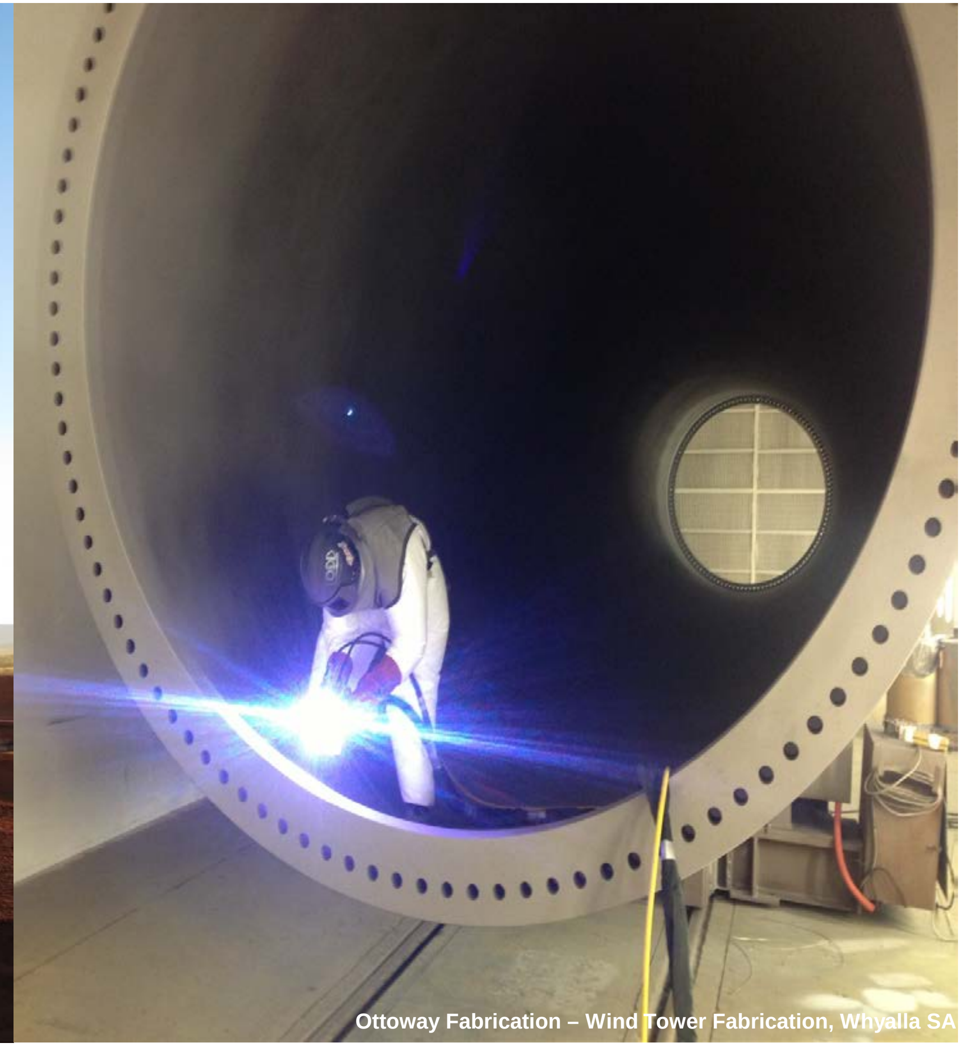
The 2015 Financial Year in Review

Net Debt & Gearing

- Net debt at 30 June 2015 was $77.4 million.
- The increase in debt included the funds borrowed to acquire Tasman Power in October 2014.
- Net debt was impacted by the additional working capital required to fund the works undertaken for iron ore and infrastructure projects which are subject to disputed contract variation, disruption and delay contract claims.
- EAL's longstanding financier, the National Australia Bank, subsequent to 30 June 2015 agreed to convert $31 million of current overdraft debt into commercial bills due 31 August 2016, which prior to 31 December 2015 the National Australia Bank have further extended to 1 March 2017.
- This commercial bill debt which has already been reduced is expected to be repaid in part from the collection of proceeds from the disputed variation, disruption and delay contract claims.

2015 Segment Earnings

Tasman Power – Drilling Conveyor Footings, Western Pilbara



Ottoway Fabrication – Wind Tower Fabrication, Whyalla SA

2015 Segment Earnings

Heavy Mechanical & Electrical Engineering

- Comprises Ottoway Engineering, Ottoway Fabrication and ICE Engineering.

- Revenue and Earnings significantly impacted by one-off impairments to WIP and underperforming contracts at Ottoway Engineering and restructuring costs.

