



Scheme Booklet

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about how to deal with this document, you should contact your broker or financial, taxation, legal or other professional adviser immediately.

This Scheme Booklet relates to the proposed acquisition by Resource Capital Fund VI L.P. (RCF) of all of the ordinary shares in Ausenco Limited (ABN 31 114 541 114) (Ausenco) (other than the Excluded Shares) through a scheme of arrangement between Ausenco Shareholders (other than Excluded Shareholders) and Ausenco. It also relates to the transactions contemplated by the Commitment Deed and the post-implementation transactions proposed by RCF in relation to the conversion of certain debts owed to RCF into new Ausenco Shares.

The Independent Board Committee (IBC)
unanimously recommends that you

VOTE IN FAVOUR

of the Scheme Resolution and the EGM Resolution,
in the absence of a Superior Proposal.

Each member of the IBC intends to vote all the Ausenco Shares they hold (or that are held on their behalf) in favour of the Scheme Resolution and the EGM Resolution, in the absence of a Superior Proposal.

The EGM and Scheme Meeting will be held:

DATE: Thursday, 25th August 2016

TIME: EGM - 10.00am (AEST)
Scheme Meeting - 10.30am (AEST) or immediately after the conclusion
of the EGM (whichever occurs later)

VENUE: Brisbane Convention & Exhibition Centre, Meeting Rooms M1 & M2,
Corner Merivale & Glenelg Streets, Southbank, Queensland, Australia 4101

Ausenco Limited ABN 31 114 541 114

FINANCIAL ADVISER

LUMINIS PARTNERS
IN AFFILIATION WITH EVERCORE

LEGAL ADVISER



Disclaimer and important notices

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting and the EGM.

Nature of this document

This Scheme Booklet includes the explanatory statement for the Scheme required by subsection 412(1) of the Corporations Act. This Scheme Booklet also provides Ausenco Shareholders (other than Excluded Shareholders) with information that the IBC believes to be material in deciding whether or not to approve the EGM Resolution in accordance with item 7 of section 611 of the Corporations Act.

This Scheme Booklet does not constitute or contain an offer to Ausenco Shareholders, or a solicitation of an offer from Ausenco Shareholders, in any jurisdiction.

ASIC and ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with subsection 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

Important notice associated with Court order under subsection 411(1) of the Corporations Act

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Ausenco Shareholders should vote (on this matter Ausenco Shareholders must reach their own conclusion); or
- has prepared, or is responsible for the content of, the explanatory statement.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any Ausenco Shareholder may appear at the Second Court Hearing, expected to be held at 10.15am on Monday, 29 August 2016 at the Supreme Court of New South Wales, 184 Phillip St, Sydney.

Any Ausenco Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Ausenco a notice of appearance in the prescribed form together with any affidavit that the Ausenco Shareholder proposed to rely on.

Defined terms

Capitalised terms used in this Scheme Booklet are defined in section 9.1 of this Scheme Booklet. Section 9.2 also sets out some rules of interpretation which apply to this Scheme Booklet.

No investment advice

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any Ausenco Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. The Ausenco Board encourages you to seek independent financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme Resolution and the EGM Resolution.

This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme Resolution and the EGM Resolution. In particular, it is important that you consider the potential risks if the Scheme does not proceed, as set out in section 2.7 of this Scheme Booklet, the risks associated with remaining an Ausenco Shareholder including but not limited to those contained in section 6 of this Scheme Booklet, and the views of the Independent Expert set out in the Independent Expert's Report contained in Attachment B to this Scheme Booklet.

If you are in any doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional adviser.

Forward looking statements

This Scheme Booklet contains both historical and forward-looking statements (including in the Independent Expert's Report). Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of Ausenco or RCF are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Ausenco and RCF and/or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of Ausenco, RCF, any RCF Entity nor any of their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, Ausenco, RCF, all RCF Entities and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect:

- any change in expectations in relation to such statements; or
- any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

Except as outlined below, the information contained in this Scheme Booklet has been provided by Ausenco and is its responsibility alone. Except as outlined below, none of RCF, the RCF Entities nor any of their respective officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

The RCF Information has been prepared by RCF and is the responsibility of RCF. Neither Ausenco nor any of its Subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

PricewaterhouseCoopers Securities Ltd (**PwC**) has prepared the Tax Adviser's Report (as set out in Attachment A to this Scheme Booklet) in relation to the Scheme and takes responsibility for that report. None of Ausenco, its Subsidiaries, directors, officers, employees or advisers, nor RCF and the RCF Entities and their respective officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Tax Adviser's Report. The Tax Adviser's Report is set out at Attachment A.

Lonergan Edwards & Associates Limited (**Lonergan Edwards**) has prepared the Independent Expert's Report (as set out in Attachment B to this Scheme Booklet) and takes responsibility for that report. None of Ausenco, its Subsidiaries, directors, officers, employees or advisers nor RCF and the RCF Entities and their respective officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except, in the case of Ausenco, in relation to the information which it has provided to the Independent Expert.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of the Commonwealth of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

Financial amounts

All financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated.

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

Timetable and dates

All times and dates referred to in this Scheme Booklet are references to times and dates in Australian Eastern Standard Time (**AEST**), unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from regulatory authorities.

Privacy

Ausenco may collect personal information in the process of implementing the Scheme. The type of information that it may collect about you includes your name, contact details and information on your shareholding in Ausenco and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist Ausenco to conduct the Scheme Meeting and EGM and implement the Scheme. Without this information, Ausenco may be hindered in its ability to issue this Scheme Booklet and implement the Scheme. Personal information of the type described above may be disclosed to the Ausenco Share Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting and EGM), authorised securities brokers, professional advisers, related bodies corporate of Ausenco, regulatory authorities, and also where disclosure is otherwise required or allowed by law.

Ausenco Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of the information about you held by the Ausenco Share Registry in connection with Ausenco Shares, please contact the Ausenco Share Registry.

Ausenco Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting and/or EGM should ensure that they inform such an individual of the matters outlined above.

Ausenco Shareholder Information Line

Ausenco has established a Shareholder Information Line which Ausenco Shareholders may call if they have any queries in relation to the Scheme or the EGM Resolution. The telephone number for Ausenco's Shareholder Information Line is 1800 206 847 (within Australia) or +61 1800 206 847 (outside Australia). The Shareholder Information Line is open between 8.30am and 5.30pm (AEST). Calls to the Shareholder Information Line may be recorded.

Date of Scheme Booklet

This Scheme Booklet is dated 20 July 2016.

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Important dates

Key dates

Date of this Scheme Booklet	20 July 2016
First Court Date	20 July 2016
Latest time and date for receipt of the EGM Proxy Form and Scheme Proxy Form (including proxies lodged online) or powers of attorney by the Ausenco Share Registry for the EGM and Scheme Meeting	10.30am (AEST) on 23 August 2016
Time and date for determining eligibility to vote at the EGM and Scheme Meeting	7.00pm (AEST) on 23 August 2016
EGM	10.00am (AEST) on 25 August 2016 at M1 & M2 Meeting Rooms, Mezzanine Level, Brisbane Convention and Exhibition Centre, Cnr Merivale and Glenelg Streets, Southbank QLD 4101
Scheme Meeting	10.30am (AEST) or immediately after the conclusion of the EGM (whichever occurs later) on 25 August 2016 at M1 & M2 Meeting Rooms, Mezzanine Level, Brisbane Convention and Exhibition Centre, Cnr Merivale and Glenelg Streets, Southbank QLD 4101

If the EGM Resolution and Scheme Resolution are approved by Ausenco Shareholders (other than the Excluded Shareholders):

Second Court Date	29 August 2016
Court order lodged with ASIC and announcement to ASX	
Effective Date	
Certain Ausenco Performance Rights as outlined in sections 5.6(b) and 8.4 vest and are deemed to be exercised into Ausenco Shares	29 August 2016
Record Date (for determining entitlements of the Scheme Shareholders to Scheme Consideration)	5 September 2016
Implementation Date (Scheme Consideration will be despatched to Scheme Shareholders on the Implementation Date)	12 September 2016

All dates in the above timetable are indicative only and are subject to change. The parties may vary any or all of these dates and times and will provide reasonable notice of any such variation. Certain times and dates are conditional on the approval of the Scheme by the Scheme Shareholders and the Court and the EGM Resolution by Scheme Shareholders. Any changes will be announced by Ausenco to ASX and published on Ausenco's website at www.ausenco.com.

Overview of this Scheme Booklet

What is this Scheme Booklet for?

This Scheme Booklet contains information about the proposed acquisition of control of Ausenco by RCF that was announced by Ausenco to ASX on 14 June 2016.

It is proposed that the Transaction will be implemented through the Scheme between Ausenco and the Scheme Shareholders. In connection with the Transaction, RCF and the Committed Shareholders have also entered into the Commitment Deed. The transactions contemplated by the Commitment Deed and the post-implementation transactions proposed by RCF in relation to the conversion of certain debts owed to RCF into new Ausenco Shares are also the subject of this Scheme Booklet and will be put before Ausenco Shareholders at the EGM.

This Scheme Booklet provides you with information to consider before voting on:

- the EGM Resolution at the EGM scheduled to be held at 10.00am (AEST) on 25 August 2016; and
- the Scheme Resolution at the Scheme Meeting scheduled to be held at 10.30am (AEST) or immediately after the conclusion of the EGM (whichever occurs later) on 25 August 2016.

The Scheme is conditional on the EGM Resolution being approved by Ausenco Shareholders (other than the Excluded Shareholders) at the EGM.

What will I be entitled to receive if the Scheme proceeds and the EGM Resolution is approved?

If the Scheme is implemented:

- Ausenco Shareholders (other than the Excluded Shareholders) will be entitled to receive \$0.40 in cash for each Ausenco Share they hold; and
- the Excluded Shareholders will not receive the Scheme Consideration and will retain their Ausenco Shares.

What should I do next?

Step 1: Read this Scheme Booklet in its entirety

You should read this Scheme Booklet carefully and in full, including the reasons to vote in favour of or against the Scheme Resolution and the EGM Resolution (as set out in section 1), before making any decision on how to vote.

Answers to various frequently asked questions about the Scheme and the EGM Resolution are set out in section 3.

If you have any additional queries about this Scheme Booklet, the Scheme or the EGM, please contact the Shareholder Information Line on 1800 206 847 (within Australia) or +61 1800 206 847 (outside Australia) between 8.30am and 5.30pm (AEST), or contact your legal, financial, taxation or other professional adviser. Please note that calls to the Shareholder Information Line may be recorded.

Step 2: Vote at the Scheme Meeting and EGM

(a) Entitlement to vote

If you are registered as an Ausenco Shareholder (other than an Excluded Shareholder) on the Ausenco Share Register at 7.00pm (AEST) on 23 August 2016, you will be entitled to attend and vote at the Scheme Meeting and EGM to be held on 25 August 2016.

If you are an Excluded Shareholder, you will not be entitled to vote your Ausenco Shares at the Scheme Meeting or the EGM.

(b) How to vote

Scheme Meeting

Ausenco Shareholders (other than Excluded Shareholders) may vote at the Scheme Meeting:

- (a) **In person** by attending the Scheme Meeting. If you wish to vote in person at the Scheme Meeting, please arrive at least 30 minutes prior to the time designated for the meeting so that we may verify the number of your Ausenco Shares for voting and note your attendance.

- (b) **By attorney** appointed to vote on your behalf. Those persons attending as an attorney must bring the original power of attorney, or a certified copy, unless Ausenco has already noted it. The power of attorney must be returned in the same manner, and at the same time, as outlined for the Scheme Proxy Form below.
- (c) **By corporate representative** appointed to vote on behalf of an Ausenco Shareholder (other than an Excluded Shareholder) that is a company. Those persons attending as a corporate representative must bring evidence of their authority, such as a letter or certificate evidencing their appointment.

(d) By proxy:

- (1) by lodging a proxy online by accessing www.investorvote.com.au and following the instructions (for Intermediary Online Subscribers (Institutions/Custodians) proxy instructions should be lodged online by visiting www.intermediaryonline.com);
- (2) by mailing the enclosed Scheme Proxy Form to Computershare Investor Services Pty Limited at GPO Box 242, Melbourne VIC 3001 Australia; or
- (3) by faxing the enclosed Scheme Proxy Form to Computershare Investor Services Pty Limited to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

To be valid, a Scheme Proxy Form must be received by Computershare Investor Services Pty Ltd by 10.30am (AEST) on 23 August 2016. For further information on proxy voting, please refer to the detailed instructions contained in the enclosed Scheme Proxy Form.

Further information on the procedure for voting at the Scheme Meeting can be found in the Notice of Scheme Meeting in Attachment E of this Scheme Booklet.

EGM

Ausenco Shareholders (other than Excluded Shareholders) may vote at the EGM:

- (a) **In person** by attending the EGM. If you wish to vote in person at the EGM, please arrive at least 30 minutes prior to the time designated for the meeting so that we may verify the number of your Ausenco Shares for voting and note your attendance.
- (b) **By attorney** appointed to vote on your behalf. Those persons attending as an attorney must bring the original power of attorney, or a certified copy, unless Ausenco has already noted it. The power of attorney must be returned in the same manner, and at the same time, as outlined for the EGM Proxy Form below.
- (c) **By corporate representative** appointed to vote on behalf of an Ausenco Shareholder (other than an Excluded Shareholder) that is a company. Those persons attending as a corporate representative must bring evidence of their authority, such as a letter or certificate evidencing their appointment.

(d) By proxy:

- (1) by lodging a proxy online by accessing www.investorvote.com.au and following the instructions (for Intermediary Online Subscribers (Institutions/Custodians) proxy instructions should be lodged online by visiting www.intermediaryonline.com);
- (2) by mailing the enclosed EGM Proxy Form to Computershare Investor Services Pty Limited at GPO Box 242, Melbourne VIC 3001 Australia; or
- (3) by faxing the enclosed EGM Proxy Form to Computershare Investor Services Pty Limited to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

To be valid, an EGM Proxy Form must be received by Computershare Investor Services Pty Ltd by 10.30am (AEST) on 23 August 2016. For further information on proxy voting, please refer to the detailed instructions contained in the enclosed EGM Proxy Form.

Further information on the procedure for voting at the EGM can be found in the Notice of EGM in Attachment F of this Scheme Booklet.

IBC recommendation

The IBC unanimously recommends that you vote in favour of the Scheme Resolution and the EGM Resolution, in the absence of a Superior Proposal.

The Scheme is conditional on the EGM Resolution being passed by the requisite majority. If you support the Scheme (and wish to receive the Scheme Consideration of \$0.40 per Ausenco Share), provided you are not an Excluded Shareholder, it is important that you vote in favour of the Scheme Resolution **and** the EGM Resolution. The Scheme will not proceed unless it is approved by the Requisite Majority of Ausenco Shareholders (other than Excluded Shareholders) and will not proceed if the EGM Resolution is not passed (unless RCF exercises its discretion to waive this Condition Precedent).

Questions?

If you have any questions after reading this Scheme Booklet, please call the Shareholder Information Line on 1800 206 847 (within Australia) or +61 1800 206 847 (outside Australia) between 8.30am and 5.30pm (AEST), or contact your legal, financial, taxation or other professional adviser.

Letter from the Chairman of Ausenco

20 July 2016

Dear Ausenco Shareholder

On 14 June 2016, Ausenco announced that it had entered into a Scheme Implementation Agreement with Resource Capital Fund VI L.P. (**RCF**) under which it is proposed that RCF will acquire control of Ausenco through a scheme of arrangement, subject to shareholder approval (among other conditions). I am pleased to provide this Scheme Booklet, which sets out the details of the proposed transaction.

If the Scheme is approved and implemented and the EGM Resolution is approved by eligible Ausenco Shareholders, eligible Ausenco Shareholders will receive a cash payment of \$0.40 per Ausenco Share (**Scheme Consideration**).

The Scheme Consideration represents a 54% premium to Ausenco's undisturbed closing price of \$0.26 on 29 April 2016, a 63% premium¹ to its 1-month volume weighted average price of \$0.25 and a 67% premium to its 3-month volume weighted average price of \$0.24.²

Under the proposed transaction, certain key management personnel³ (including Chief Executive Officer Mr Zimi Meka and non-executive directors Mr Bob Thorpe and Mr Hank Tuten) and one of Ausenco's substantial shareholders, Duro Felguera S.A., have entered into a Commitment Deed with RCF whereby they will retain their Ausenco Shares. The transactions contemplated by the Commitment Deed will be put before Ausenco Shareholders at the EGM (together with the post-implementation transactions proposed by RCF in relation to the conversion of certain debts owed to RCF into new Ausenco Shares).

Ausenco Shareholders should note that if the EGM Resolution is not approved by the requisite majority of Ausenco Shareholders (other than Excluded Shareholders), the Scheme will not proceed (unless RCF exercises its discretion to waive this Condition Precedent).

Independent Board Committee recommendation

Following receipt of RCF's initial indicative non-binding proposal in relation to a scheme of arrangement, Ausenco formed an independent board committee (**IBC**) to consider the proposal. The IBC comprises Mr Peter Gregg, Ms Mary Shafer-Malicki and myself as Chair. Mr Zimi Meka, Mr Bob Thorpe and Mr Hank Tuten are not members of the IBC as they are Committed Shareholders as a result of the Commitment Deed.

The IBC unanimously recommends that you vote in favour of the Scheme Resolution and the EGM Resolution, and each member of the IBC intends to vote all Ausenco Shares held or controlled by them in favour of the Scheme Resolution and the EGM Resolution, in each case in the absence of a Superior Proposal.

The IBC believes that the Scheme is likely to deliver higher value and greater certainty to Scheme Shareholders compared to Ausenco continuing to operate and trade as a standalone entity in the current environment.

In reaching this conclusion, the IBC carefully assessed the markets in which Ausenco operates, the ongoing uncertainties and risks Ausenco would face if it were to continue standalone operations and the near term maturity of Ausenco's secured debt. Following consideration of these factors and the outcome of negotiations with RCF, the IBC believes that RCF's all-cash offer, which is at a significant premium to Ausenco's market value prior to the announcement of RCF's initial indicative non-binding proposal to privatise Ausenco, represents attractive value and provides an opportunity for you to de-risk your investment in Ausenco. If the Scheme proceeds, the IBC believes that it is also likely to deliver positive opportunities for Ausenco's staff, customers and strategic partners.

The IBC has formed the view that the Scheme is in the best interests of Scheme Shareholders for the following reasons (among others):

- Ausenco faces an uncertain future with the near term maturity of its secured debt and the challenging market environment;
- the Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Scheme Shareholders, in the absence of a Superior Proposal;

¹ Volume weighted average price calculated up to 29 April 2016, based on undisturbed 1-month VWAP of \$0.245 per share and undisturbed 3-month VWAP of \$0.239 per share.

² 29 April 2016 being the last trading date prior to announcement of RCF's initial indicative non-binding proposal to privatise Ausenco, with volume weighted prices in each case calculated up to that date.

³ Or entities controlled by such key management personnel.

- the Scheme Consideration represents an opportunity for Scheme Shareholders to realise certain cash value for their Ausenco Shares and is superior to other strategic options currently available to Ausenco;
- the Scheme Consideration represents a significant premium to Ausenco's recent historical trading prices on the ASX; and
- since the announcement of the Scheme, no alternative proposal has emerged.

The IBC also notes that First Samuel, Ausenco's largest shareholder which holds 19.85%⁴ of Ausenco, has previously indicated that in the absence of a Superior Proposal it presently intends to vote in favour of the Scheme Resolution.⁵

If the Scheme becomes Effective, you will be entitled to receive a certain value for your Ausenco Shares⁶ and the Scheme will eliminate the risks and uncertainties that would persist if you remained an Ausenco Shareholder and Ausenco was to continue standalone operations. Such risks and uncertainties include the potential risks if the Scheme does not proceed set out in section 2.7 and the risks associated with remaining an Ausenco Shareholder which are included but not limited to those contained in section 6.

Independent Expert

The IBC appointed Lonergan Edwards as the Independent Expert to assess the merits of the Scheme.

The Independent Expert has concluded that the **Scheme is fair and reasonable and, therefore, is in the best interests of Ausenco Shareholders, in the absence of a Superior Proposal. The Independent Expert has assessed the full underlying value of Ausenco Shares at between \$0.27 and \$0.37 per Ausenco Share. The Scheme Consideration of \$0.40 is above this range.**

A full copy of the Independent Expert's Report is included as Attachment B to this Scheme Booklet and I encourage you to review it carefully.

How to vote

Your vote is important regardless of how many Ausenco Shares you own. I encourage you to vote by either attending the Scheme Meeting and EGM to be held at M1 & M2 Meeting Rooms, Mezzanine Level, Brisbane Convention and Exhibition Centre, Cnr Merivale and Glenelg Streets, Southbank QLD 4101 on 25 August 2016 or by completing the Scheme Proxy Form and EGM Proxy Form accompanying this Scheme Booklet and returning both proxy forms in accordance with the directions on the relevant form so they are received by 10.30am (AEST) on 23 August 2016.

If you wish for the Scheme to proceed it is important that you vote in favour of the Scheme Resolution **and** the EGM Resolution.

Further information

This Scheme Booklet sets out important information regarding the Scheme, including the reasons for the IBC's unanimous recommendation that you vote in favour of the Scheme Resolution and the EGM Resolution in the absence of a Superior Proposal. It also sets out the reasons you may wish to vote against the Scheme Resolution and EGM Resolution.

Please read this document carefully and in its entirety, as it will assist you to make an informed decision on how to vote at the Scheme Meeting and EGM. If you are in any doubt as to what you should do, you should consult your financial, legal, tax or other professional advisor before making any investment decision in relation to your Ausenco Shares.

If you require any further information, please call the Shareholder Information Line on 1800 206 847 (within Australia) or +61 1800 206 847 (outside Australia) between 8.30am and 5.30pm (AEST).

Yours sincerely



George Lloyd
Chairman

⁴ This number is based on First Samuel's Form 604 dated 6 July 2016 as adjusted to reflect that there are 188,268,253 Ausenco Shares on issue as at 6 July 2016 (refer to Ausenco's Appendix 3B released to ASX on 6 July 2016, which was released after First Samuel's Form 604 was lodged).

⁵ See Ausenco's ASX announcement dated 14 June 2015 and titled "Ausenco and RCF enter into Scheme Implementation Agreement".

⁶ If you are not an Excluded Shareholder.


1 Summary of reasons to vote for/against the Scheme Resolution and EGM Resolution

1.1 Introduction

The Scheme has a number of advantages and disadvantages which may affect Scheme Shareholders in different ways, depending on their individual circumstances. Scheme Shareholders should seek professional advice on their particular circumstances, as appropriate.

Section 1.2 provides a summary of some of the reasons why the IBC has unanimously recommended you vote in favour of the Scheme Resolution and the EGM Resolution, in the absence of a Superior Proposal. Section 1.2 should be read in conjunction with section 1.3 which sets out reasons why you may wish to vote against the Scheme Resolution and/or the EGM Resolution and section 1.4 which outlines other considerations which are relevant to your vote. You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote at the Scheme Meeting and EGM. While the IBC acknowledges the reasons to vote against the Scheme Resolution and the EGM Resolution, they believe the advantages of the Scheme and EGM Resolution significantly outweigh the disadvantages.

1.2 Why you should vote in favour of the Scheme Resolution and the EGM Resolution

	The IBC unanimously recommends that you vote in favour of the Scheme Resolution and the EGM Resolution, in the absence of a Superior Proposal	<p>Each member of the IBC unanimously recommends that, in the absence of a Superior Proposal, you vote in favour of the Scheme Resolution and the EGM Resolution at the Scheme Meeting and at the EGM (respectively).</p> <p>In reaching their recommendation, each member of the IBC has assessed the Scheme Resolution and EGM Resolution with regard to the reasons to vote for or against the Scheme Resolution and EGM Resolution, as set out in this Scheme Booklet.</p> <p>Among other things, the IBC carefully assessed the markets in which Ausenco operates, the ongoing uncertainties and risks Ausenco would face if it were to continue standalone operations and the near term maturity of Ausenco's secured debt. Following consideration of these factors and the outcome of negotiations with RCF, the IBC believes that RCF's all-cash offer, which is at a significant premium to the market value⁷ of Ausenco Shares, represents attractive value and provides an opportunity for you to de-risk your investment in Ausenco. If the Scheme proceeds, the IBC believes that it is also likely to deliver positive opportunities for Ausenco's staff, customers and strategic partners.</p> <p>In the absence of a Superior Proposal, each member of the IBC intends to vote all Ausenco Shares held or controlled by them in favour of the Scheme Resolution and EGM Resolution. The interests of Ausenco Directors, including the members of the IBC, are set out in section 4.5.</p>
	The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in your best interests	<p>The IBC appointed Lonergan Edwards to prepare an Independent Expert's Report, including an opinion as to whether the Scheme is in the best interests of Scheme Shareholders.</p> <p>The Independent Expert has assessed the full underlying value of Ausenco at between \$0.27 and \$0.37 per Ausenco Share.</p> <p>On the basis that the Scheme Consideration of \$0.40 is above the assessed valuation range, the Independent Expert has concluded that the Transaction is fair and reasonable and, therefore, that the Transaction is in the best interests of Ausenco Shareholders, in the absence of a Superior Proposal.</p> <p><i>"We have assessed the value of Ausenco shares on a 100% controlling interest basis at A\$0.27 to A\$0.37 per share ...</i></p> <p><i>As the Scheme Consideration is above the high end of our assessed valuation range for Ausenco shares on a 100% controlling interest basis, in our opinion, the Scheme Consideration is fair to Ausenco shareholders..."</i></p> <p>A complete copy of the Independent Expert's Report is included as Attachment B of this Scheme Booklet and you are encouraged to read this report in full.</p>
	You will receive certain value for your investment in Ausenco	<p>The Scheme Consideration of \$0.40 per Ausenco Share is a 100% cash offer and therefore provides you with a high degree of value certainty for your Ausenco Shares and certainty in regards to the timing for receipt of payment for your Ausenco Shares, subject to the Scheme becoming Effective.</p> <p>The certainty of the Scheme outcome should be compared with the risks and uncertainties of remaining an Ausenco Shareholder, which include but are not limited to, the risk factors set out in section 6.</p>

⁷ As implied by Ausenco's share price.