Ottoway Engineering:

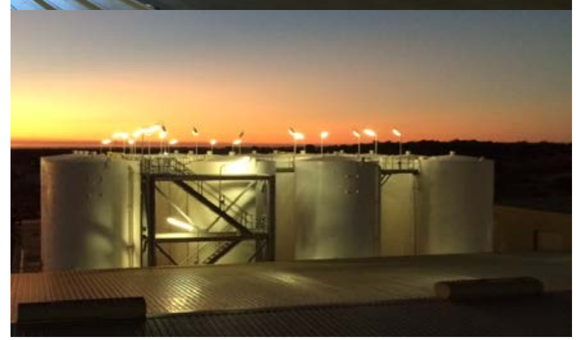
- Slowing activity in CSG sector in QLD and impacted by non-recurring WIP impairments and underperforming contracts and restructuring costs.

Ottoway Fabrication:

- Underutilisation due to RET uncertainty in FY15; significant works expected over next 5 years.

ICE:

- Increased activity the Cooper Basin and new relationships in WA & NT underpinned improvement in earnings with positive contribution.



2015 Segment Earnings

Water & Fluid Solutions

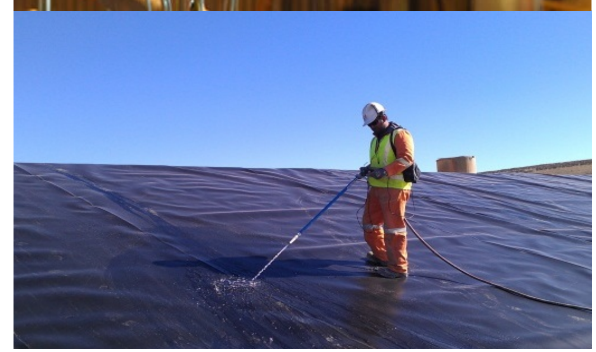
- Comprises Fabtech and Blucher.

Fabtech:

- Contracted demand due to completion of Phase 1 upstream works in Southern QLD and impact of declining commodity prices.
- Unexpectedly unsuccessful in securing the last section of the Northern Wastewater Treatment Plant in late 2014.
- Further delays and deferral of FY15 projects.
- Fabtech has recently secured a number of large contracts which now sees it with a strong order book.

Blucher:

- Positive contribution despite challenging market conditions.
- Maintaining niche market leadership position through innovation.
- Growing demand from food industry in FY16.



2015 Segment Earnings

Maintenance Engineering & Plant Construction

- Comprises Tasman Power, Tasman Rope Access, Heavymech and QMM.

Tasman Power:

- Positive contribution from growing maintenance and shutdown work.

Tasman Rope Access:

- Set-up costs incurred in FY15; solid growth and earnings contribution expected in FY16.

Heavymech:

- Restructured workforce, reduced costs and increased productivity in FY15. Subdued activity continues.

QMM:

- Reduction in workforce and overheads in reaction to softer demand. Positive FY15 second half contribution.

2015 Segment Earnings

Investment & Corporate Advisory

- Comprises Equity & Advisory and the listing and corporate costs of the parent entity, E&A Limited.
- Earnings impacted by one-off bad debt, significant impairment to outstanding WIP.
- Principle focus of Equity & Advisory staff was internal including Tasman Power acquisition work, establishment of Tasman Rope Access and work on recovery of outstanding claims for EAL's operating subsidiaries and implementation of profit improvement plans for EAL's operating subsidiaries.
- Most fee revenue generated from internal sources in second half of FY15; trend expected to continue in FY16 with focus on refinancing EAL, resolution of contract claims, productivity improvement plan and strategic review initiatives.

FY16 First Half Trading Update and Outlook

ICE– Flotation Circuit Conveyors, NT

Fabtech – Santos Washpool Creek Pond

FY16 Operations Update

- EAL advises the difficult trading conditions it experienced last financial year continued through the first quarter of FY16.
- EAL subsidiaries have been awarded several contracts which are now delivering improved trading results for the second quarter, albeit at competitive margins.

Heavy Mechanical & Electrical Engineering

- Ottoway Engineering's first quarter performance was adversely impacted by the finalisation of two problematic contracts.
- Ottoway Engineering has recently secured in excess of $20M of new construction, tank fabrication, well-head skid fabrication and capital equipment repair work.
- ICE Engineering had a soft first quarter due to delays in awarding of contracts and the general market conditions.
- ICE Engineering has secured more than $8M of electrical installation and associated upgrade work. As a consequence, ICE's second quarter performance has also improved.
- Ottoway Fabrication first half for FY'16 has been slower than expected.
- RET work opportunities are now expected to come on stream progressively during CY16.

FY16 Operations Update

Water & Fluid Solutions

- Fabtech has recently been awarded more than $18M of geomembrane supply and installation work.
- Fabtech's first half remained subdued due to the challenging market conditions.
- Fabtech expects to have a much improved second half for FY'16.
- Blucher's first half for FY'16 has been slower than anticipated.
- Agribusiness sector is providing increased opportunities to Blucher.
- Blucher will launch a number of new products to the market during the second half of FY'16.

FY16 Operations Update

Maintenance Engineering & Plant Construction

- Tasman Power has continued to expand its maintenance, shutdown and sustainability project work in the Pilbara with Australia's leading iron ore producers.
- Revenue was up during the first half, however, margins have been impacted due to pricing pressures.
- Tasman Rope Access has been making a positive contribution to revenue and earnings since October 2015 and has secured a number of new customers, contracts and work opportunities for the provision of its specialist rope access services.
- The market conditions for breakdown repair and maintenance services offered by Heavymech continued to remain soft during the first half.
- Heavymech Whyalla services have been impacted by the challenging conditions facing the iron ore and steelmaking industries.
- QMM has been impacted by the reduction in commodity prices for quarrying, mining and material handling products.

Investment & Corporate Advisory

- Equity & Advisory's focus during the first half has been on implementing the strategy to rebuild shareholder value for E&A Limited.

2016 Outlook

- Challenging market conditions is not expected to change during the second half of FY'16.
- Several EAL subsidiaries have started CY16 with improved order books and recent trading performance has been profitable as a consequence of these newly secured works.
- Maintenance, shutdown and sustaining capital projects in the oil & gas and mining sectors remains stable albeit at competitive margins.
- EAL has strategically repositioned its businesses, focusing on maintenance and sustaining capital projects which enjoy a stronger recurring work profile, and a lower contractual risk than major lump sum contracts.
- EAL also expects to benefit from the earnings contribution of the newly established Tasman Rope Access business during the second half of FY16.
- EAL is well positioned to capitalise on the anticipated surge of activity expected from RET for wind towers, however, this activity has been slower to pick up than originally forecast by management.
- In the medium to long-term, EAL expects to benefit from the recently announced $39 billion of defence shipbuilding budget.
- Finally EAL expects to capitalise on the benefits of the Productivity & Profit Improvement Program focused on identifying and delivering further productivity improvements across its businesses.

Safety & Our People

Fabtech – Baron Water Liner & Cover, Victoria

Safety & Our People

Outstanding Safety Performance

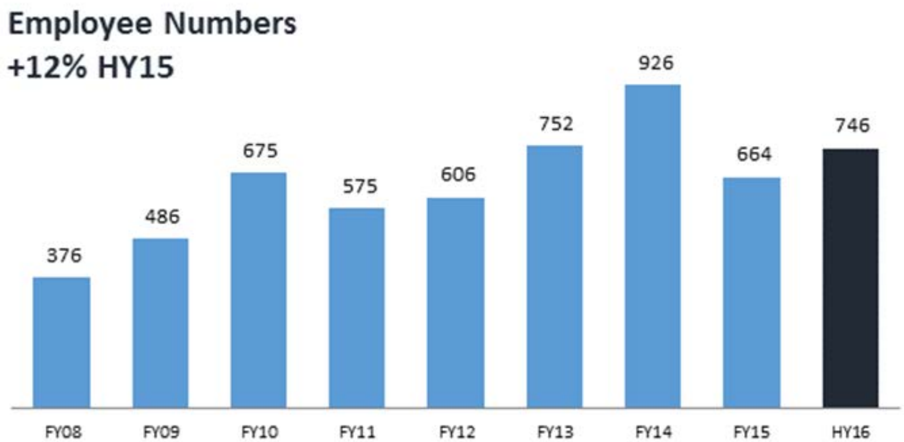
E&A Limited's safety performance resulted in significant milestones, during FY15 and as at 19 January 2016:

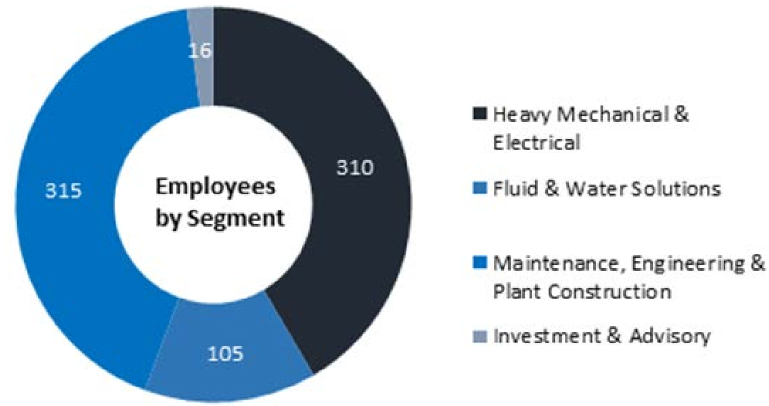
Subsidiary	LTI Free Days	LTI Free Hours Worked
ICE	**3,458**	**>1,800,000**
Fabtech	**2,304**	**>1,600,000**
QMM	**1,855**	**>510,000**
Ottoway Engineering	**1,964**	**>2,730,000**
Ottoway Fabrications	**1,891**	**>1,233,000**
Tasman Power & Tasman Rope Access	**1,670**	**>913,000**
Heavymech	**1,105**	**>194,000**