	<p>The Scheme Consideration of \$0.40 per Ausenco Share represents a significant premium over the undisturbed price of Ausenco Shares</p>	<p>The Scheme Consideration of \$0.40 per Ausenco Share represents a significant premium of 54% to the undisturbed closing price of \$0.26 on 29 April 2016, a 63% premium⁸ to the undisturbed 1-month VWAP of \$0.25 and a 67% premium to the undisturbed 3-month VWAP of \$0.24.⁹</p> <p>The graph below shows the Scheme Consideration of \$0.40 per Ausenco Share relative to Ausenco's recent share price prior to the announcement of the receipt of RCF's initial indicative non-binding proposal to privatise Ausenco on 2 May 2016.</p> <div><p style="text-align: center;">Scheme Consideration: \$0.40</p><table border="1"><thead><tr><th>Benchmark</th><th>Price</th><th>Premium (%)</th></tr></thead><tbody><tr><td>Undisturbed share price</td><td>\$0.26</td><td>54%</td></tr><tr><td>1-month VWAP</td><td>\$0.25</td><td>63%</td></tr><tr><td>3-month VWAP</td><td>\$0.24</td><td>67%</td></tr></tbody></table></div> <p>Note: Volume weighted average price calculated up to 29 April 2016, based on undisturbed 1-month VWAP of \$0.245 per share and undisturbed 3-month VWAP of \$0.239 per share</p>	Benchmark	Price	Premium (%)	Undisturbed share price	\$0.26	54%	1-month VWAP	\$0.25	63%	3-month VWAP	\$0.24	67%
Benchmark	Price	Premium (%)												
Undisturbed share price	\$0.26	54%												
1-month VWAP	\$0.25	63%												
3-month VWAP	\$0.24	67%												
	<p>Since the announcement of the Scheme, no Superior Proposal has emerged</p>	<p>Since the announcement of the execution of the Scheme Implementation Agreement on 14 June 2016 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the IBC is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge.</p> <p>The Independent Expert has expressed a similar view in the Independent's Expert Report:</p> <p><i>"In our opinion, there are limited prospects of a higher offer or superior proposal to the Scheme being received prior to the Scheme meeting. This is primarily because ... RCF is also now Ausenco's sole and primary secured lender, having replaced ANZ and NAB in April 2016."</i></p>												
	<p>Ausenco's share price may fall if the Scheme is not implemented</p>	<p>If the Scheme is not implemented, Ausenco Shares will remain quoted on the ASX and will continue to be subject to market volatility, including general stock market movements, the impact of general economic conditions and demand for listed securities. As such, if the Scheme is not implemented, the price at which Ausenco Shares trade may fall, including to a price that is well below the Scheme Consideration of \$0.40 per Ausenco Share.</p> <p>The Independent Expert has expressed a similar view in the Independent's Expert Report. According to the Independent Expert:</p> <p><i>"If the Scheme is not approved by Ausenco shareholders and the Court, and no higher offer or alternative proposal emerges, we would expect that, at least in the short-term, Ausenco shares would trade at a significant discount to our valuation and the Scheme Consideration (consistent with the difference between the value of Ausenco on a portfolio basis and the value on a 100% controlling interest basis, and the need for Ausenco to reduce debt)."</i></p> <p>Over the two years before the announcement of the execution of the Scheme Implementation Agreement on 14 June 2016, Ausenco Shares have traded between a high last close of \$0.64 on 19 August 2014 and a low last close of \$0.20 on 17, 18 and 23 June 2015. On 29 April 2016, the last trading day before the announcement of the receipt of RCF's initial indicative non-binding proposal to privatise Ausenco, the Ausenco Share price closed at \$0.26. On 2 May 2016, the day Ausenco announced the receipt of RCF's initial indicative non-binding proposal to privatise Ausenco, the Ausenco share price closed at \$0.30. From the day after the announcement of the receipt of RCF's initial indicative non-binding proposal to privatise Ausenco to the Last Practicable Date, the closing price of Ausenco Shares ranged from \$0.30 to \$0.39.</p>												

⁸ Volume weighted average price calculated up to 29 April 2016, based on undisturbed 1-month VWAP of \$0.245 per share and undisturbed 3-month VWAP of \$0.239 per share.

⁹ 29 April 2016 being the last trading date prior to announcement of RCF's initial indicative non-binding proposal to privatise Ausenco, with volume weighted price in each case calculated up to that date.



If the Scheme does not proceed, you will continue to be subject to the risks and uncertainties associated with the Ausenco business and also general market risks

The IBC considers that Ausenco, as a standalone listed company on the ASX, operates in a dynamic and challenging market for mining services and its business naturally entails a range of risks and uncertainties. The IBC also recognises that the near term maturity of Ausenco's secured debt presents significant risk and that, in the absence of the Scheme, the most practicable solution to the debt maturity would be a refinancing or a very dilutive conversion of debt for equity (described further below). Ausenco has potential growth opportunities such as possible acquisitions of complementary businesses but these opportunities will likely take time to develop, will probably require further capital investment and will also carry execution risks, many of which are outside the control of Ausenco.

If the Scheme does not proceed, Ausenco Shareholders will continue to be subject to these risks, as well as other specific risks inherent in Ausenco's business, including those risk factors summarised in section 6.

In particular, if the Scheme does not proceed, Ausenco will need to repay the Secured Debt or otherwise renegotiate its terms with RCF. Although at the time of the assumption of Ausenco's Secured Debt RCF stated that it intended to advance discussions with Ausenco to favourably extend the terms of the Secured Debt, it is reasonable to expect that, in the circumstances in which the Scheme does not proceed, Ausenco would be required to make a significant debt repayment, renegotiate its terms or otherwise agree alternative funding arrangements (which may include a dilutive capital raising or debt for equity conversion).


On this matter, the Independent Expert states in the Independent Expert's Report:

"The Independent Directors of Ausenco have indicated that the ability of the Company to meet the required level of debt repayment in the short time period in which it may be required would almost certainly require a capital raising of a corresponding size (albeit subject to alternative funding which may be raised through a combination of one or more new debt financing arrangements, asset disposals and the settlement of outstanding claims with customers, each of which involves varying degrees of risk and uncertainty). If the Scheme is not implemented, existing Ausenco shareholders may therefore need to increase their investment in the Company or be significantly diluted if an equity capital raising is proceeded with..."

... In the circumstances of a potential equity capital raising we consider it unlikely that existing Ausenco shareholders would be willing or in a position to provide all the required level of equity funding and that a successful capital raising would likely require a significant component of institutional funding. The interests of existing shareholders in Ausenco that did not participate in the capital raising would therefore be significantly diluted."

By contrast, if the Scheme is successfully implemented, it would remove these risks and uncertainties and allow Ausenco Shareholders (other than Excluded Shareholders) to exit their investment in Ausenco at a price that the IBC considers is attractive. Such risks and uncertainties would be assumed by RCF and the Committed Shareholders, as the only remaining shareholders in Ausenco following implementation of the Scheme.

1.3 Why you may wish to vote against the Scheme Resolution and EGM Resolution

 <p>You may disagree with the IBC's unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme Resolution and EGM Resolution are not in your best interests</p>	<p>Despite the view of the IBC, you may believe that the Scheme Resolution and EGM Resolution are not in the best interests of Ausenco Shareholders or not in your individual best interests.</p>
 <p>You may prefer to participate in the future financial performance of the Ausenco business</p>	<p>You may believe that the future prospects of Ausenco exceed the value of Ausenco which is implied by the Scheme Consideration, despite the advice of the IBC and the opinion of the Independent Expert, and that you are comfortable remaining invested in Ausenco notwithstanding the issues around the near term secured debt maturity and the risk factors set out in section 6.</p> <p>If the Scheme is approved and implemented, you will cease to be an Ausenco Shareholder. As such, you will no longer be able to participate in the future financial performance or future prospects of Ausenco's ongoing business. However, as with all investments, there is no guarantee as to Ausenco's future performance.</p> <p>If the Scheme is approved and implemented, Ausenco will be removed from the official list of the ASX. Following delisting, investors will no longer be able to acquire or trade in Ausenco Shares on the ASX.</p>
 <p>You may wish to maintain your investment profile</p>	<p>You may wish to maintain your investment profile in Ausenco in order to have an investment in a publicly listed company with the specific characteristics of Ausenco – in terms of industry, operational profile, size, capital structure and potential dividend stream.</p> <p>Implementation of the Scheme may result in a disadvantage to those Ausenco Shareholders who wish to maintain their investment profile in Ausenco as they may find it difficult to find an investment with a similar profile to Ausenco.</p>
 <p>You may consider that there is potential for a Superior Proposal for Ausenco to be made in the foreseeable future</p>	<p>It is possible that, if Ausenco were to continue trading as a standalone listed entity, an alternative corporate control proposal for Ausenco could materialise in the future, such as a takeover bid with a higher price. Implementation of the Scheme will mean that Ausenco Shareholders will not receive the benefit of any such proposal.</p> <p>However, since the announcement of the Scheme to the ASX by Ausenco on 14 June 2016 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the IBC is not aware of any alternative or Superior Proposal that is likely to emerge.</p> <p>Given RCF has acquired Ausenco's secured debt and provided working capital facilities to Ausenco, the IBC does not consider the prospects of an alternative proposal to be high.</p> <p>The Independent Expert expressed a similar view in the Independent Expert's Report:</p> <p><i>"Shareholders should note that Ausenco shares have traded on the ASX in the range of A\$0.28 to A\$0.40 per share in the period since the announcement of the initial approach from RCF up to 28 June 2016. The VWAP for the period was A\$0.37 per share, and on 28 June 2016 Ausenco shares last traded at A\$0.38 per share. These VWAP's are lower than the Scheme Consideration and suggest that the market consensus view is that a superior offer or proposal is unlikely to emerge and that the Scheme is likely to be successful."</i></p> <p>The Scheme Implementation Agreement prohibits Ausenco from soliciting a competing transaction and contains other customary exclusivity obligations. However, Ausenco is permitted to respond to any Competing Transaction should the Ausenco Directors determine that failing to do so would likely constitute a breach of their fiduciary or statutory duties. Further details of the key terms of the Scheme Implementation Agreement are provided in section 7.1.</p>

1.4 Other considerations

Conditionality of the Scheme

Implementation of the Scheme remains subject to the satisfaction or waiver (if applicable) of a number of conditions, including:

- Ausenco Shareholders approving the Scheme by the Requisite Majority (being a majority in number of Ausenco Shareholders who are eligible to vote and at least 75% of the total Ausenco Shares (other than Excluded Shares) voted);
- Ausenco Shareholders approving the EGM Resolution by the requisite majorities (being a majority in number of shareholders who are eligible to vote) in accordance with the Corporations Act;
- Court approval of the Scheme and other regulatory approvals;
- no Prescribed Event or Material Adverse Change occurring between 14 June 2016 and 8.00am on the Second Court Date;
- no termination of the Scheme Implementation Agreement occurring; and
- no decline in the Bloomberg Commodity Index to a level which is 80% or less than the level as at close of trading on 14 June 2016 and remains at or below that level for at least 3 Business Days or until the date immediately before the Second Court Date,

in each case, as described in the Scheme Implementation Agreement.¹⁰ Please refer to section 7.1(b) for a summary of all the Conditions Precedent, and section 8.6 for further details of the status of the Conditions Precedent to the Scheme.

Implications of a failure to approve the Scheme

If the Scheme is not approved by eligible Ausenco Shareholders or by the Court or the EGM Resolution is not passed, Scheme Shareholders will retain their Ausenco Shares. Under this scenario, and in the absence of a Superior Proposal, the market price for Ausenco Shares may fall, including to a price that is well below the Scheme Consideration of \$0.40 per Ausenco Share. In addition, in those circumstances Ausenco will need to deal with the near term maturity of \$45.8 million worth of its Secured Debt.

The Scheme may be implemented even if you vote against it

You should be aware that, even if you do not vote, or if you vote against the Scheme Resolution and/or the EGM Resolution, the Scheme may still be implemented if the Scheme Resolution and EGM Resolution are approved by the requisite majorities of Ausenco Shareholders at the Scheme Meeting and EGM and the Scheme is approved by the Court. If this occurs, your Ausenco Shares will be transferred to RCF and you will receive from RCF the Scheme Consideration of \$0.40 for every Ausenco Share that you hold as at the Record Date – even if you did not vote on or if you voted against the Scheme Resolution and/or the EGM Resolution.

¹⁰ A full copy of the Scheme Implementation Agreement is attached to Ausenco's ASX announcement of 14 June 2016 (available on the ASX website (www.asx.com.au)).

2 Summary of the Scheme



2.1 Background

On 2 May 2016, Ausenco announced that it had received an unsolicited, indicative and non-binding proposal from RCF to privatise Ausenco by way of a scheme of arrangement. The proposal was subject to a number of conditions, including due diligence and entry into formal transaction documents. On 2 May 2016, Ausenco also announced that it had formed an Independent Board Committee, comprising Mr George Lloyd, Ms Mary Shafer-Malicki and Mr Peter Gregg to consider RCF's proposal.

On 14 June 2016, Ausenco announced that it had entered into a Scheme Implementation Agreement with RCF under which it is proposed that RCF will acquire control of Ausenco through a scheme of arrangement for cash consideration of \$0.40 per Ausenco Share.

Under the Transaction, the Committed Shareholders, which include certain key management personnel¹¹ (including Chief Executive Officer Mr Zimi Meka and non-executive directors Mr Bob Thorpe and Mr Hank Tuten) and one of Ausenco's substantial shareholders, Duro Felguera, have entered into a Commitment Deed with RCF whereby they will retain their Ausenco Shares. For the purposes of the Scheme Meeting and EGM, the Committed Shareholders are Excluded Shareholders and will not be permitted to vote on the Scheme Resolution or EGM Resolution.

If the Scheme becomes Effective and is implemented, RCF will acquire control of Ausenco and Ausenco will be ultimately owned by RCF and the Committed Shareholders. However, the Committed Shareholders' continuing involvement will be subject to the restrictions and other terms set out in the Commitment Deed. In addition, their interest in Ausenco will be significantly diluted as a consequence of RCF's conversion of the Secured Debt into 97,000,000 Ausenco Shares and potentially the conversion of the Bridge Debt into Ausenco Shares at a price of \$0.40 per Ausenco Share, pursuant to the terms of the Scheme Implementation Agreement.

This section 2 contains an overview of the Scheme, a copy of which is included in Attachment D. A summary of the Scheme Implementation Agreement is included in section 7.1 and a copy of the Scheme Implementation Agreement is attached to Ausenco's ASX announcement of 14 June 2016 (available on the ASX website (www.asx.com.au)).

2.2 Scheme Consideration

If the Scheme becomes Effective, Scheme Shareholders will receive the cash amount of \$0.40 for each Scheme Share. The Scheme Consideration will be sent to the Scheme Shareholders on the Implementation Date.

See clause 6 of the Scheme contained in Attachment D for further details.

(a) Scheme Shareholders who have nominated a bank account with Ausenco

For those Scheme Shareholders from whom a valid request for direct credit of payment has been received by the Ausenco Share Registry by the Record Date (currently proposed to be 7.00pm (AEST) on 5 September 2016), their Scheme Consideration will be paid directly to their nominated bank account.

You can change or nominate an Australian bank account in which to receive payment of the Scheme Consideration by visiting www.computershare.com.au/investor and logging in using your unique SRN or HIN and passing the validation test. Alternatively, you may call the Shareholder Information Line on 1800 206 847 (within Australia) or +61 1800 206 847 (outside Australia) between 8.30am and 5.30pm (AEST) to request a hard-copy direct credit instruction form. Scheme Shareholders must validly register their bank account details with the Ausenco Share Registry before the Record Date (currently proposed to be 7.00pm (AEST) on 5 September 2016).

(b) Scheme Shareholders who have not nominated a bank account with Ausenco

For those Scheme Shareholders from whom a valid election has not been received by the Ausenco Share Registry as described in section 2.2(a), they will receive their Scheme Consideration by cheque sent by pre-paid post.

In the event that Ausenco is unable to pay the Scheme Consideration by direct credit to the Scheme Shareholders who have nominated a bank account with the Ausenco Share Registry, those Scheme Shareholders will receive the Scheme Consideration by cheque sent by pre-paid post.

¹¹ Or entities controlled by such key management personnel.

2.3 IBC recommendation

As advised to the market on 2 May 2016, Ausenco formed an Independent Board Committee (**IBC**) to consider RCF's proposal. The IBC comprises Mr George Lloyd, Ms Mary Shafer-Malicki and Mr Peter Gregg.

Mr Zimi Meka, Mr Bob Thorpe and Mr Hank Tuten, who are also Ausenco Directors, have entered into the Commitment Deed with RCF. The Ausenco Shares held by them and/or entities controlled by them are Excluded Shares for the purposes of the Scheme and the EGM Resolution. Accordingly, Ausenco does not consider it appropriate for Mr Zimi Meka, Mr Bob Thorpe and Mr Hank Tuten to make a recommendation to Ausenco Shareholders in relation to the Scheme or EGM Resolution.

The IBC unanimously recommends that you vote in favour of the Scheme Resolution and the EGM Resolution, in the absence of a Superior Proposal.

The IBC believes that the reasons for you to vote in favour of the Scheme Resolution and the EGM Resolution outweigh the reasons to vote against the Scheme Resolution or the EGM Resolution. See section 1 for key reasons to vote in favour of the Scheme Resolution and the EGM Resolution and other relevant considerations for Ausenco Shareholders.

In considering whether to vote in favour of the Scheme Resolution and the EGM Resolution, the IBC encourages you to:

- carefully read all of this Scheme Booklet (including the Independent Expert's Report);
- consider the choices available to you as outlined in section 2.8;
- have regard to your individual risk profile, portfolio strategy, taxation position and financial circumstances; and
- obtain financial advice from your broker or financial adviser on the Scheme and obtain taxation advice on the effect of the Scheme becoming Effective.

2.4 Voting intentions of the IBC

Each member of the IBC intends to vote in favour of the Scheme Resolution at the Scheme Meeting to be held on 25 August 2016 in relation to the Ausenco Shares held by them, or on their behalf, in the absence of a Superior Proposal. Each member of the IBC also intends to vote in favour of the EGM Resolution at the EGM to be held on 25 August 2016, in the absence of a Superior Proposal.

As noted in section 2.3, three of the Ausenco Directors, being Mr Zimi Meka, Mr Bob Thorpe and Mr Hank Tuten have entered into a Commitment Deed with RCF whereby they will retain their Ausenco Shares. These Ausenco Directors are therefore precluded from voting at the Scheme Meeting and EGM.

Details of the Relevant Interests of the Ausenco Directors in Ausenco Securities (including Ausenco Shares) are set out in section 4.5.

2.5 Independent Expert's conclusions

Ausenco commissioned the Independent Expert to prepare a report on whether the Scheme is, in the Independent Expert's opinion, fair and reasonable and in the best interests of Scheme Shareholders.

The Independent Expert has assessed the underlying value for Control of the Ausenco Shares to be in the range of \$0.27 per Ausenco Share to \$0.37 per Ausenco Share. The Scheme Consideration is above this range and, accordingly, the Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of Scheme Shareholders.

The Independent Expert's Report is contained in Attachment B. The IBC encourages you to read the Independent Expert's Report in full before deciding whether to vote in favour of the Scheme Resolution and the EGM Resolution.

2.6 Conditions to the Scheme

The implementation of the Scheme is still subject to a number of Conditions Precedent, including but not limited to:

- Scheme Shareholders approving the Scheme Resolution and the EGM Resolution by the requisite majorities;
- Court approval of the Scheme and other regulatory approvals;
- no Prescribed Event or Material Adverse Change occurring between 14 June 2016 and 8.00am on the Second Court Date;
- no termination of the Scheme Implementation Agreement occurring; and
- no decline in the Bloomberg Commodity Index to a level which is 80% or less than the level as at close of trading on 14 June 2016 and remains at or below that level for at least 3 Business Days or until the date immediately before the Second Court Date.

See section 8.6 for more information about the status of the Conditions Precedent as at the date of this Scheme Booklet.

The Conditions Precedent are set out in full in Schedule 2 of the Scheme Implementation Agreement, a copy of which is attached to Ausenco's ASX announcement of 14 June 2016 (available on the ASX website (www.asx.com.au)). A summary of the Conditions Precedent is also included in section 7.1(b).

The Scheme will not proceed unless all the Conditions Precedent are satisfied or waived (if applicable) in accordance with the Scheme Implementation Agreement.

As at the Last Practicable Date, none of the Ausenco Directors are aware of any circumstances which would cause any Condition Precedent not to be satisfied.

2.7 Implications if Scheme does not proceed

If the Scheme does not become Effective:

- Scheme Shareholders will continue to hold their Ausenco Shares and will be exposed to general risks as well as risks specific to Ausenco and/or the industries in which it operates, including those set out in section 6;
- Scheme Shareholders will not receive the Scheme Consideration;
- Ausenco will need to deal with the near term maturity of \$45.8 million worth of its Secured Debt; and
- a reimbursement fee of \$1,000,000 may be payable by Ausenco to RCF in certain circumstances. Those circumstances will not include the failure by Ausenco Shareholders to pass the Scheme Resolution at the Scheme Meeting.

Prior to the Scheme Meeting and EGM, transaction costs will have been incurred, or will be committed, by Ausenco in relation to the Scheme. Those transaction costs will be payable by Ausenco regardless of whether or not the Scheme becomes Effective and is implemented.

The IBC is of the opinion that if the Scheme does not proceed, the price of Ausenco Shares on the ASX is likely to fall, in the absence of a Superior Proposal.

2.8 Your choices as an Ausenco Shareholder

As an Ausenco Shareholder, you have four choices currently available to you, which are as follows:

Vote in favour of the Scheme Resolution and the EGM Resolution	<p>This is the course of action unanimously recommended by the IBC, in the absence of a Superior Proposal</p> <p>To follow the unanimous recommendation of the IBC, you should:</p> <ul style="list-style-type: none"> • vote in favour of the EGM Resolution at the EGM on 25 August 2016; and • vote in favour of the Scheme Resolution at the Scheme Meeting on 25 August 2016, <p>in each case in the absence of a Superior Proposal.</p> <p>For a summary of how to vote on the Scheme Resolution and the EGM Resolution, please refer to the Notice of Scheme Meeting contained in Attachment E and Notice of EGM contained in Attachment F.</p> <p>The Scheme is conditional on the EGM Resolution being passed by the requisite majority. If you support the Scheme you should vote in favour of the EGM Resolution because the Scheme will not proceed if the EGM Resolution is not passed (unless RCF exercises its discretion to waive this Condition Precedent).</p>
Vote against the Scheme	<p>If, despite the unanimous recommendation of the IBC, you do not support the Scheme Resolution and the EGM Resolution, you may vote against the Scheme Resolution at the Scheme Meeting on 25 August 2016 and the EGM Resolution at the EGM on 25 August 2016.</p> <p>However, if all the Conditions Precedent for the Scheme are satisfied or waived (if applicable) and the Scheme becomes Effective, the Scheme will bind all Scheme Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting and the EGM Resolution at the EGM and those who do not vote at all.</p>
Sell your Ausenco Shares	<p>The existence of the Scheme does not preclude you from selling some or all of your Ausenco Shares on market for cash, if you wish, provided you do so before close of trading on ASX on the Effective Date (currently proposed to be 29 August 2016). Ausenco intends to apply to ASX for Ausenco Shares to be suspended from official quotation on ASX from the close of trading on the Effective Date. You will not be able to sell your Ausenco Shares on-market after this time.</p> <p>If you are considering selling some or all of your Ausenco Shares:</p> <ul style="list-style-type: none"> • you should have regard to the prevailing trading prices of Ausenco Shares and compare those to the Scheme Consideration. You may ascertain the current trading price of Ausenco Shares through the ASX website (www.asx.com.au); and • you should contact your stockbroker for information on how to effect that sale. <p>Ausenco Shareholders who sell some or all of their Ausenco Shares on ASX:</p> <ul style="list-style-type: none"> • may receive payment (which may vary from the Scheme Consideration) for the sale of their Ausenco Shares sooner than they would receive the Scheme Consideration under the Scheme; • may incur a brokerage charge; • will not be able to participate in the Scheme, or, if one emerges, a Superior Proposal, in respect of those Ausenco Shares they have sold; and • may be liable for CGT on the disposal of their Ausenco Shares (as you also may be under the Scheme – see the Tax Adviser’s Report set out in Attachment A for further details).
Do nothing	<p>Scheme Shareholders who elect to not vote at the Scheme Meeting or the EGM on 25 August 2016 or do not sell their Ausenco Shares on market will:</p> <ul style="list-style-type: none"> • if the Scheme is implemented – have their Scheme Shares transferred to RCF, by operation of the Scheme and receive the Scheme Consideration of \$0.40 per Scheme Share; and • if the Scheme is not implemented – retain their Scheme Shares.

2.9 Copy of Ausenco Share Register

Under sections 169 and 173 of the Corporations Act, any Ausenco Shareholder has a right to inspect, and to ask for a copy of, the Ausenco Share Register which contains details of the names and addresses of each Ausenco Shareholder. Ausenco may require an Ausenco Shareholder to provide reasons for their request prior to providing a copy of the Ausenco Share Register, and an Ausenco Shareholder must not use any information obtained for an improper purpose. A copy of the Ausenco Share Register will be given to any Ausenco Shareholder upon request and payment of the prescribed fee under the Corporations Act where Ausenco is satisfied that the details provided are not likely to be used for an improper purpose.

2.10 Warranty by Scheme Shareholders

The terms of the Scheme provide that each Scheme Shareholder is taken to have authorised Ausenco to warrant to RCF that:

- all their Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, liens, charges, pledges, assignments by way of security, security interests (including any 'security interest' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)), title retentions, preferential rights or trust arrangements, claims, covenants or any other security arrangements having the same effect; and
- they have full power and capacity to sell and to transfer their Scheme Shares to RCF under the Scheme together with any rights and entitlements attaching to those shares.

Under the terms of the Scheme, Ausenco undertakes that it will provide such warranty to RCF as agent and attorney of each Scheme Shareholder.

Scheme Shareholders should be aware that, to the extent that this warranty is untrue in respect of their Scheme Shares and their Scheme Shares are not transferred under the Scheme free of the third party encumbrances described above, they may be liable to compensate RCF for any damage caused to those parties resulting from such encumbrances.

2.11 No brokerage or stamp duty

No brokerage or stamp duty will be payable by Scheme Shareholders on the transfer of their Scheme Shares to RCF under the Scheme.

2.12 Delisting of Ausenco

On a date after the Implementation Date, Ausenco will apply for the termination of the official quotation of Ausenco Shares on ASX and for Ausenco to be removed from the official list of ASX.

3 Frequently asked questions

This section 3 answers some frequently asked questions about the Scheme. It is not intended to address all relevant issues for Ausenco Shareholders. This section 3 should be read together with all other parts of this Scheme Booklet (including the risk factors in section 6).

Question	Answer	More information
The Scheme Resolution and EGM Resolution, the Scheme Consideration and the IBC's recommendation		
What is the Scheme?	<p>The Scheme is a scheme of arrangement between Ausenco and the Scheme Shareholders.</p> <p>If the Scheme becomes Effective, RCF will acquire all of the Scheme Shares for \$0.40 cash per Scheme Share.</p> <p>As a result of a Commitment Deed entered into by the Committed Shareholders and RCF, the Committed Shareholders will retain their Ausenco Shares and will not participate in the Scheme. As a result, if the Scheme becomes Effective, Ausenco will be ultimately owned by RCF and the Committed Shareholders.</p>	<p>Section 2 contains a summary of the Scheme and a copy of the Scheme is contained in Attachment D</p> <p>More information about the Committed Shareholders is contained in section 5.6</p>
What is the EGM?	<p>The EGM is the extraordinary general meeting to be convened by Ausenco at which Ausenco Shareholders will vote on the EGM Resolution. The EGM will be held immediately before the Scheme Meeting on 25 August 2016.</p> <p>At the EGM, Ausenco Shareholders (other than Excluded Shareholders) will vote on the EGM Resolution, which is the resolution to approve, under section 611 item 7 of the Corporations Act, the acquisition by RCF of a Relevant Interest in:</p> <ul style="list-style-type: none"> the Ausenco Shares held by the Committed Shareholders as a result of the Commitment Deed; and the Ausenco Shares to be issued as a result of the conversion of the Secured Debt into 97,000,000 Ausenco Shares and, if RCF so elects, the conversion of all or part of the Bridge Debt into Ausenco Shares at a price of \$0.40 per Ausenco Share. <p>The Scheme is conditional on the EGM Resolution being passed by the requisite majority. If you support the Scheme you should vote in favour of the EGM Resolution because the Scheme will not proceed if the EGM Resolution is not passed (unless RCF exercises its discretion to waive this Condition Precedent).</p>	<p>Section 5.7 contains further information about the EGM Resolution</p>
Who are the Committed Shareholders?	<p>The Committed Shareholders are:</p> <ul style="list-style-type: none"> Duro Felguera, S.A.; Edmon Hysni Meka and his controlled entities, Harased Pty Ltd and Harased Management Pty Ltd; Gregory Searle Lane; Neil Robert Trembath; Simon Cmrlec and his controlled entity, Simon Cmrlec Pty Ltd as trustee for the Simon Cmrlec Superannuation Fund; Andrew Charles Pickford; Bradley A Shaw; DST Pty Ltd, R D Thorpe Pty Ltd and TME Asset Holdings Pty Ltd (being entities controlled by Bob Thorpe); Finhide Pty Ltd (being an entity controlled by Hank Tuten); and Zimi Meka and his controlled entities, Lemae Pty Ltd, Baze Pty Ltd and ELM Super Pty Ltd. <p>As at the date of this Scheme Booklet, the Committed Shareholders, together with RCF, had voting power of 39.87%¹² in Ausenco Shares.</p>	<p>Section 5.6 contains further information on the Committed Shareholders and the Commitment Deed</p>

¹² Refer to RCF's Form 604 dated 16 June 2016 and the Form 605 from Ian Burvill dated 5 July 2016.

Question	Answer	More information
Why are the Committed Shareholders able to retain their Ausenco Shares?	<p>RCF made this opportunity available to the Committed Shareholders. The opportunity was not made available to other Ausenco Shareholders.</p> <p>To give effect to the arrangements with the Committed Shareholders, RCF entered into the Commitment Deed with the Committed Shareholders under which it was agreed that the Committed Shareholders would retain their Ausenco Shares. Ausenco is not a party to the Commitment Deed.</p> <p>In addition to the restrictions and other terms of the Commitment Deed which regulate the Committed Shareholders' continuing involvement, it is relevant to note that the Committed Shareholders will be significantly diluted as a consequence of RCF's conversion of the Secured Debt and potentially part or all of the Bridge Debt into Ausenco Shares, pursuant to the terms of the Scheme Implementation Agreement.</p>	Section 5.6 sets out further detail regarding the Commitment Deed and the arrangements between RCF and the Committed Shareholders
What does the IBC recommend?	<p>The IBC unanimously recommends that Ausenco Shareholders (other than Excluded Shareholders) vote in favour of the Scheme Resolution and the EGM Resolution, in the absence of a Superior Proposal.</p> <p>The IBC believes that the reasons for Ausenco Shareholders to vote in favour of the Scheme Resolution and the EGM Resolution outweigh any reasons to vote against it.</p> <p>The IBC encourages you to seek independent legal, financial, taxation or other appropriate professional advice before making an investment decision in relation to your Ausenco Shares.</p>	Sections 1.2 and 2.3 set out further details of the IBC's recommendation
What are the intentions of the IBC?	Each member of the IBC intends to vote in favour of the Scheme Resolution at the Scheme Meeting on 25 August 2016, in relation to all the Ausenco Shares held by them, or on their behalf, in the absence of a Superior Proposal. Each member of the IBC also intends to vote in favour of the EGM Resolution at the EGM to be held on 25 August 2016, in the absence of a Superior Proposal.	Details of the Relevant Interests of each Ausenco Director in Ausenco Securities (including Ausenco Shares) are set out in section 4.5
What is the opinion of the Independent Expert?	Lonergan Edwards, as Independent Expert, concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Ausenco Shareholders, in the absence of a Superior Proposal.	Attachment B contains the Independent Expert's Report
Am I entitled to receive the Scheme Consideration?	<p>You are entitled to receive the Scheme Consideration for each Scheme Share you hold if you are a Scheme Shareholder at the Record Date (currently expected to be 5 September 2016).</p> <p>Scheme Shareholders are persons who are registered as Ausenco Shareholders as at the Record Date and are not Excluded Shareholders.</p>	N/A
What will I be entitled to receive if the Scheme becomes Effective?	If the Scheme becomes Effective, Scheme Shareholders will be sent \$0.40 cash on the Implementation Date (currently expected to be 12 September 2016) for each Scheme Share held by them on the Record Date (currently expected to be 5 September 2016).	Section 7.8 contains further information in relation to the Scheme Consideration
What are the risks associated with my investment in Ausenco if the Scheme does not become Effective?	<p>If the Scheme does not become Effective, and no Superior Proposal emerges, the price of Ausenco Shares is likely to fall.</p> <p>In addition, if the Scheme does not become Effective and no Superior Proposal emerges, Ausenco Shareholders will continue to be subject to general risks as well as risks specific to Ausenco and/or the industries in which it operates, including but not limited to those set out in section 6. Without limiting those risks, it is important to note that if the Scheme does not proceed, Ausenco will need to repay the Secured Debt or otherwise renegotiate its terms with RCF, which carries certain near-term risks.</p>	Section 6 contains further information on the risk factors associated with an investment in Ausenco

Question	Answer	More information
When and how will I receive my Scheme Consideration?	<p>If the Scheme becomes Effective, the Scheme Consideration will be sent to Scheme Shareholders on the Implementation Date (currently proposed to be 12 September 2016).</p> <p>Scheme Shareholders who have validly registered their bank account details with the Ausenco Share Registry before the Record Date (currently proposed to be 7.00pm (AEST) on 5 September 2016) will have their Scheme Consideration transferred directly to their bank account. Scheme Shareholders who have not registered their bank account details with the Ausenco Share Registry by that date and time will have their Scheme Consideration sent by cheque to the address shown on the Ausenco Share Register.</p> <p>Please refer to section 2.2(a) for details regarding how to change or nominate a bank account in which to receive payment of your Scheme Consideration.</p>	<p>See clause 6 of the Scheme contained in Attachment D</p> <p>Section 2.2 contains further information about when and how you will receive your Scheme Consideration</p>
What is required for the Scheme to become Effective?	<p>The Scheme will become Effective if:</p> <ul style="list-style-type: none"> the EGM Resolution is approved by a majority of Ausenco Shareholders (other than the Excluded Shareholders) voting at the EGM to be held on 25 August 2016; the Scheme Resolution is approved by the Requisite Majority of Ausenco Shareholders (other than the Excluded Shareholders) voting at the Scheme Meeting to be held on 25 August 2016; all of the other Conditions Precedent are satisfied or waived (if applicable); and the Court approves the Scheme at the Second Court Hearing. 	<p>Section 7.2(b) contains further information on the Scheme Resolution and EGM Resolution approval requirements</p>
The bidder		
Who is RCF?	<p>Resource Capital Fund VI L.P. (RCF) is a US based private equity fund formed on 8 February 2013. RCF is a Cayman Islands exempted limited partnership.</p> <p>The limited partners of RCF comprise more than 100 investors, predominantly institutional investors such as university endowments, foundations and charitable trusts resident in the US. The general partner of RCF is Resource Capital Associates VI L.P. which is also a Cayman Islands exempted limited partnership. The limited partners of Resource Capital Associates VI L.P. consist of current and former employees of RCF Management L.L.C. (or entities controlled by them) all of whom are residents of the US, Australia or Canada.</p>	<p>Section 5.1 contains further details about RCF and its business</p>
How will RCF fund the Scheme Consideration?	<p>RCF has obtained all internal approvals to fund the aggregate Scheme Consideration from its available committed capital, which is presently allocated for that purpose.</p>	<p>Section 5.3 contains further information about the means by which RCF will fund the Scheme Consideration</p>

Question	Answer	More information
What are RCF's intentions for Ausenco?	<p>RCF's current intentions if the Scheme is implemented are set out in full in section 5.4 and include:</p> <ul style="list-style-type: none"> • working with Ausenco management to conduct a full review of Ausenco's operations, covering strategic and financial matters; • maintaining the existing operational structure of Ausenco and pursuing growth opportunities within a private company structure; • considering the composition of the Ausenco Board and the ongoing requirement to retain non-executive directors, having regard to their specific areas of expertise; • retaining Ausenco's existing employees, subject to the outcome of a strategic review; • reviewing Ausenco's current financial and dividend distribution policies to align them with the acknowledgements in the Commitment Deed that no dividends will be paid for 3 years from the Implementation Date and potentially providing further capital to Ausenco post – implementation; and • arranging for Ausenco to be removed from the official list of the ASX. <p>RCF has no current intention to make major changes to, or dispose of any parts of, Ausenco's business or redeploy any of Ausenco's assets. RCF intends to keep Ausenco within the context of RCF's operations described in section 5.1.</p>	Section 5.4 contains further details about RCF's current intentions for the Ausenco Group after the Scheme is implemented
The Conditions Precedent		
Are there any conditions to the Scheme?	<p>There are a number of Conditions Precedent that will need to be satisfied or waived (where capable of waiver) before the Scheme can become Effective.</p> <p>In summary, as at the date of this Scheme Booklet, the outstanding Conditions Precedent include:</p> <ul style="list-style-type: none"> • approval by Scheme Shareholders of the Scheme and the EGM Resolution; • approval of the Scheme by the Court and other regulatory approvals; • no Prescribed Event or Material Adverse Change occurring between 14 June 2016 and 8.00am on the Second Court Date; • no termination of the Scheme Implementation Agreement occurring; and • no decline in the Bloomberg Commodity Index to a level which is 80% or less than the level as at close of trading on 14 June 2016 and remains at or below that level for at least 3 Business Days or until the date immediately before the Second Court Date. 	Section 7.1(b) contains further information on the Conditions Precedent, and Section 8.6 contains further information on the status of the Conditions Precedents
When do the conditions have to be satisfied by?	<p>Apart from the Conditions Precedent relating to shareholder and Court approval, the Conditions Precedent must be satisfied or waived (if applicable) as at 8.00am on the Second Court Date.</p> <p>The Second Court Date is scheduled for Monday, 29 August 2016. If a Condition Precedent is not satisfied or waived (if applicable) by 8.00am on this date, Ausenco may make an application to the Court to change the date for this hearing.</p> <p>In any case, the Conditions Precedent must be satisfied or waived (where capable of waiver) by the End Date. The End Date is 30 November 2016 unless Ausenco and RCF agree to extend this date.</p> <p>If the relevant Conditions Precedent are not satisfied or waived (if applicable) by the End Date, the Scheme will not be implemented.</p>	N/A

Question	Answer	More information
Voting for or against the Scheme Resolution and EGM Resolution		
Besides the IBC, can the other members of the Ausenco Board vote on the Scheme Resolution and EGM Resolution?	Under the Transaction, the Committed Shareholders have entered into the Commitment Deed with RCF whereby they will retain their Ausenco Shares. The Committed Shareholders include Ausenco Directors Mr Zimi Meka, Mr Bob Thorpe and Mr Hank Tuten (and/or entities controlled by them) who will be excluded from voting on the Scheme Resolution and the EGM Resolution.	Details of the Commitment Deed and the Committed Shareholders are set out in section 5.6
Why should you vote in favour of the Scheme Resolution and the EGM Resolution?	<p>Reasons why you should vote in favour of the Scheme Resolution and the EGM Resolution include:</p> <ul style="list-style-type: none"> the IBC unanimously recommends that you vote in favour of the Scheme Resolution and the EGM Resolution, in the absence of a Superior Proposal; the Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Ausenco Shareholders, in the absence of a Superior Proposal; the Scheme would provide you with the certainty of realising cash value for your Ausenco Shares; \$0.40 cash per Ausenco Share represents a significant premium for your Ausenco Shares (refer to section 1.2 for more information); since the announcement of the Scheme, no Superior Proposal has emerged as at the date of this Scheme Booklet and the IBC is not aware of any Superior Proposal that is likely to emerge; if the Scheme does not become Effective, and no Superior Proposal emerges, the Ausenco Share price is likely to fall; and if the Scheme does not become Effective, and no Superior Proposal emerges, Ausenco Shareholders will continue to be subject to general risks as well as risks specific to Ausenco and/or the industries in which it operates, including those set out in section 6. 	Sections 1.1 and 1.2 contain further information on why you should vote in favour of the Scheme Resolution and the EGM Resolution
Why you may consider voting against the Scheme Resolution and EGM Resolution?	<p>Reasons why you may consider voting against the Scheme Resolution and EGM Resolution include:</p> <ul style="list-style-type: none"> you may disagree with the recommendation of the IBC and the conclusions of the Independent Expert; if the Scheme proceeds, you will no longer be an Ausenco Shareholder and you will not participate in Ausenco's future financial performance, any potential upside or the future prospects of its business that may result from continuing to be an Ausenco Shareholder. However, as with all investments in securities, there can be no guarantee as to Ausenco's future performance; you may wish to maintain your investment profile; and you may consider that there is potential for a Superior Proposal to emerge. 	Sections 1.1 and 1.3 contain further information on why you may consider voting against the Scheme Resolution and EGM Resolution

Question	Answer	More information
The Scheme Meeting and EGM and voting at the Scheme Meeting and EGM		
When and where will the Scheme Meeting and EGM be held?	The Scheme Meeting and EGM will be held on 25 August 2016 at M1 & M2 Meeting Rooms, Mezzanine Level, Brisbane Convention and Exhibition Centre, Cnr Merivale and Glenelg Streets, Southbank QLD 4101. The EGM will commence at 10.00am (AEST) and the Scheme Meeting will commence at 10.30am (AEST) or immediately after the conclusion of the EGM (whichever occurs later).	The Notice of Scheme Meeting contained in Attachment E contains further information on the Scheme Meeting The Notice of EGM contained in Attachment F contains further information on the EGM
What will Ausenco Shareholders (other than Excluded Shareholders) be asked to vote on at the Scheme Meeting?	At the Scheme Meeting, Ausenco Shareholders (other than Excluded Shareholders) will be asked to vote on whether to approve the Scheme by voting in favour of the Scheme Resolution. The Scheme Meeting will commence at 10.30am (AEST) on 25 August 2016 or immediately after the conclusion of the EGM (whichever occurs later), where Ausenco Shareholders (other than Excluded Shareholders) will be asked to vote on the EGM Resolution. The passing of the EGM Resolution is a condition precedent to the Scheme. If the EGM Resolution is not passed, the Scheme will not proceed (unless RCF exercises its discretion to waive this Condition Precedent).	The Scheme Resolution is set out in the Notice of Scheme Meeting contained in Attachment E
What will Ausenco Shareholders (other than Excluded Shareholders) be asked to vote on at the EGM?	At the EGM, Ausenco Shareholders (other than Excluded Shareholders) will be asked to vote in favour of the acquisition by RCF of a Relevant Interest in: <ul style="list-style-type: none">the Ausenco Shares held by the Committed Shareholders as a result of the Commitment Deed; andthe Ausenco Shares to be issued as a result of the conversion of the Secured Debt into 97,000,000 Ausenco Shares and, if RCF so elects, the conversion of all or part of the Bridge Debt into Ausenco Shares at a price of \$0.40 per Ausenco Share.	The EGM Resolution is set out in the Notice of EGM contained in Attachment F
What is the Ausenco Shareholder approval threshold for the Scheme?	In order to become Effective, the Scheme must be approved by: <ul style="list-style-type: none">a majority in number (more than 50%) of Ausenco Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting¹³; andat least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Ausenco Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting. Excluded Shareholders will not be entitled to vote at the Scheme Meeting. Even if the Scheme is approved by the Requisite Majority of Ausenco Shareholders (other than the Excluded Shareholders) at the Scheme Meeting on 25 August 2016, the Scheme is still subject to the approval of the Court (as well as other Conditions Precedent outlined in section 2.6).	Section 7.2(b) and the Notice of Scheme Meeting contained in Attachment E contain further information on the Scheme approval requirements
What is the Ausenco Shareholder approval threshold for the EGM?	The EGM Resolution will be passed by ordinary resolution. Excluded Shareholders will not be entitled to vote at the EGM. The passing of the EGM Resolution is a Condition Precedent to the Scheme. If the EGM Resolution is not passed, the Scheme will not proceed (unless RCF exercises its discretion to waive this Condition Precedent).	Section 7.2(b) and the Notice of EGM contained in Attachment F contain further information on the EGM approval requirements

¹³ It should be noted that the Court has the power to waive this requirement.

Question	Answer	More information
Am I entitled to vote at the Scheme Meeting and EGM?	<p>If you are registered as an Ausenco Shareholder on the Ausenco Share Register at 7.00pm (AEST) on 23 August 2016 and you are not an Excluded Shareholder, you will be entitled to attend and vote at the Scheme Meeting and EGM on 25 August 2016.</p> <p>If you are an Excluded Shareholder, you will not be entitled to vote at the Scheme Meeting or EGM.</p>	The Notice of Scheme Meeting contained in Attachment E and the Notice of EGM contained in Attachment F set out further information on your entitlement to vote at the Scheme Meeting and EGM (respectively)
Who is not entitled to vote at the Scheme Meeting and EGM?	Excluded Shareholders are not entitled to vote at the Scheme Meeting or EGM.	N/A
Should I vote?	Voting is not compulsory. However, the IBC encourages all Ausenco Shareholders (other than Excluded Shareholders) to vote at the Scheme Meeting and EGM on 25 August 2016.	Sections 1.2, 2.3 and 2.4 provide further information on the IBC's recommendation and the IBC's voting intentions
How can I vote if I can't attend the Scheme Meeting and/or EGM?	If you would like to vote but cannot attend the Scheme Meeting and/or EGM on 25 August 2016 in person, you can vote by appointing a proxy or attorney (including by lodging your proxy online at www.investorvote.com.au and following the instructions) to attend and vote on your behalf. You may also vote by corporate representative if that option is applicable to you.	The Notice of Scheme Meeting contained in Attachment E and Notice of EGM contained in Attachment F set out further details on how to vote at the Scheme Meeting
Will RCF vote any Ausenco Shares that it holds at the Scheme Meeting and/or EGM?	RCF is an Excluded Shareholder and is not permitted to vote at either the Scheme Meeting or EGM.	Section 5.5 contains further details about the interests of RCF in Ausenco Shares
When will the results of the Scheme Meeting and EGM be known?	<p>The results of the Scheme Meeting and EGM to be held on 25 August 2016 are expected to be available shortly after the conclusion of the Scheme Meeting and EGM and will be announced to ASX (www.asx.com.au) once available.</p> <p>Even if the Scheme and EGM are approved by the requisite majorities of Ausenco Shareholders (other than Excluded Shareholders), the Scheme will still be subject to the approval of the Court (as well as other Conditions Precedent outlined in section 2.6).</p>	N/A
What happens if the Court does not approve the Scheme or the Scheme does not otherwise proceed?	<p>If the Scheme Resolution and EGM Resolution are not approved at the Scheme Meeting and EGM on 25 August 2016, or if the Scheme and EGM Resolution are approved at the Scheme Meeting and EGM (respectively) but the Scheme is not approved by the Court or a Condition Precedent is not fulfilled or otherwise waived (if applicable), then the Scheme will not become Effective and will not be implemented.</p> <p>In such a scenario, Scheme Shareholders will not receive the Scheme Consideration but will retain their Ausenco Shares and continue to be subject to general risks as well as risks specific to Ausenco and/or the industries in which it operates, including those set out in section 6.</p> <p>In these circumstances, the Ausenco Group will, in the absence of a Superior Proposal, continue operate as a standalone group listed on ASX.</p>	Sections 2.7 and 6 contain further information on the implications for Ausenco Shareholders if the Scheme does not proceed
What happens to my Ausenco Shares if I do not vote, or if I vote against the Scheme Resolution and/or the EGM Resolution, and the Scheme becomes Effective?	If you do not vote, or vote against the Scheme Resolution and/or EGM Resolution, and the Scheme becomes Effective, any Scheme Shares held by you on the Record Date (currently expected to be 5 September 2016) will be transferred to RCF and you will be sent the Scheme Consideration, despite not having voted or having voted against the Scheme Resolution and/or EGM Resolution.	N/A