Safety & Our People

People Performance





- Throughout FY15, EAL subsidiaries have reduced their workforces and labour costs in line with the market demand.
- Employee numbers decreased by 28% over FY15 from the prior year to 664 employees.
- Total employee numbers have risen by 12% to 746 employees over the last six months with increasing contractual wins and work commitments particularly for Tasman Power, Tasman Rope Access and Fabtech.
- Since obtaining self-insurance status in July 2014, EAL has managed to resolve 11 out of the 12 workers compensation claims which were transitioned from Return to Work SA.
- EAL's focus on safety has enabled it to significantly reduce its workers compensation costs which it has in turn shared with its clients as part of EAL's subsidiaries commitment to meet their clients' expectation of cost reduction in everything they do.

Items of Business

Ottoway Fabrication, Whyalla SA

Items of Business

Financial Report

Resolutions

1. Adoption of the Remuneration Report
2. Re-Election of Mr. Michael Abbott as Director
3. Issue of Shares to LIM Advisors
4. Election of Mr. John Robert Nicholls as Director

Resolution 1: Remuneration Report

Shareholders are requested to consider and if thought fit, pass the following resolution as an ordinary resolution.

"***That the remuneration report, forming part of the Company's 2015 Annual Report, for the financial year ended 30 June 2015 is adopted"***

The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

The total number of valid proxy votes exercisable in respect of this item of business is ***6,270,164*** votes. Of these, ***5,561,125 (88.69%)*** have been directed to vote for the resolution, ***352,078 (5.62%)*** against, and ***356,961 (5.69%)*** remain open in favour of the Chairman, and I intend to vote these proxies in favour of the resolution.

Resolution 2: Re-election of Director Mr Michael Abbott

Shareholders are requested to consider and if thought fit, pass the following resolution as an ordinary resolution.

"That Mr Michael Abbott, being a Director retiring from office in accordance with Clause 40.2 of the Company Constitution, and, being eligible offering himself for re-election, be re-elected as a Director of the Company."

The Directors recommend that the shareholders vote in favour of Mr Abbott's re-election.

The total number of valid proxy votes exercisable in respect of this item of business is ***84,409,811*** votes. Of these, ***83,991,415 (99.50%)*** have been directed to vote for the resolution, ***171,435 (0.20%)*** against, and **246,961** ***(0.29%)*** remain open in favour of the Chairman, and I intend to vote these proxies in favour of the resolution.

Resolution 3: Approval of LIM Advisors Equity Conversion Rights

Shareholders are requested to consider and if thought fit, pass the following resolution as an ordinary resolution.

That for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for:

(a) the Conversion Rights contained in the Loan Agreement to become effective and for the Company to issue Shares to LIM Opportunistic Credit Master Fund (LIM OCMF) upon the exercise of the Conversion Rights by LIM Advisors in accordance with the terms of the Loan Agreement; and

(b) the acquisition of a relevant interest in the issued voting shares of the Company by LIM Advisors which is otherwise prohibited by section 606(1) of the Corporations Act, by virtue of the granting and exercise of the Conversion Rights contained in the Loan Agreement.

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

The total number of valid proxy votes exercisable in respect of this item of business is ***6,552,264*** votes. Of these, ***5,452,584 (83.22%)*** have been directed to vote for the resolution, ***852,719 (13.01%)*** against, and ***246,961 (3.77%)*** remain open in favour of the Chairman, and I intend to vote these proxies in favour of the resolution.

Resolution 4: Director Election

Shareholders are requested to consider and if thought fit, pass the following resolution as an ordinary resolution.

> *"That Mr John Robert Nicholls, being eligible offers himself for election, be elected as a Director of the Company."*

The Directors recommend that shareholders vote in favour of Mr Nicholls's election.

The total number of valid proxy votes exercisable in respect of this item of business is ***84,409,811*** votes. Of these, ***84,061,619 (99.59%)*** have been directed to vote for the resolution, ***101,231 (0.12%)*** against, and **246,961** ***(0.29%)*** remain open in favour of the Chairman, and I intend to vote these proxies in favour of the resolution.

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