Question	Answer	More information
Other questions		
How will the Secured Debt be treated after the Scheme?	<p>If the Scheme is implemented, Ausenco and RCF will convert the Secured Debt (including any interest and fees on the Secured Debt) into 97,000,000 Ausenco Shares and may convert all or part of the Bridge Debt into Ausenco Shares at a price of \$0.40 per Ausenco Share. This will have the effect of significantly diluting the Committed Shareholders (being the only other shareholders in Ausenco, other than RCF, at that time).</p> <p>You are strongly encouraged to read the relevant sections of this Scheme Booklet in relation to this particular issue.</p>	Section 1.2 describes the possible risks and outcomes associated with the Secured Debt, in the context of general risks and uncertainties associated with the Ausenco business
How will the Secured Debt be treated if the Scheme does not proceed?	<p>If the Scheme is not implemented, Ausenco will need to take action in relation to the repayment or renegotiation of its Secured Debt, for which RCF is the sole primary lender. It is reasonable to expect that Ausenco would be required to make a significant debt repayment, renegotiate its terms or otherwise agree alternative funding arrangements (which may include a dilutive capital raising or debt for equity conversion). In those circumstances, there can be no certainty that the payment of Ausenco's Secured Debt will be resolved prior to its maturity date, or what form of negotiated terms or alternative funding arrangement may be put in place by the parties to address the Secured Debt.</p> <p>You are strongly encouraged to read the relevant sections of this Scheme Booklet in relation to this particular issue (in particular section 8.2).</p>	Section 6.3(c) provides further details on Ausenco's cash flow and liquidity risk
How will the Ausenco Performance Rights held by participants (other than Committed Shareholders) be treated under the Scheme?	Subject to the Scheme becoming Effective, in accordance with the terms of the Scheme Implementation Agreement (and subsequent variations agreed between the parties), the IBC (by delegation of the Ausenco Board) has exercised certain of its discretions under the various Ausenco Performance Rights Plans. Full details in relation to the treatment of the Ausenco Performance Rights held by participants (other than Committed Shareholders) are set out in section 8.4.	Section 8.4 sets out information relating to Ausenco's incentive plans and the treatment of the Ausenco Performance Rights under the Scheme
How will the Ausenco Performance Rights held by Committed Shareholders be treated?	<p>Subject to the Scheme becoming Effective, in accordance with the terms of the Scheme Implementation Agreement, the IBC (by delegation of the Ausenco Board) has exercised certain of its discretions under the various Ausenco Performance Rights Plans to accelerate the vesting of certain Ausenco Performance Rights. Any Ausenco Shares issued to Committed Shareholders on the vesting of their Ausenco Performance Rights will become subject to the Commitment Deed and deemed to be Excluded Shares.</p> <p>Full details in relation to the treatment of the Ausenco Performance Rights held by Committed Shareholders are set out in section 5.6(b).</p>	Section 5.6(b) sets out the treatment of Ausenco Performance Rights held by Committed Shareholders
What will happen to Ausenco if the Scheme proceeds?	If the Scheme becomes Effective, Ausenco intends to apply to ASX for Ausenco Shares to be suspended from official quotation on ASX from the close of trading on the Effective Date. You will not be able to sell your Ausenco Shares on-market after this time. RCF has also indicated that it intends to delist Ausenco if the Scheme is implemented.	Section 5.4 sets out the current intentions of RCF for Ausenco if the Scheme becomes Effective
What happens if Ausenco is approached in relation to a Competing Transaction?	<p>If Ausenco is approached in relation to a Competing Transaction, the IBC will carefully consider the proposal.</p> <p>Ausenco must notify RCF of that approach in relation to the Competing Transaction in accordance with the Scheme Implementation Agreement.</p>	Section 7.1(c) contains a summary of Ausenco's obligations in this respect under the Scheme Implementation Agreement

Question	Answer	More information
Can I sell my Ausenco Shares now?	<p>The existence of the Scheme does not preclude you from selling some or all of your Ausenco Shares on-market for cash, if you wish, provided you do so before close of trading on ASX on the Effective Date (currently proposed to be 29 August 2016). Ausenco intends to apply to ASX for Ausenco Shares to be suspended from official quotation on ASX from the close of trading on the Effective Date. You will not be able to sell your Ausenco Shares on-market after this time.</p> <p>Ausenco Shareholders who sell some or all of their Ausenco Shares on ASX:</p> <ul style="list-style-type: none"> • may receive payment (which may vary from the Scheme Consideration) for the sale of their Ausenco Shares sooner than they would receive the Scheme Consideration under the Scheme; • may incur a brokerage charge; • will not be able to participate in the Scheme, or, if one emerges, a Superior Proposal, in respect of those Ausenco Shares they have sold; and • may be liable for CGT on the disposal of their Ausenco Shares. 	Section 2.8 contains a summary of the choices available to Ausenco Shareholders
When could Ausenco be required to pay a reimbursement fee?	<p>Under the Scheme Implementation Agreement, Ausenco must pay a reimbursement fee of \$1,000,000 to RCF if certain events occur, including if:</p> <ul style="list-style-type: none"> • on or before 30 November 2016 (or such other date as is agreed in writing by RCF and Ausenco), Ausenco enters into a legally binding agreement to undertake a Competing Transaction, any member of the IBC recommends a Competing Transaction or the IBC announces that a Competing Transaction is a Superior Proposal; • any member of the IBC fails to recommend the EGM Resolution or Scheme or withdraws their recommendation except in certain circumstances; • RCF validly terminates the Scheme Implementation Agreement for material breach of the Scheme Implementation Agreement by Ausenco in certain circumstances; or • a Prescribed Event or Material Adverse Change occurs prior to 8.00am on the Second Court Date, the Scheme Implementation Agreement is validly terminated and certain other circumstances occur. <p>A failure by Ausenco Shareholders to pass the Scheme Resolution at the Scheme Meeting will not of itself trigger Ausenco's obligation to pay a reimbursement fee to RCF.</p>	Section 7.1(e) contains further information about the reimbursement fee agreed by Ausenco and RCF under the Scheme Implementation Agreement
Will I have to pay brokerage or stamp duty?	You will not have to pay brokerage or stamp duty on the transfer of your Ausenco Shares under the Scheme.	N/A
Do I have to sign anything to transfer my Ausenco Shares?	<p>No. If the Scheme becomes Effective, Ausenco will automatically have authority to sign a transfer on your behalf, and the Scheme Consideration will be paid to you. However, you should be aware that, under the Scheme, you are deemed to have warranted to RCF and Ausenco that (in summary):</p> <ul style="list-style-type: none"> • all your Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to RCF under the Scheme are fully paid and free from all encumbrances on the date of transfer of your Ausenco Shares; and • you have full power and capacity to sell and transfer your Scheme Shares to RCF under the Scheme together with any rights and entitlements attaching to those shares. 	See section 2.10 for further information on the warranties given by Scheme Shareholders. The warranties given by Scheme Shareholders are contained in clause 5.6 of the Scheme, which is contained in Attachment D

Question	Answer	More information
What are the taxation implications of the Scheme?	<p>The taxation implications of the Scheme will depend on your personal circumstances.</p> <p>Attachment A contains the Tax Adviser's Report which provides an overview of the Australian taxation consequences for Scheme Shareholders.</p> <p>You should seek professional taxation advice with respect to your individual tax situation.</p>	See the Tax Adviser's Report in Attachment A
When will the Scheme become Effective?	Subject to satisfaction or waiver (if applicable) of the Conditions Precedent, the Scheme will become Effective on the Effective Date (currently expected to be 29 August 2016) and will be implemented on the Implementation Date (currently expected to be 12 September 2016).	Section 7.5 contains further information on when the Scheme will become Effective
Where can I get further information?	<p>For further information, you can call the Shareholder Information Line on 1800 206 847 (within Australia) or +61 1800 206 847 (outside Australia) between 8.30am and 5.30pm (AEST).</p> <p>If you are in doubt about anything in this Scheme Booklet, please contact your financial, legal, taxation or other professional adviser.</p>	N/A

4 Profile of Ausenco



4.1 Introduction

Ausenco is a global, diversified engineering and project management company servicing the minerals and metals, process infrastructure and energy markets. Ausenco also provides environment and sustainability services and tailored operations and maintenance solutions.

Ausenco began in Brisbane, Australia, in 1991 and was listed on the ASX in 2006. Through a number of acquisitions commencing in 2008, the company expanded its geographic and services footprint globally.

Today Ausenco has approximately 1,300 employees in 28 offices located in 18 countries and numerous project locations in Australia, Asia Pacific, Africa, the Americas and the Middle East.

Ausenco's services cover a wide range of areas that are specific to the needs of each phase in the project lifecycle, from feasibility studies to Front End Engineering Design (**FEED**) and right through to the commissioning, operational and optimisation phases.

Ausenco's services encompass specialist consulting and pre-feasibility and feasibility studies to determine whether a project is viable and worthwhile. Once a project is determined to be viable, Ausenco offers FEED, basic engineering, detailed engineering, procurement construction management services and operational readiness to take the project from concept into operation. As the project moves out of the execution phase and into commissioning and operation phases, Ausenco offers continuous improvement, operations and maintenance and optimisation services to ensure that clients' projects continue to run at their optimum level.

4.2 Overview of operations and strategy

(a) Overview

Ausenco's operations cover all aspects of the resources and energy sectors, including minerals processing, pipelines, transportation systems, ports and terminals, infrastructure, asset management, simulation and business intelligence and conventional, renewable and alternative energies. Ausenco's clients include BHP Billiton, Glencore, Vale, Anglo American, Newcrest and Newmont Mining and other mining companies, as well as numerous energy, infrastructure and government entities.

In July 2015, Ausenco entered into a strategic alliance with Spanish multinational construction company Duro Felguera to pursue and deliver EPC projects globally and increase market share. Both Ausenco and Duro Felguera have long histories in successfully delivering EPC projects. Following the formation of the Duro Felguera alliance, Ausenco undertook a \$10.7 million private share placement to Duro Felguera and Duro Felguera has, at the Last Practicable Date, a 14.35% shareholding in Ausenco.

Ausenco's revenue from operations in 2015 was \$245.8 million, compared with revenue of \$357.2 million for the previous year. Ausenco posted a 2015 full year net loss after tax of \$86.1 million, which was impacted by \$61 million of redundancy, non-cash goodwill and other impairment charges. The reduction in earnings was driven primarily by the market effect of lower commodity prices, project deferrals by clients, greater competition and the company's rightsizing costs and impairment charges.

Reported EBITDA for 2015 was a loss of \$32.0 million, against the previous year EBITDA loss of \$5.4 million. The 2015 underlying EBITDA was a loss of \$13.7 million. Basic earnings per share of a loss of 49.0 cents for 2015 compared to a loss of 15.0 cents per share in 2014.

In early 2016, Ausenco agreed a US\$16.5 million financing package with RCF which comprised a US\$6.5 million (approximately \$9.2 million) convertible debt facility and a US\$10 million bonding facility to meet the anticipated requirements of new project opportunities. At that time, RCF entered into discussions with Ausenco's banks with a view to RCF considering refinancing of Ausenco's bank borrowings. These discussions culminated in RCF replacing ANZ and NAB as Ausenco's sole and primary secured lender in mid-April.

Difficult market conditions persisted through the first half of 2016 and financial performance was significantly affected by continued project delays which contributed to revenue and EBITDA performance below expectations. These delays, and the imposition of extended payment terms by some clients, placed additional pressure on working capital requirements a consequence of which was that a cash facility provided by RCF to support working capital requirements was drawn to \$20 million as at 11 July 2016.

See section 8.2 for further information on Ausenco's debt arrangements with RCF.

(b) Business segments

Ausenco is structured into three geographic business segments, being North America, South America and Asia Pacific (APAC)/Africa. The combined Americas segments contributed more than 70% of FY15 revenue. Revenues from non-mining sectors contributed 27% of FY15 revenue.

Each geographic region is capable of delivering the full suite of Ausenco's engineering and project management services to clients based in those regions. Each region is managed by a President who is a member of the Ausenco Leadership Team and reports directly to the company's CEO.

Further details of each of Ausenco's geographic business segments are set out below.

North America

Ausenco's North America business provides services across all Ausenco's business sectors and has particular expertise in the areas of infrastructure, oil and gas and consulting services.

Ausenco's key projects in 2016 in North America by project, client and location are set out below:

- Port Mann Tunnel, Metro Vancouver, Canada;
- Dumont Nickel Project, Royal Nickel, Canada;
- Rosemont Project, HudBay, USA;
- Moose River Project, Atlantic Gold, Canada;
- Tasiast Gold Optimisation Project, Kinross, Mauritania;
- Mina de Cobre project, First Quantum, Panama;
- OKSUT Gold Mine, Centerra Gold, Turkey; and
- Sonora Lithium, Bacanora Minerals, Mexico.

Through its alliance with Duro Felguera, in 2015, the business commenced early works to progress Royal Nickel Corporation's Dumont Nickel project in Quebec, Canada on an EPC basis. The alliance is working on an open book basis to finalise the scope of works, cost, schedule and EPC terms for the project. Ausenco has been working on the Dumont project for the past three years and has entered into a Memorandum of Understanding with Royal Nickel Corporation (**MOU**) reflecting Ausenco's strong track record and understanding of the project. It also reaffirms Ausenco's early involvement in projects, which creates opportunities to secure a larger scope of work as those projects progress to development.

During FY15, work advanced significantly on refining the costs and delivery strategy of the Moose River Consolidated gold project in Nova Scotia, Canada. This project will also be delivered on an EPC fixed price basis. Ausenco has a long history with the project, having worked on it for the past six years. On 10 May 2016, Ausenco announced that it had signed and commenced the EPC contract for the project.

The declining oil price over FY15 resulted in reduced work in Canada's oil and gas market which had a significant impact on the business in the second half of FY15. In order to grow Ausenco's share of work in the Canadian oil and gas market in the future, Ausenco is focused on diversifying its offering and moving into other parts of the value chain. Ausenco has already taken the necessary steps to achieve this objective; however, conditions are expected to remain challenging over FY16.

Municipal infrastructure remains an important earnings driver and the business won a steady workload of public infrastructure, water and transport projects during 2015. Ausenco expects this trend will continue, particularly in Canada given the new government's transport and other infrastructure commitments.

While industry conditions remain subdued, the outlook for the North American region is positive. Ausenco expects revenue growth over the next 12 months, driven largely by the numerous opportunities in base and precious metals, particularly gold and copper.

South America

South America remains a key market for Ausenco and is expected to provide significant opportunities over the medium to longer term. Ausenco's South America region has greater skills in the areas of environment and sustainability than Ausenco's other regions.

Ausenco's key projects in the region in 2016 by project, client and location include:

- Mina Justa Copper Project, Marcobre S.A.C., Peru;
- Escondida Copper Mine, BHP Billiton, Chile;
- Zafranal Copper Project, AQM Copper, Peru;
- Collahuasi Project, Compañía Minera Doña Ines De Collahuasi SCM, Chile;
- Pierina Mine CQA, Barrack Gold, Peru; and
- Minera Los Pelambres copper mine, Antofagasta Plc, Chile.

Ausenco's work on the Constancia copper project in Peru was completed in 2015. It was one of the few copper projects successfully commissioned in 2015 to exceed expected production levels within months.

Ausenco is now in a strong position to benefit from opportunities in the copper sector as new projects are assessed and developed leading into expected copper supply constraints by 2020.

Political uncertainty and the economic slowdown have contributed to a significant reduction in opportunities in some of the markets in this region, particularly in Brazil and Argentina. This landscape, combined with declining commodity prices, resulted in clients reducing study activity and capital expenditure programs during 2015. Consequently, the business' results were adversely affected after three strong years of solid earnings and growth.

Despite the challenging operating environment, the business achieved a number of successes in 2015, including the various projects outlined below.

Asset optimisation services delivered via Ausenco Rylson is a key growth area and is being driven by demand from clients for solutions that maximise asset performance and reduce operating costs. Ausenco is focused on pursuing targeted opportunities to increase its market share and create new markets by leveraging existing client relationships to pursue further work opportunities.

A number of the following project wins in Chile also helped build work on hand in 2015. The business was awarded a number of key assignments with Minera Escondida, the highest producing copper mine globally. The largest of these assignments was the opportunity to provide infrastructure commissioning services at Escondida. Additional assignments completed during the year focused on enhanced water recovery strategies.

Despite a reduction in the number of early phase projects awarded, the business completed several key studies, engineering assignments and value engineering projects during FY15. The increased demand for these highly specialised solutions remains a testament to Ausenco's reputation for substantially reducing the capital intensity of projects, which is a key focus for clients in the current low commodity price environment. Key wins included delivering study and engineering works for the Mina Justa copper project and the Zafranal copper project, both located in Peru.

Looking ahead, industry conditions in the region are expected to remain challenging in the short-term due to continued commodity price uncertainty. However, well positioned clients are progressing strategic projects, particularly in copper, as they prepare for a forecast tightening of supply for this commodity towards the end of the decade.

Asia Pacific/Africa (APAC/Africa)

Ausenco's APAC/Africa business offers services across most of Ausenco's business sectors and industries, with particular expertise in minerals processing, asset management and optimisation, major projects and consulting services.

Ausenco's projects in APAC/Africa by project, client and location include:

- Isaac Plains Coal Mine, Stanmore, Australia;
- Lihir Gold Mine, Newcrest, PNG;
- Cadia Gold Mine, Newcrest, Australia;
- Silangan Project, Philex Mining Corporation, Philippines;
- Bulga Flotation Project, Glencore, Australia;
- Rylson8 implementation, AGL, Australia;
- Nyrstar Port Pirie project, Nyrstar, Australia; and
- Moatize CHPP, Vale, Mozambique.

Market conditions in the Asia Pacific/Africa region remained challenging throughout 2015 due to the continued lack of confidence in the resources sector. Clients responded to these conditions by reducing capital expenditure on new developments and sustaining capital, resulting in a number of projects being cancelled or deferred. Ausenco anticipated this decline early in the year and modified its resource base to suit.

The business experienced strong growth in consulting services during 2015, principally in value engineering reviews focused on reducing the level of capital intensity of new projects. The provision of consulting services, particularly the technical solutions group, has always been a key strength and differentiator for Ausenco. The business was able to add significant value across a range of mining studies in 2015. Market uncertainty and commodity volatility resulted in many of these studies not progressing to project developments.

During 2015, the business achieved good outcomes on the delivery of detailed design and mechanical services on Nyrstar's lead smelter in Port Pirie, South Australia. In addition, the extension of two sustaining capital contracts at the Lihir Island gold project in Papua New Guinea and ongoing work at Cadia provided key support to Newcrest in their efforts to optimise productivity outcomes at both facilities.

A significant level of work was completed during the year at Vale's Moatize coal project in Mozambique, including asset optimisation, value engineering and operations and maintenance support. This work resulted in improving yield at the facility and was extended into early 2016.

The business had a positive start to 2016, securing a number of new contracts, including a three year operations and maintenance contract to operate the coal handling and preparation plant (**CHPP**) at the Isaac Plains coal mine in the Bowen Basin. Project deferrals and delays have meant the region's initial revenue expectations from these early contract wins have not materialised as expected.

Looking forward, an important focus for the business is securing EPC fixed price contracting opportunities. In particular, the business is focused on markets and commodities where Ausenco has deep experience and can provide a technical or commercial edge in delivering project solutions that are cost effective for clients.

4.3 Ausenco Board

The Ausenco Board comprises the following directors:

Name	Position
Mr George Lloyd	Chairman
Mr Zimi Meka	Managing Director and Chief Executive Officer
Ms Mary Shafer-Malicki	Non-Executive Director
Mr Bob Thorpe	Non-Executive Director
Mr Hank Tuten	Non-Executive Director
Mr Peter Gregg	Non-Executive Director

4.4 Capital structure

As at the Last Practicable Date, Ausenco had 188,268,253 Ausenco Shares on issue.

As at the Last Practicable Date, Ausenco also had the following securities on issue:

- **2016 Performance Rights:** 4,846,613;
- **2015 Performance Rights:** 4,516,423;
- **2014 Performance Rights:** 1,975,403;
- **2012 Performance Rights:** 284,146;
- **2011 Performance Rights:** 87,306;
- **2009 Performance Rights:** 25,266; and
- **2008 Performance Rights:** 6,573,

(together, the **Ausenco Performance Rights**).

Please refer to sections 5.6(b) and 8.4 for information about how the Ausenco Performance Rights will be treated under the Transaction.

4.5 Interests of Ausenco Directors in Ausenco Securities

(a) Relevant Interests of Ausenco Directors in Ausenco Securities

As at the date immediately prior to the date of this Scheme Booklet, the Ausenco Directors had the following Relevant Interests in Ausenco Shares:

Ausenco Director	Number of Ausenco Shares	Nature of security interest
Mr George Lloyd	441,169	Mr Lloyd has an indirect interest in 441,169 Ausenco Shares held by Jojeto Pty Ltd (Lloyd Super Fund A/C).
Mr Zimi Meka	18,256,386	Mr Meka has a direct interest in 809,257 Ausenco Shares. Mr Meka has an indirect interest in 529,432 Ausenco Shares held by ELM Super Pty Ltd, 9,142,547 Ausenco Shares held by Lemae Pty Ltd and 7,775,150 Ausenco Shares held by Baze Pty Ltd.
Ms Mary Shafer-Malicki	14,000	Ms Shafer-Malicki has a direct interest in 14,000 Ausenco Shares.
Mr Bob Thorpe	12,546,822	Mr Thorpe has an indirect interest in 7,614,262 Ausenco Shares held by TME Asset Holdings Pty Ltd, 4,652,885 Ausenco Shares held by DST Pty Ltd and 279,675 Ausenco Shares held by RD Thorpe Pty Ltd.
Mr Hank Tuten	4,045,312	Mr Tuten has an indirect interest in 4,045,312 Ausenco Shares held by Finhide Pty Limited ¹⁴
Mr Peter Gregg	172,500	Mr Gregg has an indirect interest in 172,500 Ausenco Shares held by PGR29 Pty Ltd ATF (Gregg Investment Trust).

As at the date immediately prior to the date of this Scheme Booklet, none of the Ausenco Directors had a Relevant Interest in any Ausenco Performance Rights.

(b) Dealings of Ausenco Directors in Ausenco Shares

No Ausenco Director acquired or disposed of a Relevant Interest in any Ausenco Share in the four month period ending on the date immediately prior to the date of this Scheme Booklet.

4.6 Interests of Ausenco Directors in RCF

(a) Relevant Interests of Ausenco Directors in RCF

As at the date immediately prior to the date of this Scheme Booklet, no Ausenco Director had a Relevant Interest in any securities in RCF other than as set out below.

- Mr Hank Tuten is one of six members in RCA VI GP Ltd (**RCA VI GPGP**) which is the general partner of Resource Capital Associates VI L.P. (**RCA VI GP**), being the general partner of RCF. RCA VI GP has a 20% carried interest in RCF. No member holds a controlling interest in RCF VI GPGP and Mr Tuten's interest does not exceed 10% of the ownership interests in RCF.
- Mr George Lloyd holds an indirect interest of 0.0098% in RCF through Jojeto Pty Ltd (Lloyd Superannuation Fund).

(b) Dealings of Ausenco Directors in securities of RCF

No Ausenco Director acquired or disposed of a Relevant Interest in any securities in RCF in the four month period ending on the date immediately prior to the date of this Scheme Booklet.

¹⁴ As outlined in Mr Hank Tuten's most recent Appendix 3Y, there are 54,688 Ausenco Shares held by his related party, Mrs Kerry Tuten. Mr Hank Tuten confirms that he does not have a Relevant Interest in these Ausenco Shares.

4.7 Benefits and agreements

(a) Benefits in connection with retirement from office

No payment or other benefit is proposed to:

- be made or given to any director, company secretary or executive officer of Ausenco as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Ausenco or in a Related Body Corporate of Ausenco; or
- be made or given to any director, company secretary or executive officer of any Related Body Corporate of Ausenco as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in that Related Body Corporate of Ausenco or in Ausenco,

in connection with the Scheme, other than in his or her capacity as an Ausenco Shareholder.

(b) Agreements connected with or conditional on the Scheme

Other than as set out in section 8.4 in relation to the impact of the Scheme on the Ausenco incentive plans and section 5.6 in relation to the Commitment Deed that has been entered into by Mr Zimi Meka, Mr Bob Thorpe and Mr Hank Tuten, there are no agreements or arrangements made between any Ausenco Director and any other person in connection with, or conditional on, the outcome of the Scheme, other than in their capacity as an Ausenco Shareholder.

(c) Interests of Ausenco Directors in contracts with RCF

Other than the interests held by Mr Zimi Meka, Mr Bob Thorpe and Mr Hank Tuten in the Commitment Deed, and other than as outlined in section 4.6(a), none of the Ausenco Directors has any interest in any contract entered into by RCF, or an RCF Entity, other than in their capacity as an Ausenco Shareholder.

(d) Benefits from RCF

None of the Ausenco Directors has agreed to receive, or is entitled to receive, any benefit from RCF or an RCF Entity, which is conditional on, or is related to, the Scheme, other than in their capacity as an Ausenco Shareholder and other than as may be contemplated in the Commitment Deed.

4.8 Recent share price history

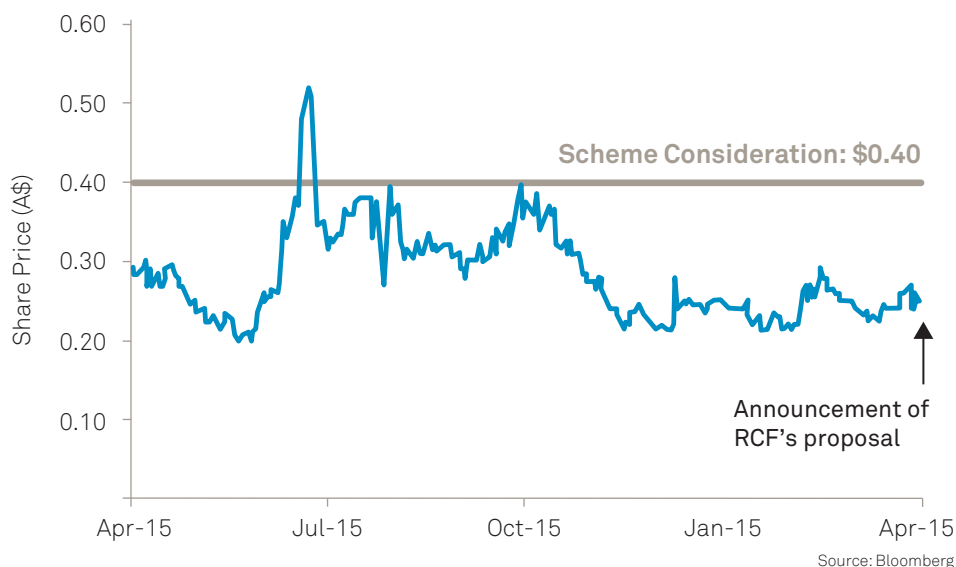
RCF's initial indicative non-binding proposal to privatise Ausenco was announced to the market prior to the opening of trade on ASX on 2 May 2016. The last recorded closing price for Ausenco Shares on ASX before the public announcement of RCF's proposal was \$0.26 on 29 April 2016.

During the three months ended 29 April 2016:

- the highest recorded sale price for Ausenco Shares on ASX was \$0.29 on 15 March 2016; and
- the lowest recorded sale price for Ausenco Shares on ASX was \$0.215 on multiple dates in February and March 2016.¹⁵

¹⁵ Relevant dates being 16 to 19 February 2016 (inclusive), 25 to 26 February 2016 (inclusive) and 1 March 2016.

The following chart highlights the movements in Ausenco's share price performance over the last 12 months ending on 29 April 2016.



There can be no guarantee as to the performance of the price of Ausenco Shares in the future.

4.9 Historical financial information

(a) Basis of preparation

This section 4.9 sets out summary financial information in relation to Ausenco for the purpose of this Scheme Booklet. The financial information has been extracted from Ausenco's audited financial statements for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013.

The historical financial information of Ausenco in this section 4.9 is presented in an abbreviated form and does not contain all the disclosures, presentations, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. The historical financial information of Ausenco has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards.

Ausenco's recent statutory historical consolidated income statements, historical consolidated statements of financial position and historical consolidated cash flow statements are disclosed in the annual financial reports for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013, all of which can be found on the ASX website at www.asx.com.au.

Ausenco expects that its interim financial report for the six months ended 30 June 2016 will be released to ASX by 31 August 2016.

(b) Historical consolidated statement of comprehensive income

Set out below is a summary of Ausenco's consolidated statements of comprehensive income for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013.

The summarised historical consolidated statements of comprehensive income of Ausenco which are set out:

- in the second column of the table below, have been extracted from the audited financial statements of Ausenco for the year ended 31 December 2015 as disclosed within Ausenco's Appendix 4E and 2015 Annual Financial Report;
- in the third column of the table below, have been extracted from the audited financial statements of Ausenco for the year ended 31 December 2014 as disclosed within Ausenco's Appendix 4E and 2014 Annual Financial Report; and
- in the fourth column of the table below, have been extracted from the audited financial statements of Ausenco for the year ended 31 December 2013 as disclosed within Ausenco's Appendix 4E and 2013 Annual Financial Report.

	31 December 2015 \$'000	31 December 2014 \$'000	31 December 2013 \$'000
Revenue from continuing operations	245,815	357,155	453,874
Other income	7,304	6,564	5,587
Staff and contractors' costs	(195,122)	(262,144)	(340,766)
Directly attributed project costs	(36,791)	(51,192)	(69,605)
Office and administration costs	(46,254)	(47,715)	(54,720)
Other expenses	(6,793)	(7,633)	(3,109)
Depreciation and amortisation expense	(10,145)	(9,800)	(15,744)
Impairment of goodwill	(30,697)	(10,000)	(12,470)
Finance costs	(4,391)	(5,005)	(4,017)
Share of profit / (loss) from joint arrangements	170	298	50
Loss before income tax	(76,904)	(29,472)	(40,920)
Income tax (expense) / benefit	(9,151)	4,457	5,720
Loss for the year	(86,055)	(25,015)	(35,200)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translation differences arising during the year	13,319	(4,610)	3,434
Net investment hedge	(7,814)	(2,618)	3,206
Other comprehensive (loss) / profit for the year, net of tax	5,505	(7,228)	6,640
Total comprehensive (loss) / income for the year	(80,550)	(32,243)	(28,560)
Loss for the year attributable to the ordinary equity holders of the Company:			
Owners of Ausenco Limited	(86,055)	(25,015)	(35,603)
Non-controlling interests	-	-	403
	(86,055)	(25,015)	(35,200)
Total comprehensive loss for the year attributable to the ordinary equity holders of the Company			
Owners of Ausenco Limited	(80,550)	(32,243)	(28,963)
Non-controlling interests	-	-	403
	(80,550)	(32,243)	(28,560)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share) attributable to the ordinary equity holders of the Company:	(49.0)	(15.0)	(25.0)

(c) Historical consolidated balance sheet

Set out below is a summary of Ausenco's consolidated balance sheets as at 31 December 2015, 31 December 2014 and 31 December 2013.

The summarised historical consolidated balance sheets of the Ausenco Group which are set out:

- in the second column of the table below, have been extracted from the audited financial statements of Ausenco for the year ended 31 December 2015 as disclosed within Ausenco's Appendix 4E and 2015 Annual Financial Report;
- in the third column of the table below, have been extracted from the audited financial statements of Ausenco for the year ended 31 December 2014 as disclosed within Ausenco's Appendix 4E and 2014 Annual Financial Report; and
- in the fourth column of the table below, have been extracted from the audited financial statements of Ausenco for the year ended 31 December 2013 as disclosed within Ausenco's Appendix 4E and 2013 Annual Financial Report.

	31 December 2015 \$'000	31 December 2014 \$'000	31 December 2013 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8,690	22,497	37,567
Trade and other receivables	27,431	46,088	64,284
Unbilled revenue	19,226	23,837	30,757
Current tax receivables	6,815	6,555	6,387
Other current assets	4,735	6,201	7,975
Total current assets	66,897	105,178	146,970
Non-current assets			
Investments in joint ventures and associations	4,557	4,082	3,589
Property, plant and equipment	10,518	17,025	21,560
Intangible assets	148,879	186,336	204,128
Deferred tax assets	36,788	39,887	31,478
Other non-current assets	6	81	334
Total non-current assets	200,748	247,411	261,089
Total assets	267,645	352,589	408,059
LIABILITIES			
Current liabilities			
Trade and other payables	27,049	28,013	44,315
Billings in advance	5,743	3,120	7,554
Borrowings	60,954	18,574	40,988
Current tax liabilities	1,188	3,855	4,613
Provisions	14,261	16,881	20,572
Other current liabilities	1,774	1,454	3,570
Total current liabilities	110,969	71,897	121,612
Non-current liabilities			
Borrowings	814	47,053	21,327
Deferred tax liabilities	421	289	51
Provisions	3,101	2,212	1,170
Other non-current liabilities	2,522	4,365	5,438
Total non-current liabilities	6,858	53,919	27,986
Total liabilities	117,827	125,816	149,598
Net assets	149,818	226,773	258,461
EQUITY			
Contributed equity	256,946	246,181	245,841
Other reserves	(39,651)	(37,986)	(31,314)
Retained earnings / (Accumulated losses)	(67,477)	18,578	43,934
Total equity	149,818	226,773	258,461

(d) Consolidated statement of cash flows

Set out below is a summary of Ausenco's consolidated statements of cash flows as at 31 December 2015, 31 December 2014 and 31 December 2013.

The summarised historical consolidated statements of cash flow of Ausenco which are set out:

- in the second column of the table below, have been extracted from the audited financial statements of Ausenco for the year ended 31 December 2015 as disclosed within Ausenco's Appendix 4E and 2015 Annual Financial Report;
- in the third column of the table below, have been extracted from the audited financial statements of Ausenco for the year ended 31 December 2014 as disclosed within Ausenco's Appendix 4E and 2014 Annual Financial Report; and
- in the fourth column of the table below, have been extracted from the audited financial statements of Ausenco for the year ended 31 December 2013 as disclosed within Ausenco's Appendix 4E and 2013 Annual Financial Report.

	31 December 2015 \$'000	31 December 2014 \$'000	31 December 2013 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	300,457	419,265	563,257
Payments to suppliers and employees (inclusive of GST)	(311,066)	(422,724)	(543,090)
	(10,609)	(3,459)	20,167
Interest received	347	712	627
Borrowing costs paid	(4,391)	(5,005)	(4,017)
Income taxes paid	(1,466)	(1,455)	(7,732)
Net cash outflow from operating activities	(16,119)	(9,207)	9,045
Cash flows from financing activities			
Payments for acquisition of businesses	-	(700)	(16,325)
Payments for property, plant and equipment	(184)	(1,364)	(2,068)
Payments for intangibles	(1,272)	(1,043)	(7,793)
Proceeds from disposal of non-current assets	-	90	-
Net cash outflow from investing activities	(1,456)	(3,017)	(26,186)
Cash flows from financing activities			
Proceeds from issues of equity	10,685	-	28,963
Proceeds from borrowings	6,463	5,434	-
Repayment of borrowings	(13,827)	(8,862)	(9,477)
Transactions with non-controlling entities	-	-	(1,251)
Dividends paid to non-controlling interests in subsidiaries	-	(341)	-
Dividends paid to company shareholders	-	-	(14,947)
Net cash inflow (outflow) from financing activities	3,321	(3,769)	3,288
Net decrease in cash and cash equivalents	(14,254)	(15,993)	(13,853)
Cash and cash equivalents at the beginning of the financial year	22,497	37,567	51,442
Effects of exchange rate changes on cash and cash equivalents	447	923	(22)
Cash and cash equivalents at end of year	8,690	22,497	37,567

(e) Material changes in Ausenco's financial position since Ausenco's Appendix 4E and 2015 Financial Report

On 11 July 2016, Ausenco provided a trading update for the second quarter of 2016 which noted the following:

- the unaudited 2016 second quarter revenue of \$44 million was below Ausenco's expectations for the period;
- the Ausenco Board revised its revenue guidance for the year ending 31 December 2016 to a range between \$230 million and \$240 million;
- the Ausenco Board currently expects non-cash adjustments for the half year from 31 December 2015 to 30 June 2016 to be in the range of \$40 million and \$50 million; and
- a further \$10 million has been drawn on the Bridge Debt provided by RCF, taking the total amount drawn under the Bridge Debt to \$20 million at 11 July 2016.

For further information about the trading update, please refer to Ausenco's ASX announcement dated 11 July 2016.

4.10 Publicly available information about Ausenco

(a) Continuously disclosing entity

Ausenco is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Ausenco is subject to the Listing Rules which require (subject to some exceptions) continuous disclosure of any information Ausenco has that a reasonable person would expect to have a material effect on the price or value of Ausenco Shares.

ASX maintains files containing publicly disclosed information about all listed companies. Information disclosed to ASX by Ausenco is available at www.asx.com.au.

ASIC also maintains a record of documents lodged with it by Ausenco, and these may be obtained from, or inspected at, any office of ASIC.

Ausenco Shareholders may obtain a copy of:

- the Ausenco 2015 Annual Financial Report (being the full financial report most recently lodged with ASIC before registration of this Scheme Booklet with ASIC); and
- any announcements given to ASX by Ausenco after the lodgement by Ausenco of the Ausenco 2015 Annual Financial Report and before the date of this Scheme Booklet,

from ASX's website (www.asx.com.au) or free of charge by calling the Ausenco Shareholder Information Line on 1800 206 847 (from within Australia), +61 1800 206 847 (from outside Australia) Monday to Friday between 8.30am and 5.30pm (AEST).

A list of announcements made by Ausenco to ASX from 26 February 2016 (being the date on which Ausenco lodged its 2015 Financial Report and Appendix 4E with ASX) to the Last Practicable Date is contained below. Ausenco Shareholders may obtain further announcements concerning Ausenco from ASX's website (www.asx.com.au).

A substantial amount of information about Ausenco is also available in electronic form on the Ausenco website at www.ausenco.com.

(b) Recent Ausenco announcements

The following table lists announcements made to the ASX by Ausenco over the period between 26 February 2016 to the Last Practicable Date. These announcements may have affected the Ausenco Share price during that period.

Date	Event
11/07/2016	2016 Second Quarter Trading Update
06/07/2016	Appendix 3B
06/07/2016	Change in substantial holding
05/07/2016	Ceasing to be a substantial holder
22/06/2016	Appendix 3B
21/06/2016	Ausenco CFO change
20/06/2016	Change in substantial holding
16/06/2016	Change in substantial holding
14/06/2016	Ausenco and RCF enter into Scheme Implementation Agreement
06/06/2016	Appendix 3B
02/06/2016	Appendix 3B
23/05/2016	Appendix 3B
11/05/2016	2016 First Quarter Trading Update
10/05/2016	Ausenco commences \$91 million EPC with Atlantic Gold
05/05/2016	2016 AGM Results
05/05/2016	2016 AGM - CEO's Address
05/05/2016	2016 AGM - Chairman's Address
05/05/2016	2016 AGM Presentation
02/05/2016	Indicative non-binding proposal from RCF to privatise AAX
15/04/2016	Refinancing Update
13/04/2016	Change in substantial holding
12/04/2016	Appendix 3B - Convertible Facility Interest Payment
08/04/2016	2015 Annual Report
08/04/2016	2016 AGM - Notice of meeting and proxy form
29/03/2016	Extraordinary General Meeting - Results of EGM
29/03/2016	EGM - Chairman's Address
07/03/2016	Response to ASX Price Query
29/02/2016	EGM Notice of Meeting and Proxy Form
26/02/2016	2015 Full Year Results - Presentation
26/02/2016	2015 Full Year Results - Media Release
26/02/2016	2015 Financial Report and Appendix 4E

5 Profile of RCF



This section 5 has been prepared by RCF. The information concerning RCF and the intentions, views and opinions contained in this section 5 are the responsibility of RCF. Ausenco and its advisers do not assume any responsibility for the accuracy or completeness of the information included in this section 5.

5.1 Overview of RCF

(a) RCF

Resource Capital Fund VI L.P. (**RCF**), is a US based private equity fund formed on 8 February 2013.

RCF is a Cayman Islands exempted limited partnership.

The limited partners of RCF comprise more than 100 investors, predominantly institutional investors such as university endowments, foundations and charitable trusts resident in the US. No investor in RCF holds a 5% or greater beneficial interest in RCF.

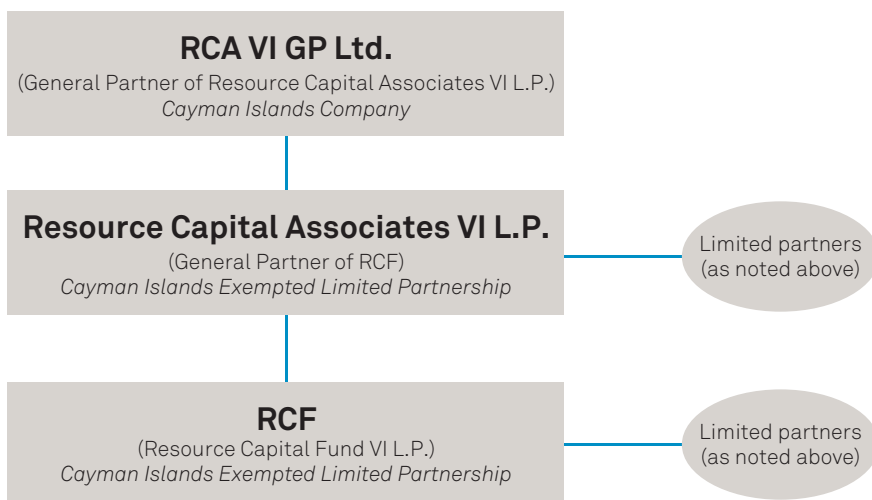
The general partner of RCF is Resource Capital Associates VI L.P. which is also a Cayman Islands exempted limited partnership.

The limited partners of Resource Capital Associates VI L.P. consist of current and former employees of RCF Management L.L.C. (**RCF Management**) (or entities controlled by them) all of whom are residents of the US, Australia or Canada.

The general partner of Resource Capital Associates VI L.P. is RCA VI GP Ltd, an exempted company incorporated in the Cayman Islands with limited liability.

The directors and shareholders of RCA VI GP Ltd are the following individuals or entities associated with them: Mr James T. McClements (Australian resident), Mr Henderson (Hank) G. Tuten (US resident and non-executive director of Ausenco), Mr Ryan T. Bennett (US resident), Mr Ross R. Bhappu (US resident), Mr Russell L. Cranswick (US resident) and Ms Sherri A. Croasdale (US resident).

The following is a diagrammatic representation of the relevant structure for the purposes of the Scheme.



(b) RCF's principal activities and operations

RCF has a mandate to make investments in mining companies and mining services companies across a diversified range of hard mineral commodities and geographic regions. RCF invests in development and growth stage companies. RCF provides bridging financing and convertible loans, and participates in equity placements in those companies.

Examples of some of RCF's current Australian investments include Wolf Minerals Limited, MZI Resources Ltd, Vimy Resources Limited and Global Advanced Metals Pty Ltd.

(c) Management of RCF

RCF is managed by RCF Management, a Delaware registered limited liability company. Established in 1998, RCF Management advises private equity funds with assets under management of US\$2.4 billion as of 31 March 2016. RCF Management has its principal office in Denver, Colorado.

In Australia, RCF Management's wholly-owned Australian subsidiary, Resource Capital Funds Management Pty Ltd, provides services to RCF Management and is located in Perth, Western Australia.

Further information about Resource Capital Funds is available at www.resourcecapitalfunds.com.

(d) Ownership of RCF Management

The owners of RCF Management are the shareholders of RCA VI GP Ltd, the general partner of RCF or entities associated with them (see section 5.1(a)).

5.2 RCF's rationale for acquiring Ausenco

RCF believes Ausenco has highly skilled engineering capabilities, providing services across a diverse array of sectors and has an established global geographical footprint. Ausenco also has strong exposure and focus on the natural resources industry, aligning well with RCF's investment mandate.

RCF has been a long-term investor in Ausenco, becoming a substantial shareholder in January 2015 with a 5.27% interest in Ausenco. Despite Ausenco's strong capabilities and well regarded management team, Ausenco is operating in a challenging market for mining services and RCF is of the view that a private structure is more appropriate for a business of this nature, particularly given the significant uncertainty for Ausenco to service or repay its existing indebtedness and pursue growth initiatives under its current structure.

RCF believes that, under a private structure, it will be able to support Ausenco in capturing growth opportunities, ensuring there is the balance sheet capacity and credit support to both provide services to existing customers and tender for further work. RCF also believes that there may be future opportunities to explore other growth initiatives for Ausenco.

5.3 Funding of the Scheme Consideration

If the Scheme becomes Effective, in consideration of the transfer of each Scheme Share to RCF, RCF will pay, or procure the provision of, the Scheme Consideration, to Scheme Shareholders in accordance with the terms of the Scheme and the Deed Poll.

Based on:

- Ausenco's issued share capital as at the date of this Scheme Booklet;
- the maximum number of Ausenco Performance Rights that may vest on or before the Effective Date;
- the number of Excluded Shares; and
- the Scheme Consideration of \$0.40 per Scheme Share,

the maximum amount of cash required to be paid by RCF to Scheme Shareholders under the Scheme is \$48 million (**Aggregate Scheme Consideration**).

RCF has obtained all internal approvals to fund the Aggregate Scheme Consideration from its available committed capital, up to \$48 million of which is presently allocated for that purpose.

5.4 RCF's intentions if the Scheme is implemented

RCF's intention is to acquire control of Ausenco following implementation of the Scheme. This section 5.4 outlines the specific intentions of RCF concerning Ausenco if the Scheme becomes Effective.

(a) Strategic review

In addition to publicly available information, RCF and its advisers have reviewed certain other information that has been made available to it by Ausenco.

If the Scheme is implemented, RCF intends to work with Ausenco management to conduct a full review of Ausenco's operations, covering strategic and financial matters. The review will seek to identify areas and opportunities by which the business may be improved.

(b) Operations and growth opportunities

As at the date of this Scheme Booklet, RCF does not intend to alter the operational structure of Ausenco post-implementation of the Scheme.

RCF is supportive of the business and wants to ensure it is on sound financial footing, as demonstrated by its position as a long-term substantial shareholder, the provision of the cornerstone financing package (announced by Ausenco to the ASX on 1 February 2016), the acquisition by RCF of Ausenco's indebtedness to ANZ and NAB (announced by Ausenco to the ASX on 15 April 2016) and the provision of a cash facility (announced by Ausenco to the ASX on 11 May 2016). Further detail of the financial support provided to Ausenco by RCF is set out in section 8.2.

RCF believes there are growth opportunities available to Ausenco, but that Ausenco is constrained from fully pursuing these under its current structure. RCF anticipates that a private structure will enable Ausenco to pursue growth opportunities and assist Ausenco to be more competitive when tendering for new projects.

(c) Board of directors

Following the implementation of the Scheme, RCF intends to consider the composition of the Ausenco Board and the ongoing requirement to retain non-executive directors, having regard to their specific areas of expertise.

(d) Employees

RCF considers the skills and values that Ausenco employees display have helped Ausenco achieve its position as a global engineering and project services provider.

RCF views Ausenco's employees as an integral part of the business and certain key management personnel (including Chief Executive Officer Mr Zimi Meka) and non-executive directors Mr Bob Thorpe and Mr Hank Tuten (none of whom are members of the IBC) have entered into the Commitment Deed with RCF whereby they will retain their Ausenco Shares (see section 5.6 for more information about the Commitment Deed).

It is RCF's intention to retain Ausenco's employees post implementation of the Scheme, subject to the outcomes of the strategic review undertaken and described in section 5.4(a).

(e) Financial matters

Following implementation of the Scheme, RCF will review Ausenco's financial and dividend distribution policies as necessary to align them with the acknowledgments provided by the parties to the Commitment Deed that no dividends will be paid by Ausenco for at least 3 years from the Implementation Date.

With respect to Ausenco's future capital requirements, RCF may consider providing further capital to Ausenco post implementation, subject to the terms being agreed.

(f) Delisting

Following the implementation of the Scheme, Ausenco will seek to be removed from the official list of the ASX in accordance with the terms of the Scheme (see section 2.12 for more details).

(g) Intentions generally

Except for the intentions set out in this section 5.4, RCF has no current intention to make major changes to, or dispose of any parts of, Ausenco's business or redeploy any of Ausenco's assets. It is intended to keep Ausenco within the context of RCF's operations as described in section 5.1 above if the Scheme is implemented.

5.5 RCF's interests in Ausenco Securities

(a) Interests in Ausenco Securities

As at the date of this Scheme Booklet, RCF has:

- a Relevant Interest in 10,728,807 Ausenco Shares, representing voting power (as defined the Corporations Act) of 5.70%; and
- a substantial holding (as defined in the Corporations Act) of 75,067,487 Ausenco Shares (including the 10,728,807 Ausenco Shares noted above) representing voting power (as defined in the Corporations Act) of 39.87% as a result of the restrictions imposed by the Commitment Deed on the Committed Shareholders' ability to dispose of their Ausenco Shares (see section 5.6(a)). Pursuant to section 609(7) of the Corporations Act, RCF does not currently have a Relevant Interest in the Ausenco Shares held by the Committed Shareholders.

The above interests have been previously disclosed by RCF to the ASX in substantial holding notices.

(b) Dealings in Ausenco Securities in previous four months

Except as described in section 5.6 or below, during the period of four months ending on the date immediately before the date of this Scheme Booklet, neither RCF nor any of its associates has provided, or agreed to provide, consideration for any Ausenco Shares under any purchase or agreement.

Ausenco issued 584,413 Ausenco Shares to RCF on 12 April 2016 and 577,312 Ausenco Shares to RCF on 7 July 2016 to satisfy quarterly interest payments due to RCF under the Convertible Facility Agreement between Ausenco and RCF dated 1 February 2016 (see section 8.2(a) for more detail).

(c) Benefits to holders of Ausenco Securities

Except as described in this Scheme Booklet, during the four months ending on the date immediately before the date of this Scheme Booklet, neither RCF nor any of its associates has given, offered to give or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- vote in favour of the Scheme or the EGM Resolution; or
- dispose of Ausenco Shares,

where the benefit was not offered to all Ausenco Shareholders.

5.6 Commitment Deed and Committed Shareholders

On 14 June 2016, RCF, Duro Felguera, S.A. (a substantial shareholder in Ausenco) and certain key management personnel of Ausenco (including Chief Executive Officer Mr Zimi Meka and non-executive directors Mr Bob Thorpe and Mr Hank Tuten, none of whom are members of the IBC) entered into the Commitment Deed for the purposes of setting out the terms on which the Committed Shareholders will retain their Ausenco Shares and remain Ausenco Shareholders following the Implementation Date.

A copy of the Commitment Deed is annexed to RCF's substantial holder notice (Form 604) dated and filed with the ASX on 16 June 2016.

The key terms of the Commitment Deed are summarised below.

(a) Restrictions

Each Committed Shareholder has agreed that it will not dispose of any Ausenco Shares (including any Ausenco Shares issued to a Committed Shareholder on vesting of Ausenco Performance Rights) without RCF's written consent until the earliest to occur of:

- the date which is three months after the date of the Commitment Deed;
- if the EGM Resolution is put to Ausenco Shareholders at the EGM but is not approved by Ausenco Shareholders, the conclusion of that meeting; and
- termination of the Commitment Deed.

However, if the EGM Resolution is passed at the EGM or ASIC provides an ongoing exemption, the disposal restriction will continue to apply until Ausenco, RCF and each of the Committed Shareholders have entered into a shareholders deed governing the future management, control and financing of the Ausenco Group (**Ongoing Restriction Period**). The shareholders deed will only be entered into in circumstances where the Scheme is approved.

Each Committed Shareholder and Covenantor has also undertaken that, from the date of the Commitment Deed until the later of its termination and the end of the Ongoing Restriction Period, it will:

- not acquire, agree to acquire or make an offer to acquire any Ausenco Shares, or cause or procure any of those things on behalf of itself or Related Persons (other than upon the vesting of Ausenco Performance Rights granted prior to the date of the Commitment Deed); and
- immediately inform RCF if it, or any of its Related Persons, is approached to discuss a Competing Transaction (except to the extent such disclosure would be contrary to fiduciary duties or Ausenco-imposed restrictions or protocols applicable to that Committed Shareholder or Covenantor).

Notwithstanding the above, following the Implementation Date certain Committed Shareholders may sell their Ausenco Shares to RCF in the limited circumstances where the sale is required to fund a tax liability as a result of the vesting of their Ausenco Performance Rights.

(b) Treatment of Ausenco Performance Rights held by Committed Shareholders

Pursuant to the Commitment Deed, the Committed Shareholders have also agreed:

- to the variation of the terms of their Ausenco Performance Rights; and
- that any Ausenco Shares issued to them upon vesting of their Ausenco Performance Rights will also be subject to the disposal restrictions set out in section 5.6(a) above.

In accordance with the terms of the Scheme Implementation Agreement, the Ausenco Board (via the IBC) has exercised its discretion to vary the terms of the Ausenco Performance Rights held by the Committed Shareholders and a waiver has been obtained from Listing Rule 6.23.3 to facilitate this (see section 8.10 for more information regarding the waiver granted).

Accordingly, the Ausenco Performance Rights held by Committed Shareholders will be treated in the manner set out below.

All Pre-2016 Performance Rights held by Committed Shareholders that have not vested by the Effective Date will vest following the Effective Date and prior to the Record Date. In accordance with the Scheme Implementation Agreement, any Ausenco Shares issued to a Committed Shareholder pursuant to the vesting of Pre-2016 Performance Rights are subject to the Commitment Deed and deemed to be Excluded Shares.

Subject to the Scheme becoming Effective, in respect of the 2016 Performance Rights:

- 25% of the 2016 Performance Rights held by each Committed Shareholder will be cancelled for no consideration; and
- 75% of the 2016 Performance Rights held by each Committed Shareholder will have the requirement to pay the \$0.10 exercise price waived and will vest following the Effective Date and before the Record Date on a 1:1 basis.

(c) Conduct of the Scheme

Each Committed Shareholder and Covenantor has agreed, at its own expense, to do all things reasonably requested by RCF to give effect to the Scheme and the transactions contemplated by it (including obtaining consents, signing and producing documents and getting documents completed and signed and supplying information). In particular, the Committed Shareholders and Covenantors will not do anything with the intent or likely effect that the EGM Resolution is not passed within the required timeframes.

(d) Shareholders deed

The Committed Shareholders and the Covenantors have agreed to negotiate in good faith with RCF to agree the terms of a shareholders deed to be entered into between Ausenco, RCF and each of the Committed Shareholders and Covenantors by no later than 1 month following the Implementation Date.

It is intended that the shareholders deed will contain provisions that are usual and customary in arrangements of that nature, including restrictions on the transfer of Ausenco Shares, drag and tag along rights, exit rights, pre-emptive rights, non-compete restrictions and other provisions regarding the composition of the board. To the extent a shareholders deed cannot be agreed, the Commitment Deed contains several clauses that will continue to apply to RCF and each of the Committed Shareholders, including drag and tag rights, exit events, pre-emptive rights and non-compete restrictions.

(e) Costs

Subject to the below, the parties to the Commitment Deed agree to pay their own costs and expenses in connection with the preparation, execution and completion of the Commitment Deed and implementation of the Scheme.

Except where the Scheme does not proceed as a result of a Competing Transaction that is consummated and results in the Committed Shareholders receiving value (in the form of cash, securities or otherwise) for their Ausenco Shares, RCF will reimburse legal, accounting and tax advice costs and expenses reasonably incurred by the Committed Shareholders (other than Duro Felguera) in connection with the preparation, execution and completion of the Commitment Deed and implementation of the Scheme up to a maximum amount of \$150,000 (excluding GST).

(f) Termination

The Commitment Deed will terminate automatically:

- if the EGM Resolution has not been passed within three months of the date of the Commitment Deed;
- if the Scheme Implementation Agreement is terminated; or
- upon the shareholders deed described in section 5.6(d) taking effect.

Certain provisions of the Commitment Deed survive termination (for instance, certain representations and warranties given by the parties and confidentiality restrictions).

5.7 Information about the EGM Resolution

(a) Background to the EGM Resolution

It is a Condition Precedent of the Scheme Implementation Agreement that the EGM Resolution is approved by Scheme Shareholders for the purposes of item 7 of section 611 of the Corporations Act.

The EGM Resolution seeks Ausenco Shareholder approval for the acquisition by RCF of a Relevant Interest in:

- the Ausenco Shares held by the Committed Shareholders as a result of the Commitment Deed; and
- the Ausenco Shares to be issued as a result of the conversion of the Secured Debt into 97,000,000 Ausenco Shares and, if RCF so elects, the conversion of all or part of the Bridge Debt into Ausenco Shares at a price of \$0.40 per Ausenco Share (**Debt Conversion**).

If the Scheme Shareholders do not approve the EGM Resolution the Scheme will not proceed and the Scheme Shareholders will not be provided with the Scheme Consideration unless RCF chooses to waive this Condition Precedent. If RCF chooses to waive this Condition Precedent, the Scheme Meeting will be adjourned.

However, it should be noted that, if the EGM Resolution is passed but the Scheme does not become Effective (either because the EGM Resolution is not passed, another Condition Precedent to the Scheme is not satisfied or waived (if applicable) or the Court does not approve the Scheme), then Scheme Shareholders will not receive the Scheme Consideration, notwithstanding that the EGM Resolution has been passed by Scheme Shareholders.

(b) Effect of the EGM Resolution

Relevant Interest acquired pursuant to the Commitment Deed

The EGM Resolution relates, in part, to the Commitment Deed entered into between certain of Ausenco's key management personnel and a substantial shareholder, Duro Felguera, S.A. (being the Committed Shareholders and their Covenants). As a result of the Commitment Deed, the Committed Shareholders will remain Ausenco Shareholders following implementation of the Scheme.

RCF would ordinarily obtain a Relevant Interest in the Ausenco Shares held by the Committed Shareholders as a result of entering into the Commitment Deed because it restricts the ability of the Committed Shareholders to dispose of their Ausenco Shares. However, item 7 of section 611 and section 609(7) of the Corporations Act allows the acquisition of a Relevant Interest in Ausenco Shares in the manner referred to above to take place (without there being a breach of the 20% threshold in section 606(1) of the Corporations Act) provided:

- the EGM Resolution is approved by Scheme Shareholders; and
- such approval is given by 14 September 2016, being not later than three months after the date of the Commitment Deed.

The effect of the EGM Resolution is to approve the acquisition of a Relevant Interest in Ausenco Shares by RCF under the Commitment Deed for this purpose.

For further information on the Commitment Deed, see section 5.6.

Relevant Interest acquired upon Debt Conversion

In accordance with the terms of the Scheme Implementation Agreement, Ausenco and RCF have agreed that following implementation of the Scheme, the parties will do all things necessary and convenient to convert the Secured Debt into 97,000,000 Ausenco Shares and, if RCF elects, also convert the Bridge Debt into Ausenco Shares at a price of \$0.40 per Ausenco Share (see section 8.2 for further details in relation to the Secured Debt and Bridge Debt). As the Debt Conversion will further increase RCF's voting power in Ausenco, Ausenco Shareholder approval is being sought for the Debt Conversion as part of the EGM Resolution.

(c) Voting on the EGM Resolution

As the Scheme is conditional on the EGM Resolution being passed and given that the IBC unanimously recommends Ausenco Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal (see section 1.2 for further details regarding the IBC's recommendation), they also unanimously recommend that Scheme Shareholders vote in favour of and approve the EGM Resolution, in the absence of a Superior Proposal.

In the Independent Expert's Report, the Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Scheme Shareholders, in the absence of a Superior Proposal.

The Scheme will not proceed if the EGM Resolution is not approved (subject to RCF's discretion to waive this Condition Precedent). Approval of the EGM Resolution will be sought from the Scheme Shareholders at the EGM that has been convened to be held on 25 August 2016. The EGM Resolution will be passed if more than 50 per cent of the votes that are cast on the resolution are in favour of it. The Excluded Shareholders cannot cast a vote in favour of the EGM Resolution.

(d) Additional information relating to the EGM Resolution

The following additional information is provided in accordance with the requirements of item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74.

The identity of the person proposing to acquire the relevant interests the subject of the EGM Resolution, together with their associates	<p>The proposed acquirer of the Relevant Interest in Ausenco Shares under the Commitment Deed and the Debt Conversion is RCF.</p> <p>Each of the Committed Shareholders are associates of RCF with respect to Ausenco in accordance with section 12(2)(b) of the Corporations Act as a result of the Commitment Deed.</p>
The maximum extent of the increase in that person's voting power in Ausenco that would result from the acquisition	<p>Prior to entry into the Commitment Deed, RCF had a Relevant Interest in 10,151,495 Ausenco Shares and voting power of 5.46%.</p> <p>If the EGM Resolution is passed, RCF will acquire a Relevant Interest in 64,338,680 Ausenco Shares held by Committed Shareholders pursuant to the Commitment Deed and will have voting power of 39.87%.</p> <p>If the EGM Resolution is passed and the Scheme becomes Effective, Ausenco will issue Ausenco Shares to Committed Shareholders upon the vesting and exercise of Ausenco Performance Rights held by them which will become subject to the Commitment Deed and, as a result, RCF will acquire a further Relevant Interest in 4,438,751 Ausenco Shares at that time, taking RCF's voting power to 39.99%.¹⁶</p> <p>If the EGM Resolution is passed, RCF will be authorised to acquire a Relevant Interest in:</p> <ul style="list-style-type: none">• 97,000,000 Ausenco Shares pursuant to the conversion of the Secured Debt; and• 50,000,000 Ausenco Shares pursuant to the conversion of the principal of the Bridge Debt (if RCF elects to convert all of the principal of the Bridge Debt into Ausenco Shares), <p>and in conjunction with its Relevant Interest under the Commitment Deed and in Ausenco Shares acquired under the Scheme, its maximum voting power will increase to 100.00%.</p> <p>In addition, as explained in section 8.2, RCF may also acquire a further Relevant Interest in up to a maximum of 29,758,362 Ausenco Shares pursuant to the conversion of outstanding principal under the Convertible Facility Agreement.</p> <p>RCF will disclose any increase of more than 1% in its voting power (as defined in the Corporations Act) in Ausenco in accordance with the requirements of the Corporations Act.</p>
The voting power that person would have as a result of the acquisition	<p>RCF will have a maximum voting power in Ausenco of 100.00% as a result of the acquisition of Relevant Interests under the Commitment Deed (including upon vesting of Ausenco Performance Rights held by Committed Shareholders) and following the Debt Conversion and the other transactions contemplated by the Scheme which will take effect upon implementation.</p>
The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition and the voting power that each of that person's associates would have as a result of the acquisition	<p>Each of the Committed Shareholders are associates of RCF with respect to Ausenco in accordance with section 12(2)(b) of the Corporations Act as a result of the Commitment Deed. As a result of this association, each Committed Shareholder's voting power in Ausenco will increase to a maximum of 100% as a result of RCF's acquisition of a Relevant Interest under the Commitment Deed.</p>
Reasons for the proposed acquisition	<p>As detailed elsewhere in this section 5, the Commitment Deed was entered into to ensure certain members of Ausenco's key management (and their associated entities) and Duro Felguera, remained Ausenco Shareholders following implementation of the Scheme.</p> <p>In addition, RCF's Relevant Interest will increase as a result of the Debt Conversion.</p>

¹⁶ Voting power based on the assumption that all non-Committed Shareholders accept a PR Offer (see section 8.4(b)), resulting in 25% of 2016 Performance Rights being cancelled and 75% of 2016 Performance Rights vesting and converting into Ausenco Shares that are subject to the Scheme.

When the proposed acquisition will occur	<p>With respect to the Commitment Deed, the acquisition will occur at the conclusion of the EGM, if the EGM Resolution is passed, and also on a date not later than the Record Date when Ausenco Shares are issued upon vesting and exercise of Ausenco Performance Rights.</p> <p>With respect to the Debt Conversion, the acquisition will occur following the Implementation Date.</p>
Material terms of the proposed acquisition	<p>See section 5.6 in relation to the acquisition pursuant to the Commitment Deed and clause 11 of the Scheme Implementation Agreement (a copy of the Scheme Implementation Agreement is attached to Ausenco's ASX announcement of 14 June 2016) in relation to the acquisition pursuant to the Debt Conversion.</p>
Acquirer's intentions regarding the future of the target entity if members approve the acquisition	<p>See section 5.4.</p>
Interests that any director has in the acquisition or any relevant agreement	<p>Each of:</p> <ul style="list-style-type: none"> • Mr Hank Tuten and an entity controlled by him; • Mr Bob Thorpe and entities controlled by him; and • Mr Zimi Meka and entities controlled by him, <p>are parties to the Commitment Deed.</p>

6 Risk Factors



6.1 Introduction

In considering the Scheme Resolution and EGM Resolution, you should be aware that there are a number of general risk factors as well as risks specific to Ausenco and/or the industries in which it operates, which could materially adversely affect the future operating and financial performance of Ausenco, the value of Ausenco Shares and future dividends. Many of these risks, while currently relevant to Ausenco Shareholders, will only continue to be relevant to Ausenco Shareholders (other than Excluded Shareholders) if the Scheme does not proceed and you retain your current investment in Ausenco.

If the Scheme proceeds, Ausenco Shareholders (other than Excluded Shareholders) will receive the Scheme Consideration, cease to be an Ausenco Shareholder and no longer be exposed to the risks set out in this section 6. If the Scheme proceeds, Excluded Shareholders will remain exposed to the risks set out in this section 6.

This section 6 describes principal risks associated with Ausenco's business and risks associated with continuing to hold Ausenco Shares. While some of these risks can be mitigated, some are out of the control of Ausenco and the Ausenco Directors and cannot be mitigated. In particular, there are a number of risks associated with movements in commodity prices which affect Ausenco's business and its revenue and profitability which cannot be mitigated by Ausenco.

The outline of the risks set out in this section 6 is a summary only and should not be considered exhaustive. This section 6 does not purport to list every risk that may be associated with continuing to hold Ausenco Shares now or in the future. Further, the occurrence or consequences of some of the risks described in this section 6 may be partially or completely outside the control of Ausenco, its directors and senior management team.

These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of Ausenco Shareholders. Before deciding how to vote in relation to the Scheme Resolution and the EGM Resolution, you should have a sufficient understanding of these matters, having regard to your own individual risk profile, portfolio strategy, investment objectives, financial circumstances and taxation position. If you do not understand any part of this Scheme Booklet or are in any doubt as to how to vote in relation to the Scheme Resolution or the EGM Resolution, it is recommended that you seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser before deciding how to vote.

You should carefully consider the risk factors discussed in this section 6, as well as the other information contained in this Scheme Booklet before voting on the Scheme Resolution and the EGM Resolution.

6.2 General market risks

Like many listed companies, Ausenco is exposed to a number of general risks that could materially adversely affect its financial position, assets and liabilities, reputation, profits, prospects and the market price and/or value of Ausenco Shares.

These could include any or all of the following:

- fluctuations in economic conditions in Australia and internationally, including fluctuations in economic growth, interest rates, exchange rates, the level of inflation and employment levels;
- fluctuations in Australian and overseas stock markets;
- changes in government fiscal, monetary, regulatory and foreign policy in relevant jurisdictions and changes to political or judicial policies or conditions (including the impact of referendums in relevant jurisdictions);
- increases in expenses (including wage inflation);
- changes to accounting or financial reporting standards; and
- natural disasters and catastrophic events.

6.3 Specific risks relating to Ausenco and/or the industries in which it operates

(a) Project and contract risk

Ausenco derives the majority of its revenue from a concentrated number of substantial contracts which may be terminated, delayed or incur unforeseen costs in performance (including delayed payment terms) which may not be recoverable.

There is no guarantee Ausenco can maintain or grow the volume of its projects and its project pipeline going forward. This may also be negatively impacted by factors beyond Ausenco's control, including a fall in commodity prices, financing limitations or a decline in industry growth which may result in clients delaying and/or cancelling contracts and projects. This risk is accentuated when Ausenco has engaged and mobilised personnel to commence working on the project prior to the delay or cancellation.

Ausenco is also potentially subject to warranty claims which may expose it to reperformance or additional costs.

Additionally, the cost and availability of plant, equipment and construction materials may affect profitability.

Ausenco is particularly exposed to risk in circumstances where it has agreed to a lump sum turnkey (**LSTK**) or EPC contract. These contracts carry more risk compared to an EPCM contract. This is because under LSTK or EPC contracts, Ausenco's obligations would include carrying out a detailed engineering design of a project, procuring the equipment and materials necessary to complete the project and undertaking construction to deliver a functioning facility or asset. In these circumstances, Ausenco is exposed to cost and performance risks in relation to the project and may suffer loss in the event expenses exceed anticipated costings for the project or a project fails to perform to specified standards. Under EPCM contracts, Ausenco receives a fee for the provision of services and accordingly is not exposed to the cost and performance risks inherent in LSTK or EPC contracts. Less than 25% of Ausenco's expected revenue for FY16 is expected to be generated from LSTK or EPC contracts.

In most instances, clients have the power to terminate contracts entered into with Ausenco by giving written notice. If one or more significant relationships end, there may be a significant decrease in Ausenco's revenue.

(b) Client risk and decreased demand for Ausenco services

The majority of Ausenco's clients are involved in the mining and minerals processing industry. The performance of these industries continues to be uncertain.

The demand for and the prices of mineral commodities can be both cyclical and very volatile and can influence the demand for the services offered by Ausenco to its clients. Although Ausenco has a diverse client base, the mining and minerals processing industry cycles in Australia and overseas may have an adverse impact on Ausenco's financial performance. The loss of major clients through industry downturns or for any other reason (including due to major project delays or cancellations) could also impact the earnings of Ausenco.

The uncertain performance of the mining and minerals processing industries can adversely impact on the ability of clients to pay for Ausenco's services resulting in extended payment terms, or delays or defaults in payments by clients for Ausenco's services, which may have a material adverse effect on Ausenco's revenues and profitability.

A decreased demand for Ausenco's services may result in a reduction in work available and/or an inability to increase employee utilisation rates (or a fall in those rates), or lead to work being offered on less favourable terms (including longer payment terms). This would adversely affect Ausenco's future performance, including through lower fees or margins or asset impairments, reduced cash flow from operations and financing challenges.

(c) Cash flow risk and liquidity

Ausenco's ability to service its debt (including the Bridge Debt and Secured Debt) and other obligations depends on the future performance and cash flow of its business which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond Ausenco's and the Ausenco Board's control.

This risk is highlighted by that fact that if the Scheme does not proceed, Ausenco will need to take action in relation to the repayment or renegotiation of its Secured Debt, for which RCF is the sole primary lender, prior to the debt's maturity.¹⁷ There are a range of potential risks and outcomes associated with the resolution of Ausenco's Secured Debt. In the circumstances in which the Scheme does not proceed, it is reasonable to expect that Ausenco would be required to make a significant debt repayment, renegotiate its terms or otherwise agree alternative funding arrangements which may include a dilutive capital raising or debt for equity conversion. These outcomes may adversely affect Ausenco's financial position, performance or prospects or the value of Ausenco Shareholders' investment in the company. Ausenco Shareholders are strongly encouraged to read the relevant sections of this Scheme Booklet in relation to this particular issue (in particular, section 8.2).

More generally, cash flows can vary and Ausenco's business will continue to be subject to fluctuations which may mean Ausenco's business may not generate sufficient cash flow from operations to enable it to satisfy its debt and other obligations. Any inability to service existing and new debt or to secure sufficient debt funding (including to refinance on acceptable terms) may have a material adverse effect on Ausenco's financial performance, profitability and prospects.

(d) Human resource risk

Ausenco depends on the talent and experience of its employees and professional services contractors as its primary asset and in order to maintain its credentials in the fields in which it operates.

It is essential that appropriately skilled employees and professional services contractors be available in sufficient numbers to support the quality of Ausenco's engineering services and to maintain the diversity of its business skills. Ausenco requires employees and professional services contractors that are professionally skilled in many areas, some of which may be considered niche specialties in which few practitioners are available for recruitment. Growth in demand for skilled employees and professional services contractors in the mining industry or greater competition between industry participants may adversely impact the availability of such personnel for Ausenco.

¹⁷ Please see section 8.2 for further details regarding the RCF Financing Package, Secured Debt and Bridge Debt.

Should any of its key employees leave Ausenco, this may have a negative impact on Ausenco, its revenue growth and profitability, its relationships with clients and its ability to deliver work and win and secure new work, and may potentially reduce Ausenco's attractiveness as an employer. It may be difficult to replace key employees who have left Ausenco, or to do so in a timely manner or at comparable expense. Additionally, any key employees of Ausenco who leave to work for a competitor may adversely impact Ausenco.

Further, close attention by management to the day to day operations of the business is critical to Ausenco's performance. A failure to do this, or an inability to recruit reliable, accountable managers, would be likely to result in reduced revenues, increased costs, or a combination of both.

In summary, Ausenco's ability to attract and retain employees has a direct correlation upon its ability to deliver its project commitments and achieve forecast revenues. Additionally, increases in recruitment, wages and contractor costs may adversely impact the financial performance of Ausenco.

(e) Health, safety and security risk

While Ausenco maintains a strong focus on health and safety, Ausenco employees and professional services contractors work across many countries and undertake work in environments where risk of personal injury is present.

If Ausenco's safety performance deteriorated or there was a serious incident on one of its projects, Ausenco may suffer reputational damage, impacting its ability to win work and retain employees. In addition, if Ausenco fails to comply with the necessary occupational health and safety legislative requirements across the jurisdictions in which it operates, this could result in fines, penalties and compensation for damages. Also, a major health scare in jurisdictions in which Ausenco operates could adversely affect Ausenco's activities in that jurisdiction, thereby negatively impacting revenues and profitability.

(f) Competition risk

There are providers of engineering services working both in Australia and overseas that compete vigorously with Ausenco. Some of the providers have greater capital and resources available to them or have been established for a longer period of time in relevant locations. This competition may adversely impact Ausenco's financial performance and its ability to execute its strategies.

(g) Foreign operations and location risk

Ausenco derives a substantial proportion of its revenue from operations in foreign countries.

There are certain risks inherent in doing business on an international level, such as unexpected changes in regulatory requirements (including industrial relations, immigration and taxation laws), tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, expropriation, nationalisation and war. Ausenco's performance and/or the ability of its clients to commission work may be impacted by global tensions or the commencement of military action in the overseas markets in which it works. In addition, the risk of terrorist activity may reduce work opportunities or make it unsafe for Ausenco to continue operations in a particular country. The occurrence of natural disasters can also prevent planned work from taking place.

Ausenco may also be adversely affected by fluctuations in currency exchange rates (see below), foreign exchange controls which restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions and delays from customers, brokers or government agencies. Further, seasonal restrictions in business activity and potentially adverse tax or industrial relations consequences may also adversely impact the success of Ausenco's international operations.

In some countries, Ausenco may need to enter a joint venture or other strategic relationship with one or more third parties in order to successfully conduct its operations, and may be required by law to hold only a minority interest in any operating entity. To the extent it is a party to joint ventures, Ausenco may be subject to loss of proprietary information and other assets, risks to business practices and other strategic decisions contrary to Ausenco's interests.

In addition, any international expansion could require a significant diversion of financial and technical resources and management attention from operations in Australia. There can be no assurance that laws or administrative practices relating to taxation, foreign exchange, employment or other matters of countries in which Ausenco intends to operate will not change.

There is also a risk that Australian government policies in relation to particular regions may change, affecting trade and investment opportunities in that region.

(h) Location risk

Ausenco frequently undertakes projects in remote locations. This may involve logistical difficulties for plant, equipment and materials, as well as skilled personnel and general labour. Some locations involve inherent risk to personnel.

(i) Professional negligence and insurance risk

A significant risk for Ausenco, as for all professional service providers, is that claims of professional negligence may be made against it or one of its subsidiaries.

Ausenco maintains significant professional indemnity insurance to cover liabilities in the event of a claim of negligence. If a claim for professional negligence is successfully made against Ausenco or a subsidiary, the potential adverse impacts on Ausenco include:

- the reputation of Ausenco being adversely affected;
- the payment of excesses incurred in defending claims;
- the payment of any amount of liability that exceeds available insurance coverage; and
- an increase in future insurance premiums.

(j) Reputational risk

Ausenco's brand and reputation is important in winning contracts and generating revenues. If this brand or reputation is damaged in any way, Ausenco's ability to win contracts will be impacted, which could have an adverse effect on revenues and profitability.

Ausenco has developed a reputation in the name and mark 'Ausenco', which it uses in the services provided by it. There is a risk that any event by which Ausenco suffers a loss of reputation in one part of its business may adversely affect the other parts of Ausenco's business by virtue of the common use of the name 'Ausenco'.

Adverse publicity regarding professional negligence of engineers in other engineering services practices may have an impact on the overall reputation of the industry and accordingly, Ausenco.

(k) Technology and information system risk

Important information regarding clients, projects, work in progress and other important data is stored electronically by Ausenco. Ausenco has also invested heavily in creating and customising its own specialised and proprietary systems and software. Such information systems and software may fail, or not operate effectively. Ausenco may fail to sufficiently update its technology and this may result in a loss of business and profitability.

(l) Foreign exchange rates

Ausenco's preference is to contract international projects in the functional currency of the relevant Ausenco entity providing the service where possible, however Ausenco may incur some revenue and expenditure in other currencies. Typically under an EPCM contract, Ausenco is able to pay the effect of currency fluctuation to its clients under the terms of the contract. Where Ausenco is unable to do this or the exposure is under an LSTK or EPC contract, Ausenco will endeavour to hedge the exposure where material.

(m) Growth risk

There is a risk that Ausenco may be unable to manage its future growth and profitability successfully. Potentially significant obstacles to growth include Ausenco's cash flow and liquidity risk (including its ability to service and repay new and existing debt and secure or renegotiate sufficient debt funding on acceptable terms), fluctuations in commodity prices and the consequent potential material adverse effect on contract performance, continuation and development and Ausenco's project pipeline (amongst other things) and the ability to hire and retain skilled personnel as outlined above may be a significant obstacle to growth.

Additionally, Ausenco's growth strategy may be impacted if it is unable to find suitable mergers and acquisitions. Ausenco's due diligence processes may not be successful and a merger or acquisition may not perform to the level expected.

(n) Intellectual property risk

Ausenco's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. Such intellectual property may not be capable of being legally protected, it may be the subject of unauthorised disclosure or unlawfully infringed, or Ausenco may incur substantial costs in asserting or defending its intellectual property rights.

(o) Environmental risk

Ausenco operates in an industry where environmental issues may potentially delay contract performance or result in a shutdown of the project, causing a deferral or preventing receipt of anticipated revenues.

The mining and minerals processing industry is particularly exposed to environmental risks and these may give rise to remediation obligations, civil claims and criminal penalties. Any potential liability or penalty could potentially exceed Ausenco's available resources.

(p) Risk of delays due to matters outside the control of Ausenco

Ausenco's ability to undertake some of its operations, may be hampered or delayed due to a variety of reasons outside the control of Ausenco including natural disasters, civil wars, earthquakes, inclement weather conditions, labour strikes or other industrial action, changes in government and/or government policies, regulatory intervention, delays in necessary approvals, difficult site access and other natural or man-made events or occurrences.

(q) Effective execution of strategy risk

Ausenco's failure to deliver on or to effectively execute its stated strategy or its failure to redefine its strategy to meet changing market conditions could result in a decline in the value of Ausenco Shares and a loss of earnings.

(r) Litigation risk

In the normal course of business, Ausenco may be involved in complaints, disputes or litigation both in Australia and internationally by shareholders, customers, suppliers, clients, government agencies or third parties, including disputes or litigation arising from contract claims. Such matters may have an adverse effect on Ausenco's reputation, divert its financial and management resources from more beneficial uses, and have a material adverse effect on Ausenco's future financial performance or position.

In particular, claims or disputes may not always be resolved through negotiation with the parties directly and may lead to litigation. In addition, if economic or market conditions deteriorate, there is an increased risk that Ausenco's clients will default on contract terms resulting in the potential for litigation, reduced revenues and increased costs. Ausenco also faces the risk of claims for professional negligence arising out of its performance of contracted work.

(s) Legislative and regulatory risk

Ausenco operates in multiple jurisdictions across which there may be changes in laws and regulations or changes to political, judicial or administrative policies or conditions (including by way of referendums in relevant jurisdictions). Changes to legislation, regulation and policy including but not limited to taxation, health and safety, employment, corporate governance and accounting standards, may all result in increased costs for Ausenco and impact future earnings. Such changes may also result in periods of uncertainty which can give rise to delays or cancellations of proposed projects and/or contracts. In particular, unfavourable changes to the regulatory environment for engineers either in Australia or in overseas markets may have an impact on the profitability of Ausenco.

Non-compliance with laws and regulations, particularly in the jurisdictions in which Ausenco operates internationally, may result in a withdrawal of necessary licences making it difficult or impossible for Ausenco to continue to undertake projects in those jurisdictions.

(t) Share market risk

There are general risks associated with any investment in the stock market. The value of Ausenco's Shares will be subject to varied and often unpredictable influences on the market for equities in general and, in particular, stocks in the industry in which Ausenco operates, which are beyond Ausenco's and the Ausenco Board's control and unrelated to Ausenco's financial performance.

There is no guarantee of profitability, dividends, returns of capital or the price at which Ausenco Shares will trade on any market. Historical share price performance of Ausenco Shares should not be taken as a guide to future Ausenco Share price performance as the price of shares can fluctuate.

7 Implementing the Scheme

7.1 Scheme Implementation Agreement

(a) Overview

Ausenco and RCF entered into a Scheme Implementation Agreement on 14 June 2016.

The key terms of the Scheme Implementation Agreement are summarised below. A full copy of the Scheme Implementation Agreement is attached to Ausenco's ASX announcement of 14 June 2016, available at www.asx.com.au. This is a summary only and you should refer to the full copy of the Scheme Implementation Agreement for full details.

(b) Conditions Precedent

Implementation of the Scheme is conditional on the satisfaction (or waiver, if applicable) of all of the following Conditions Precedent:

- **Regulatory Approvals:** Before 8.00am on the Second Court Date:
 - **ASIC:** ASIC has issued or provided such consents or approvals or have done such acts which Ausenco and RCF agree are reasonably necessary or desirable to implement the Transaction;
 - **Regulatory Authority:** all other Regulatory Authority approvals which RCF and Ausenco agree are necessary or desirable to implement the Scheme are obtained;
 - **Court orders:** no Court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action imposing any legal restraint or prohibition preventing the Transaction and no such order, decree, ruling, other action or refusal is in effect.
- **Shareholder approval:** Ausenco Shareholders approve the EGM Resolution by the requisite majorities in accordance with the Corporations Act.
- **Scheme approval:** Ausenco Shareholders approve the Scheme by the requisite majorities in accordance with the Corporations Act.
- **Court approval:** The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.
- **Third party consents:** All other approvals of a third party which RCF and Ausenco agree are necessary or desirable to implement the Scheme are obtained.
- **Independent Expert:** The Independent Expert issues a report which concludes that the Scheme is in the best interests of Scheme Shareholders before the date on which the Scheme Booklet is lodged with ASIC.
- **No Prescribed Event:** No Prescribed Event occurs between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date.
- **No Material Adverse Change:** No Material Adverse Change occurs or becomes apparent between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date.
- **No termination:** The Scheme Implementation Agreement has not been terminated in accordance with the Scheme Implementation Agreement.
- **Index decline:** After 14 June 2016, the Bloomberg Commodity Index does not fall to a level that is 80% or less of the level as at the close of trading on 14 June 2016 and remains at or below that 80% level for at least 3 Business Days or until the date immediately before the Second Court Date.
- **Material Customer Contract consents:** Prior to the Second Court Date, an entity that is a party to a Material Customer Contract which contains a provision requiring Ausenco to seek that counterparty's consent to the change of control that would be caused by the Transaction, provides its consent to the Transaction.
- **New information:** Between the date of the Scheme Implementation Agreement and the Second Court Date Ausenco does not become aware of any new information that it would be obliged to tell ASX immediately pursuant to Listing Rule 3.1 if it was not relying on the exception in Listing Rule 3.1A or which it would be required to include in a target's statement pursuant to section 638 of the Corporations Act where that information would, or would reasonably be likely to result in, a Material Adverse Change in relation to Ausenco after the date of the Scheme Implementation Agreement.

Full details of the Conditions Precedent, the ability of Ausenco and RCF to rely on the various Conditions Precedent and the provisions relating to satisfaction or waiver of these Conditions Precedent are set out in clause 3 and Schedule 2 of the Scheme Implementation Agreement. As at the date of this Scheme Booklet, Ausenco is not aware of any reason why the Conditions Precedent will not be satisfied.

A summary of the status of the Conditions Precedent is set out in section 8.6.

(c) Exclusivity arrangements

The Scheme Implementation Agreement contains certain exclusivity arrangements in favour of RCF. Those exclusivity arrangements are set out in full in clause 12 of the Scheme Implementation Agreement.

In summary, Ausenco has granted the following exclusivity rights in favour of RCF:

- **No existing discussions:** Ausenco represents and warrants that, other than the discussions with RCF in respect of the Scheme, it is not currently in negotiations or discussions in respect of any Competing Transaction.
- **No shop:** During the Exclusivity Period, Ausenco and its Related Bodies Corporate or Representatives must not directly or indirectly solicit any enquiries, negotiations or discussions or communicate any intention to do so with a view to obtaining a Competing Transaction.
- **No talk:** Subject to the exception set out below, during the Exclusivity Period, Ausenco and its Related Bodies Corporate and Representatives must not negotiate or enter into, provide any non-public information to a third party in connection with, or participate in negotiations or discussions regarding, a Competing Transaction, even if the Competing Transaction was not solicited by Ausenco or any of its Related Bodies Corporate or Representatives or the person has publicly announced the Competing Transaction.
- **No due diligence:** Subject to the requirement to give notice to RCF of an unsolicited approach (see below), during the Exclusivity Period, Ausenco and its Related Bodies Corporate or Representatives must not solicit or permit any other person to undertake due diligence investigations on Ausenco or any of its Related Bodies Corporate other than Ausenco and their Representatives or, subject to the exception set out below, make any non-public information relating to Ausenco or any of its Related Bodies Corporate available to any other person.
- **Notification of unsolicited approach:** During the Exclusivity Period, Ausenco must promptly inform RCF if it or any of its Related Bodies Corporate or Representatives receives any unsolicited approach with respect to any Competing Transaction, receives any request for information relating to Ausenco or any of its Related Bodies Corporate or any of their businesses or operations or any request for access to the books or records of Ausenco or any of its Related Bodies Corporate which Ausenco has reasonable grounds to suspect may relate to a Competing Transaction and if it provides any information relating to Ausenco or any of its Related Bodies Corporate or any of their businesses or operations in connection with a Competing Transaction.
- **Exceptions to no-talk and no due diligence:** Where expressly stated above, the no talk obligation and no due diligence obligation do not apply to the extent they restrict Ausenco or the Ausenco Board from taking or refusing to take any action with respect to a bona fide Competing Transaction (which was not solicited by Ausenco) provided that the IBC has determined in good faith and acting reasonably that, after consultation with its financial advisers, such a bona fide Competing Transaction could reasonably be considered to become a Superior Proposal and, after receiving written advice from Queen's Counsel or Senior Counsel, that failing to respond to such a bona fide Competing Transaction would be reasonably likely to constitute a breach of the Ausenco Board's fiduciary or statutory obligations.
- **Matching right:** During the Exclusivity Period, Ausenco must not enter into any legally binding agreement, arrangement or understanding pursuant to which a third party or Ausenco proposes a Competing Transaction and must use its best endeavours to procure that none of the Ausenco Directors change their recommendation in favour of the EGM Resolution and the Scheme to publicly recommend a Competing Transaction unless:
 - the IBC acting in good faith determines that the Competing Transaction would or is likely to be a Superior Proposal;
 - Ausenco has provided RCF with the material terms of the Competing Transaction (including price and the identity of the party making the proposal); and
 - Ausenco has given RCF 5 Business Days after the provision of that information to provide a matching or superior offer.

The IBC must consider any matching offer and Ausenco and RCF must use their best endeavours to agree any amendments to the Scheme Implementation Agreement and the Scheme Booklet which are reasonably necessary to reflect the matching offer as soon as reasonably practicable if the IBC considers in good faith that the matching offer would provide an outcome that is at least as favourable to Ausenco Shareholders as the Competing Transaction.

(d) Recommendation

The Scheme Implementation Agreement requires that Ausenco must state in the Scheme Booklet that each member of the IBC recommends that the Scheme Shareholders vote in favour of the Scheme and the EGM Resolution in the absence of a Superior Proposal, unless the Independent Expert opines that the Scheme or EGM Resolution are not in the best interests of Ausenco Shareholders or, in relation to matters occurring after the date of the Scheme Implementation Agreement, the Ausenco Board obtains written advice from Queen's Counsel or Senior Counsel that compliance with this obligation would involve a breach of their fiduciary duties or would otherwise be unlawful.

The Scheme Implementation Agreement also requires Ausenco to use its reasonable endeavours to procure that each member of the Ausenco Board votes any Ausenco Shares in which they have a Relevant Interest in favour of the Scheme, the EGM Resolution and any other resolution submitted to Ausenco Shareholders in connection with the Transaction and does not change that voting intention unless a Superior Proposal arises or the Independent Expert opines that the Scheme is not in the best interests of Ausenco Shareholders.

(e) Reimbursement of costs

Ausenco has agreed to pay RCF \$1 million if certain events occur as set out in full in clause 13 of the Scheme Implementation Agreement, including:

- on or before 30 November 2016 (or such other date as is agreed in writing by RCF and Ausenco), Ausenco enters into a legally binding agreement to undertake a Competing Transaction, any member of the IBC recommends a Competing Transaction or the IBC announces that a Competing Transaction is a Superior Proposal;
- any member of the IBC fails to recommend the EGM Resolution or Scheme or withdraws their recommendation except in certain circumstances;
- RCF validly terminates the Scheme Implementation Agreement for material breach of the Scheme Implementation Agreement by Ausenco in certain circumstances;
- a Prescribed Event or Material Adverse Change occurs prior to 8.00am on the Second Court Date, the Scheme Implementation Agreement is validly terminated in accordance with the Scheme Implementation Agreement, and:
 - the prevention of the Prescribed Event or Material Adverse Change was within the control of Ausenco;
 - had the Prescribed Event or Material Adverse Change occurred prior to the date of the Scheme Implementation Agreement, it might reasonably be expected to have resulted in RCF not entering into the Scheme Implementation Agreement; and
 - Ausenco has failed to rectify the Prescribed Event or Material Adverse Change within 10 Business Days.

The reimbursement of cost arrangements are set out in full in clause 13 of the Scheme Implementation Agreement.

(f) Conduct of business

The Scheme Implementation Agreement sets out the obligations of Ausenco from the date of the Scheme Implementation Agreement up to and including the Implementation Date in relation to the conduct of its business.

Broadly, Ausenco has agreed to:

- conduct its business in the ordinary and proper course (and materially in accordance with applicable laws), consistent with the most recent business plans and budgets disclosed to RCF prior to the date of the Scheme Implementation Agreement and in substantially the same manner as previously conducted except in certain circumstances;
- maintain the condition of its business and assets materially in the manner maintained prior to the date of the Scheme Implementation Agreement;
- keep available the services of its officers and employees;
- preserve its relationships with those whom it has business dealings;
- ensure that any Material Contract entered into after the date of the Scheme Implementation Agreement does not contain any change of control provisions (or where they do, the consent of the counterparty to the Transaction is provided concurrently with entry into the contract);
- identify any change of control provisions in any Material Contracts or material customer contracts entered into after the date of the Scheme Implementation Agreement or any joint venture documentation;
- request the consents of the persons who have rights in respect of those material contracts as requested by RCF to the Transaction; and
- ensure there is no material decrease in the amount of cash in Ausenco other than in the ordinary course of business or as a result of reasonable costs incurred in relation to the Transaction.

Broadly, Ausenco has also agreed not to:

- issue any new Ausenco Shares other than on conversion of Ausenco Performance Rights granted prior to the date of the Scheme Implementation Agreement in accordance with the Scheme Implementation Agreement;
- enter into or terminate a Material Contract or terminate a Material Customer Contract;
- increase the remuneration or pay any bonuses (other than in accordance with existing arrangements and in the ordinary course), issue any securities or vary the employment arrangements with any directors or employees;
- accelerate the rights of any of its directors or employees to any benefits;
- pay any termination payments to directors, executives or employees, other than as provided for in an existing employment contract as at the date of the Scheme Implementation Agreement which has been provided to RCF;
- materially amend any arrangement with its financial advisers in respect of the transactions contemplated by the Scheme Implementation Agreement;
- announce, declare or pay any dividends;
- take any action which is or would be reasonably expected to give rise to a Prescribed Event;
- take any action which would have a material impact on its information technology systems; or
- agree to do any of the above matters.

These restrictions are set out in full in clause 9 of the Scheme Implementation Agreement.

(g) Termination rights

Ausenco or RCF can terminate the Scheme Implementation Agreement if:

- a Condition Precedent has failed and Ausenco and RCF cannot agree on a suitable solution in certain circumstances (noting that a party cannot terminate the Scheme Implementation Agreement if the relevant Condition Precedent has not been satisfied or agreement cannot be reached as a result of a breach of the Scheme Implementation Agreement by that party or a deliberate act or omission of that party);
- the Court refuses to make orders convening the Scheme Meeting or approving the Scheme and that decision is not appealed by Ausenco and RCF in certain circumstances;
- the Scheme has not become Effective on or before 30 November 2016 (or such other date as is agreed in writing by RCF and Ausenco);
- the other is in material breach of the Scheme Implementation Agreement in certain circumstances;
- the resolution submitted to the Scheme Meeting is not approved by the requisite majority;
- a Court or other Regulatory Authority has permanently restrained or prohibited the Scheme; or
- the other party (or any of Ausenco's Related Bodies Corporate) becomes insolvent.

RCF can terminate the Scheme Implementation Agreement if:

- the IBC changes its recommendation to the Scheme Shareholders to vote in favour of the Scheme and EGM Resolution or otherwise makes a public statement indicating it no longer supports the Transaction;
- the EGM Resolution is not approved by the requisite majority;
- a person (other than RCF and its associates) has a Relevant Interest in more than 20% of Ausenco Shares;
- a Material Customer Contract is terminated; or
- Mr Zimi Meka, Mr Bob Thorpe or Mr Hank Tuten (or entities controlled by any of them) dispose of any Ausenco Shares in breach of the Commitment Deed.

The termination rights are set out in full in clause 16 of the Scheme Implementation Agreement.

(h) Representations and warranties

Ausenco and RCF provide a number of customary representations and warranties in the Scheme Implementation Agreement. In particular, as at the date of the Scheme Implementation Agreement and as at 5.00pm on the Business Day immediately prior to the Second Court Date:

- Ausenco represents and warrants to RCF that each of the statements set out in Schedule 6 of the Scheme Implementation Agreement are true and correct in all material respects including that:
 - it has complied with its continuous disclosure obligations;
 - in relation to its capital structure, the summary of the securities set out in clause 16 of Schedule 6 of the Scheme Implementation Agreement are true and correct;
 - it has materially complied with all applicable laws;
 - it is not in material default under certain documents;
 - materials provided to RCF in connection with the Scheme Implementation Agreement are complete and accurate and are not misleading by way of omission or otherwise; and
 - all Material Customer Contracts have been disclosed, as well as copies of all other contracts and commitments involving revenue or expenditure of more than \$10 million over the life of the contract and details of any other contract which includes a change of control provision; and
- RCF represents and warrants to Ausenco that each of the statements set out in Schedule 7 of the Scheme Implementation Agreement are true and correct in all material respects, including that it has access to the necessary funds to satisfy its payment obligations under the Scheme and the Deed Poll.

The representations and warranties given by Ausenco and RCF are set out in full in Schedules 6 and 7 (respectively) of the Scheme Implementation Agreement.

7.2 Voting on the EGM Resolution and Scheme

(a) Approval under section 611 item 7 of the Corporations Act

Please refer to section 5.7 for an overview of why approval under section 611 item 7 of the Corporations Act is required for the matters contemplated under the EGM Resolution.

The Scheme is conditional on the EGM Resolution being passed by the requisite majority (outlined in section 7.2(b)). Therefore, if the EGM Resolution is not passed, the Scheme will not proceed (unless RCF exercises its discretion to waive this Condition Precedent).

(b) Scheme and EGM Resolution approval requirements

The Scheme will only become Effective and be implemented if:

- the requisite majorities of Ausenco Shareholders (other than Excluded Shareholders) approve the EGM Resolution at the EGM to be held immediately before the Scheme Meeting;
- the Requisite Majority of Ausenco Shareholders (other than Excluded Shareholders) approve the Scheme Resolution at the Scheme Meeting;
- the Court approves the Scheme at the Second Court Hearing; and
- all Conditions Precedent have been satisfied or waived (if applicable) by the End Date.

Passing of the EGM Resolution and Scheme Resolution by Ausenco Shareholders (other than Excluded Shareholders) requires approval by the following majorities:

- **EGM Resolution** - a majority in number (more than 50%) of Ausenco Shareholders (other than Excluded Shareholders) present and voting at the EGM.
- **Scheme Resolution** - both:
 - a majority in number (more than 50%) of Ausenco Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting – it should be noted that the Court has the power to waive this requirement; and
 - at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Ausenco Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting.

Excluded Shareholders will not be eligible to vote their Ausenco Shares for the purposes of either the Scheme Resolution or the EGM Resolution.

7.3 Court approval of the Scheme

In the event that:

- the EGM Resolution is approved by the requisite majorities of Ausenco Shareholders (other than Excluded Shareholders) at the EGM convened immediately before the Scheme Meeting (see section 7.2(b) for the EGM Resolution approval requirements);
- the Scheme is approved by the Requisite Majority of Ausenco Shareholders (other than Excluded Shareholders) at the Scheme Meeting (see section 7.2(b) for the Scheme Resolution approval requirements); and
- all Conditions Precedent (except Court approval of the Scheme) have been satisfied or waived (if they are capable of being waived),

then Ausenco will apply to the Court for orders approving the Scheme.

Each Ausenco Shareholder has the right to appear at the Second Court Hearing.

7.4 Deed Poll

As at the date of this Scheme Booklet, a deed poll has been executed by RCF, in favour of the Scheme Shareholders, to:

- provide, or to procure that RCF provide, the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme, subject to the Scheme becoming Effective; and
- undertake all acts and things necessary or desirable on its part to give full effect to the Scheme.

A copy of the Deed Poll is contained in Attachment C.

7.5 Effective Date

If the Court approves the Scheme, the Scheme will become Effective on the Effective Date (currently expected to be 29 August 2016), being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. Ausenco will, on the Scheme becoming Effective, give notice of that event to ASX.

Ausenco intends to apply to ASX for Ausenco Shares to be suspended from official quotation on ASX from the close of trading on the Effective Date.

7.6 Record Date and entitlement to Scheme Consideration

If the Scheme becomes Effective, those Ausenco Shareholders (other than Excluded Shareholders) on the Ausenco Share Register on the Record Date (currently proposed to be 5 September 2016) will be entitled to receive the Scheme Consideration in respect of the Ausenco Shares they hold at that time.

If the Scheme becomes Effective, the Excluded Shareholders will not receive the Scheme Consideration and will retain their Ausenco Shares.

7.7 Implementation Date

If the Scheme becomes Effective, Scheme Shareholders will be sent the Scheme Consideration on the Implementation Date (currently proposed to be 12 September 2016). Immediately after the Scheme Consideration is sent to Scheme Shareholders the Scheme Shares will be transferred to RCF.

7.8 Payment of the Scheme Consideration

If the Scheme becomes Effective, Scheme Shareholders will receive the cash amount of \$0.40 for each Scheme Share. The Scheme Consideration will be sent to the Scheme Shareholders on the Implementation Date.

Further details on the payment of Scheme Consideration are contained in section 2.2 and clause 6 of the Scheme contained in Attachment D.

8 Additional Information

8.1 Implications of the Transaction for Committed Shareholders

Pursuant to the Commitment Deed, if the Scheme is implemented, Ausenco Shareholders who are Committed Shareholders will retain their Ausenco Shares and will remain shareholders in Ausenco, together with RCF. The Committed Shareholders are set out in the Commitment Deed and comprise:

- Duro Felguera, S.A.;
- Edmon Hysni Meka and his controlled entities, Harased Pty Ltd and Harased Management Pty Ltd;
- Gregory Searle Lane;
- Neil Robert Trembath;
- Simon Cmrlec and his controlled entity, Simon Cmrlec Pty Ltd as trustee for the Simon Cmrlec Superannuation Fund;
- Andrew Charles Pickford;
- Bradley A Shaw;
- DST Pty Ltd, R D Thorpe Pty Ltd and TME Asset Holdings Pty Ltd (being entities controlled by Bob Thorpe);
- Finhide Pty Ltd (being an entity controlled by Hank Tuten); and
- Zimi Meka and his controlled entities, Lemae Pty Ltd, Baze Pty Ltd and ELM Super Pty Ltd.

As the Committed Shareholders will continue to be Ausenco Shareholders if the Scheme is implemented, the Committed Shareholders will continue to remain exposed to the risks and uncertainties of being an Ausenco Shareholder, including but not limited to those set out in section 6. If the Scheme is implemented, the Committed Shareholders will also continue to be exposed to potential “upside” in the business. The Committed Shareholders’ continuing involvement in Ausenco will be subject to the various restrictions and terms set out in the Commitment Deed. In addition, the Committed Shareholders will be significantly diluted as a consequence of RCF’s conversion of the Secured Debt and potentially part or all of the Bridge Debt into Ausenco Shares, pursuant to the terms of the Scheme Implementation Agreement.

8.2 RCF Financing Package, Bridge Debt and Secured Debt

(a) RCF Financing Package

On 1 February 2016, Ausenco announced it had agreed the final terms of a US\$16.5 million convertible debt and bonding facility with RCF (**RCF Financing Package**).

The RCF Financing Package included the provision of a US\$6.5 million convertible facility (pursuant to the Convertible Facility Agreement between RCF and Ausenco dated 1 February 2016) and a US\$10 million bonding facility.

On 29 March 2016, Ausenco Shareholders approved the RCF conversion rights as part of the Convertible Facility Agreement. The convertible facility provides Ausenco with a US\$6.5 million unsecured debt facility to 31 December 2018. The facility requires quarterly interest payments at an interest rate of 10% p.a. which is satisfied by converting the interest owing to Ausenco Shares (unless RCF elects for payment in cash). The facility also entitles RCF to convert its principal entitlement to 29.8 million shares in Ausenco at a conversion price of \$0.31 per share, which would represent an additional 13.7% shareholding in Ausenco.

Ausenco issued 584,413 Ausenco Shares to RCF on 12 April 2016 and 577,312 Ausenco Shares to RCF on 7 July 2016 to satisfy quarterly interest payments due to RCF under the Convertible Facility Agreement (see also section 5.5).

To meet the anticipated requirements of a number of new project opportunities, particularly in Canada and Africa, RCF has committed to provide bonding facilities in the amount of US\$10 million (as noted above). Those bonding facilities have since been increased to US\$20 million which, upon completion, would take Ausenco’s current bonding capacity to approximately \$57 million.

(b) Bridge Debt

Ausenco announced to the ASX on 11 May 2016 that because of pressure on working capital requirements caused by the imposition of extended payment terms by some clients, a cash facility provided by RCF to support working capital requirements has been drawn to the amount of \$10 million by the end of April 2016.

On 17 June 2016, the cash facility was increased to \$20 million and, at 11 July 2016, \$20 million had been drawn on the facility.

(c) Ausenco's Secured Debt

As at 31 December 2015, Ausenco's funding facility with ANZ and NAB was approximately \$91.5 million, comprising bank overdraft, advance and amortising debt facilities of approximately \$61.5 million (being the principal amount under the Secured Debt as at 31 December 2015) and banking guarantee and letter of credit facilities of \$30 million. As at the Last Practicable Date, the Australian dollar equivalent of the principal amount owing under the Secured Debt (not including fees and interest) was approximately \$59 million.

Ausenco announced on 1 February 2016 that Ausenco and its financiers, ANZ and NAB, had entered into a Standstill and Moratorium Agreement extendable to 30 June 2016, upon certain milestones being achieved during that period, with a view to RCF considering a refinancing of Ausenco's current bank borrowings. In order to facilitate refinancing discussions, the agreement provided for RCF to complete due diligence, for the banks to waive breaches of covenants and for a standstill of actions arising out of loan agreements with the banks.

On 15 April 2016, Ausenco announced that RCF would replace ANZ and NAB as Ausenco's sole and primary secured lender and that ANZ and NAB had agreed to the assignment of Ausenco's existing bank borrowings and the transition of bonding facilities to RCF. Ausenco also announced that RCF had advised that it intended to advance discussions with Ausenco in an effort to favourably extend the terms and conditions of the facility agreements on a basis that is sustainable for Ausenco's long term success. RCF acquired the rights, title and interest in the Secured Debt on 26 May 2016.

(d) Repayment of the Bridge Debt and Secured Debt

Under the Scheme Implementation Agreement, Ausenco and RCF have agreed to, as soon as practicable following the Implementation Date, do all things necessary or convenient (including by entering into all such documents and giving all such notices or instruments as may be requested by Ausenco or RCF):

- to convert the Secured Debt (including any interest and fees on the Secured Debt) into 97,000,000 Ausenco Shares; and
- if RCF elects by giving written notice to Ausenco at any time prior to the conversion of the Secured Debt, to convert part or all of the Bridge Debt into Ausenco Shares at a price of \$0.40 per Ausenco Share.

Please refer to section 5.4 for further details regarding RCF's intentions in relation to Ausenco post-implementation of the Scheme.

(e) RCF rights in respect of the Secured Debt, the Bridge Debt and the RCF Financing Package

RCF has a variety of customary rights under its financing arrangements with certain members of the Ausenco Group.

Along with the general right to repayment of principal and interest (or the right to reimbursement or to call for cash cover in the case of contingent instrument facilities), RCF also has a right to payment of fees and costs, and various rights of indemnity in relation to losses suffered by RCF in connection with the financing arrangements.

RCF has review rights in relation to the financing arrangements, which allow it to amend the terms of the arrangements, either after the occurrence of specific events (for example, the termination of a material document, or a suspension from the ASX), or on an annual basis.

RCF also has a number of contractual rights under each of its financing arrangements which are triggered by an event of default under those arrangements. Each of the arrangements have different events of default, however, they are customary for facilities of the relevant nature. Broadly, the events of default include a failure to pay or repay amounts due to RCF, breach of undertakings, misrepresentation, cross default, insolvency and related events, de-listing, cessation of business, capital reduction, change of control and material adverse effect. Again the undertakings and representations vary across the arrangements but are fairly standard for facilities of the relevant nature. The representations include statements about status, authority and power, the binding nature of the financing arrangements, no default, full disclosure of information, solvency and compliance with laws and other obligations. The undertakings are both positive obligations to do certain things (such as comply with laws and other obligations, carry on business in a proper and efficient way, provide information and financial statements and maintain insurance) and prohibitions or restrictions on doing other things (such as amending key documents, paying distributions, making acquisitions, granting security, incurring further debt, providing financial accommodation and disposing of assets). Ausenco must also comply with various financial undertakings, including in relation to leverage and interest cover.

The rights which RCF may exercise on an event of default are customary and include:

- declaring all outstanding amounts under the financing arrangements payable on demand or immediately due for payment;
- requiring immediate cash cover for any contingent instrument;
- declaring that RCF's obligations (for example, any obligations to provide further funding) are terminated; and
- cancelling the limit for any facility.

In addition to the above, as the obligations under the financing arrangements are (or will be) secured by all assets security granted by Ausenco and various of its subsidiaries, on an event of default under the financing arrangements, RCF will have various rights under this security. These rights are again customary and include:

- the right to appoint a receiver or receiver and manager;
- the right to possess, alter, operate, deal with and sell the secured property;
- the right to carry on or restructure the grantor's business and receive the income of the secured property;
- the right to appoint investigative accountants; and
- the right to initiate liquidation procedures.

Under the terms of the Scheme Implementation Agreement, however, RCF has agreed that it will not take any action in respect of any default, potential default or review event under the Bridge Debt or Secured Debt from 14 June 2016 until the earliest to occur of (1) Ausenco or an obligor becoming insolvent and (2) the date that is two months after the valid termination of the Scheme Implementation Agreement. As a result, if the Scheme Implementation Agreement is terminated and the scheme does not proceed, RCF will be able to exercise its contractual rights in respect of a breach of the financing documents at any time from 2 months after such termination (or earlier if there is insolvency on the part of Ausenco or an obligor).

8.3 Effect of the Transaction on Ausenco's material contracts

Ausenco has two material client contracts which contain change of control provisions which may be triggered by the Transaction. In the event consent is not received from the relevant counterparties, this may constitute an event of default under those contracts or otherwise give rise to termination rights in favour of those counterparties. These two contracts represent 6.7% of Ausenco's expected FY2016 revenue.

As at the date of this Scheme Booklet, to the extent a Material Customer Contract contains a provision requiring Ausenco to seek that counterparty's consent to the change of control that would be caused by the Transaction, that counterparty has provided its consent to the Transaction, such that the Condition Precedent contained in item 11 of Schedule 2 of the Scheme Implementation Agreement has been satisfied.

8.4 Information relating to Ausenco incentive plans and treatment of Ausenco Performance Rights

(a) Overview of arrangements

Ausenco operates various equity incentive plans to provide incentives and rewards for executives and employees.

As at the Last Practicable Date, Ausenco had the following equity incentives on issue.

Ausenco Performance Rights	Ausenco Performance Rights Plan	Number of Ausenco Performance Rights on issue
2016 Performance Rights	2016 Share Price Performance Rights Plan	2016 Performance Rights: 4,846,613 granted on 1 January 2016 with a vesting date of 21 December 2018 and a strike price of \$0.10
Pre-2016 Performance Rights	Performance Rights Plan (2014 and 2015 Performance Rights)	2015 Performance Rights: 4,516,423 granted on 1 January 2015 with a vesting date of 31 December 2017
		2014 Performance Rights: 1,975,403 granted on 1 January 2014 with a vesting date of 31 December 2017
	Performance Rights Plan (2008, 2009, 2011 and 2012 Performance Rights)	2012 Performance Rights: 284,146 granted on 1 January 2012 with a vesting date of 1 January (2014, 2015 and 2016)
		2011 Performance Rights: 87,306 granted on 1 January 2011 with a vesting date of 1 January (2013, 2014 and 2015)
		2009 Performance Rights: 25,266 granted on 17 March 2009 with a vesting date of 17 March (2011, 2012 and 2013)
		2008 Performance Rights: 6,573 granted on 19 February 2008 with a vesting date of 17 March (2010, 2011 and 2012)

(b) Implications of the Scheme for holders of Ausenco Performance Rights

Under the terms of each of the Ausenco Performance Rights Plans, in the event that a scheme is proposed for the acquisition of some or all of the Ausenco Shares, the Ausenco Board has discretion to make determinations concerning the accelerated vesting of the Ausenco Performance Rights and any such vesting may be made subject to further conditions of the Ausenco Board.

Under the terms of the Scheme Implementation Agreement (and subsequent variations agreed between the parties), Ausenco and RCF have agreed how the Ausenco Performance Rights will be treated in connection with the Scheme. Subject to the Scheme becoming Effective, the IBC¹⁸ has exercised its discretion to vary the terms of the Ausenco Performance Rights and a waiver has been obtained from Listing Rule 6.23.3 to facilitate this (see section 8.10 for more information regarding the waiver granted) to give effect to the agreed approach in the Scheme Implementation Agreement.

Pre-2016 Performance Rights

The IBC has exercised its discretion to accelerate the vesting of any unvested Pre-2016 Performance Rights on issue on the Effective Date on the condition that each such performance right will be deemed to have been exercised upon vesting, subject to the Scheme becoming Effective. Prior to the Record Date, Ausenco will issue one Ausenco Share per Pre-2016 Performance Right on issue as at the Effective Date so that the former holders can participate in the Scheme and receive the Scheme Consideration of \$0.40 per Ausenco Share.

Ausenco Shares issued to Committed Shareholders as a result of the vesting and exercise of their Pre-2016 Performance Rights are subject to the Commitment Deed and deemed to be Excluded Shares. Section 5.6(b) contains details of the treatment of the Pre-2016 Performance Rights held by Committed Shareholders.

2016 Performance Rights

Subject to the Scheme becoming Effective, Ausenco and RCF have agreed that, in respect of the 2016 Performance Rights held by participants who are not Committed Shareholders, Ausenco will make offers to each participant who holds a 2016 Performance Right to have:

- 25% of their 2016 Performance Rights cancelled for no consideration; and
- 75% of their 2016 Performance Rights (**Balance Rights**) will have their vesting accelerated on the condition that the requirement to pay the \$0.10 exercise price is waived and those 2016 Performance Rights will vest and convert into Ausenco Shares after the Effective Date and prior to the Record Date on a 1:1 basis.

(together, the **PR Offers**). A holder who accepts the PR Offers will have their Balance Rights converted into Ausenco Shares so that they may participate in the Scheme and receive the Scheme Consideration of \$0.40 per Ausenco Share.

Where participants (other than Committed Shareholders) have not accepted the PR Offers in relation to their 2016 Performance Rights, the IBC has also exercised its discretion to accelerate the vesting of those 2016 Performance Rights on issue as at the Effective Date. The acceleration of these performance rights will be subject to the condition that any vested 2016 Performance Rights will be exercisable on a 1:1 basis (subject to payment of the \$0.10 strike price) in the period beginning on the Effective Date and ending on the date that is one Business Day before the Record Date and any vested 2016 Performance Rights that are not exercised in this period will automatically lapse. In these circumstances, Ausenco must issue the requisite number of Ausenco Shares to the participants who have validly exercised their 2016 Performance Rights (including payment of the \$0.10 strike price) so that those participants may participate in the Scheme and receive the Scheme Consideration of \$0.40 per Ausenco Share.

Please refer to section 5.6(b) for information about the treatment of the 2016 Performance Rights held by Committed Shareholders.

(c) Treatment of Ausenco Shares transferred or issued under the Employee Share Acquisition Plan

In 2008, 2011 and 2012, certain Ausenco employees were invited to participate in the Employee Share Acquisition Plan (**ESAP**). Ausenco Shares transferred/issued under the ESAP are held on trust for the relevant holders (**Holders**) by Ausenco Services Pty Ltd as trustee for the Ausenco Performance Trust (**Trustee**).

As at the Last Practicable Date, there are 459,540 Ausenco Shares held by the Trustee under the ESAP on trust for 136 Holders.

Each of these Ausenco Shares have vested in full and the Holders have full voting rights over the Ausenco Shares that are held by the Trustee on trust for them. None of the Holders are Committed Shareholders.

If the Scheme becomes Effective, any Ausenco Shares held by the Trustee under the ESAP as at the Record Date will be acquired by RCF under the terms of the Scheme. The Trustee will pay each Holder its entitlement to the Scheme Consideration in accordance with the terms of the Ausenco Performance Trust.

¹⁸ The Ausenco Board has delegated its authority to make determinations in this regard to the IBC.

8.5 Disputes and litigation

Ausenco is from time to time involved in disputes and litigation and is currently involved in a number of such disputes and litigation.

As at the date of this Scheme Booklet, the Ausenco Group is not involved in any ongoing litigation or dispute which is material in the context of Ausenco and its Subsidiaries taken as a whole.

8.6 Status of Conditions Precedent

The Conditions Precedent are summarised in section 7.1(b) and are set out in Schedule 2 of the Scheme Implementation Agreement.

As at the date of this Scheme Booklet:

- the Independent Expert has issued a report which concludes that the Scheme is in the best interests of Scheme Shareholders, such that the Condition Precedent in item 6 of Schedule 2 of the Scheme Implementation Agreement has been satisfied; and
- to the extent a Material Customer Contract contains a provision requiring Ausenco to seek that counterparty's consent to the change of control that would be caused by the Transaction, that counterparty has provided its consent to the Transaction, such that the Condition Precedent contained in item 11 of Schedule 2 of the Scheme Implementation Agreement has been satisfied.

The Scheme will not proceed unless all the Conditions Precedent are satisfied or waived (if applicable) in accordance with the Scheme Implementation Agreement.

As at the Last Practicable Date, none of the Ausenco Directors are aware of any circumstances which would cause any Condition Precedent not to be satisfied.

Ausenco will continue to keep Ausenco Shareholders updated on any material developments.

8.7 Substantial shareholders

As extracted from filings released on ASX¹⁹, and information provided to Ausenco by its Directors, in each case prior to the Last Practicable Date, the following persons were substantial holders of Ausenco Shares:

Substantial holder	Number of Ausenco Shares	Voting power
Resource Capital Fund VI L.P.	75,067,487	39.87%
First Samuel Limited	37,375,340	19.85%
Duro Felguera S.A.	27,007,393	14.35%
Mr Zimi Meka and related parties	18,256,386	9.70%
Mr Bob Thorpe and related parties	12,546,822	6.66%

8.8 Consents to be named

(a) Consents

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- RCF in respect of the RCF Information only;
- PwC as the Tax Adviser; and
- Lonergan Edwards as the Independent Expert.

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Scheme Booklet.

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- Luminis Partners Pty Ltd;
- Computershare Investor Services Pty Limited; and
- Herbert Smith Freehills.

¹⁹ The voting power for each substantial holder listed in the table below is based on the latest Forms 604 released by each substantial holder as adjusted to reflect that there are 188,268,253 Ausenco Shares on issue as at 6 July 2016 (refer to Ausenco's Appendix 3B released to ASX on 6 July 2016). In addition, RCF's voting power has been further updated to take into account the Form 605 from Ian Burvill dated 5 July 2016.

(b) Disclosures and responsibility

Further, each person named in section 8.8(a):

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
 - RCF in respect of the RCF Information only;
 - PwC, in relation to its Tax Adviser's Report; and
 - Lonergan Edwards in relation to its Independent Expert's Report; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 8.8(b).

8.9 Intentions of Ausenco Directors

The Corporations Regulations require a statement by the Ausenco Directors of their intentions regarding Ausenco's business. As set out in section 5.4(c), if the Scheme is implemented, RCF intends to consider the composition of the Ausenco Board and the ongoing requirement to retain non-executive directors, having regard to their specific areas of expertise.

Accordingly, it is not possible for the Ausenco Directors to provide a statement of their intentions regarding:

- the continuation of the business of Ausenco or how Ausenco's existing business will be conducted;
- any major changes to be made to the business of Ausenco, including any redeployment of the fixed assets of Ausenco; or
- the future employment of the present employees of Ausenco,

in each case after the Scheme is implemented.

If the Scheme is implemented, RCF and the Committed Shareholders will own all of the Ausenco Shares and will Control Ausenco. The intentions of RCF if the Scheme is implemented are set out in section 5.4.

If the Scheme is not implemented, the Ausenco Directors intend to continue to operate the business of Ausenco in the ordinary course of business.

8.10 Regulatory relief

ASX has granted Ausenco a waiver of Listing Rule 6.23.3 to the extent necessary to permit the treatment of the Ausenco Performance Rights as set out in sections 5.6(b) and 8.4 of this Scheme Booklet.

As at the date of this Scheme Booklet, RCF has obtained the required approval for the Transaction from FIRB.

8.11 No unacceptable circumstances

The IBC believes that the Scheme does not involve any circumstances in relation to the affairs of Ausenco that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

8.12 Foreign jurisdictions

The distribution of this Scheme Booklet outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. Ausenco disclaims all liabilities to such persons.

Ausenco Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

No action has been taken to register or qualify this Scheme Booklet or any aspect of the Transaction in any jurisdiction outside of Australia.

8.13 No other material information

Except as disclosed elsewhere in this Scheme Booklet, so far as the Ausenco Board is aware, there is no other information that is:

- (a) material to the making of a decision by an Ausenco Shareholder (other than an Excluded Shareholder) whether or not to vote in favour of the Scheme Resolution and the EGM Resolution; and
- (b) known to any member of the Ausenco Board at the date of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to Ausenco Shareholders.

8.14 Supplementary disclosure statement

Ausenco will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Effective Date:

- a material statement in this Scheme Booklet that is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter that has arisen and would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Ausenco may circulate and publish any supplementary document by:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Ausenco Shareholders at their address shown on the Ausenco Share Register; and/or
- posting a statement on Ausenco's website at www.ausenco.com,

as Ausenco in its absolute discretion considers appropriate.

9 Definitions and interpretation



9.1 Definitions

In this Scheme Booklet unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
2016 Performance Rights	the Ausenco Performance Rights, excluding the Pre-2016 Performance Rights.
Aggregate Scheme Consideration	has the meaning given in section 5.3.
ANZ	Australia and New Zealand Banking Group Limited ABN 11 005 357 522.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Ausenco	Ausenco Limited ABN 31 114 541 114.
Ausenco Board or Board	the board of directors of Ausenco and an Ausenco Board Member means any director of Ausenco comprising part of Ausenco Board.
Ausenco Director or Director	each Ausenco Board Member.
Ausenco Group	Ausenco and each of its Subsidiaries, and a reference to an Ausenco Group Member is to Ausenco or any of its Subsidiaries.
Ausenco Performance Rights	has the meaning given in section 4.4.
Ausenco Security	an Ausenco Share or an Ausenco Performance Right.
Ausenco Share	a fully paid ordinary share in the capital of Ausenco.
Ausenco Share Register	the register of members of Ausenco maintained by the Ausenco Share Registry in accordance with the Corporations Act.
Ausenco Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.
Ausenco Shareholder	each person who is registered as the holder of an Ausenco Share in the Ausenco Share Register.
Balance Rights	has the meaning given in section 8.4(b).
Bridge Debt	means the debt owed by the Ausenco Group to RCF under the Bridge Debt Documents.
Bridge Debt Documents	the facility document between RCF (as lender) and Ausenco (as borrower) dated 15 April 2016 and any other documents or instruments effecting the Bridge Debt.
Business Day	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, any other day that ASX declares is not a business day.
CGT	Australian Capital Gains Tax.
CHPP	has the meaning given in section 4.2(b).
Commitment Deed	the commitment deed dated 14 June 2016 between RCF and each of the Committed Shareholders and Covenantors, a copy of which is attached to RCF's Form 604 dated 16 June 2016 and released to ASX on 16 June 2016.
Committed Shareholder	each of the following Ausenco Shareholders: <ul style="list-style-type: none"> • Duro Felguera, S.A.; • Edmon Hysni Meka and his controlled entities, Harased Pty Ltd and Harased Management Pty Ltd; • Gregory Searle Lane; • Neil Robert Trembath; • Simon Cmrlec and his controlled entity, Simon Cmrlec Pty Ltd as trustee for the Simon Cmrlec Superannuation Fund; • Andrew Charles Pickford; • Bradley A Shaw; • DST Pty Ltd, R D Thorpe Pty Ltd and TME Asset Holdings Pty Ltd (being entities controlled by Bob Thorpe); • Finhide Pty Ltd (being an entity controlled by Hank Tuten); and • Zimi Meka and his controlled entities, Lemae Pty Ltd, Baze Pty Ltd and ELM Super Pty Ltd.

Term	Meaning
Competing Transaction	<p>any proposal, agreement, arrangement, reorganisation or transaction, which, if completed, would mean a person (other than RCF or the RCF Entities) would:</p> <p>a) directly or indirectly acquire an interest or Relevant Interest in, or become the holder of:</p> <p>(1) 20% or more of the Ausenco Shares; or</p> <p>(2) all or a substantial part or a material part of the business conducted by the Ausenco Group,</p> <p>including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee;</p> <p>b) acquire Control of Ausenco or any of its material Subsidiaries;</p> <p>c) otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure) with Ausenco.</p>
Conditions Precedent	each of the conditions set out in Schedule 2 of the Scheme Implementation Agreement and which are summarised in section 7.1(b).
Control	has the meaning given in section 50AA of the Corporations Act.
Convertible Facility Agreement	the convertible facility agreement dated 1 February 2016 between RCF and Ausenco.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by RCF and Ausenco.
Covenantors	means the persons identified as such in the Commitment Deed.
Debt Conversion	has the meaning given in section 5.7(a).
Deed Poll	a deed poll substantially in the form of Attachment C to this Scheme Booklet.
Duro Felguera	Duro Felguera, S.A.
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
EGM	the extraordinary general meeting to be convened by Ausenco at which Ausenco Shareholders will vote on the EGM Resolution, currently scheduled to occur at 10.00am (AEST) on 25 August 2016.
EGM Proxy Form	a proxy form for the EGM, being one of two proxy forms which accompany this Scheme Booklet or which is available from the Ausenco Share Registry.
EGM Resolution	<p>the resolution set out in the Notice of EGM to approve, under section 611 item 7 of the Corporations Act, the acquisition by RCF of a Relevant Interest in:</p> <p>a) the Ausenco Shares held by the Committed Shareholders as a result of the Commitment Deed; and</p> <p>b) the Ausenco Shares to be issued as a result of the conversion of the Secured Debt into 97,000,000 Ausenco Shares and, if RCF so elects, the conversion of all or part of the Bridge Debt into Ausenco Shares at a price of \$0.40 per Ausenco Share.</p>
End Date	30 November 2016 or such other date as agreed in writing by Ausenco and RCF.
EPC	engineering, procurement and construction.
EPCM	engineering, procurement, construction and management.
ESAP	has the meaning given in section 8.4(c).
Excluded Share	an Ausenco Share held by an Excluded Shareholder under the Scheme as at the Record Date.

Term	Meaning
Excluded Shareholder	<p>a) when used in relation to the Scheme or Scheme Resolution, RCF and its associates and each Committed Shareholder; and</p> <p>b) when used in relation to the EGM Resolution, RCF and its associates and each Committed Shareholder and their associates.</p>
Exclusivity Period	<p>the period from and including 14 June 2016 to the earliest of:</p> <p>a) the termination of the Scheme Implementation Agreement in accordance with its terms;</p> <p>b) the Effective Date; and</p> <p>c) the End Date.</p>
FEED	has the meaning given in section 4.1.
FIRB	Australian Foreign Investment Review Board.
First Court Date	the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act convening the Scheme Meeting is heard.
First Samuel	First Samuel Limited ACN 086 243 567.
GST	Australian Goods and Services Tax.
Holders	has the meaning given in section 8.4(c).
IBC	the independent board committee of the Ausenco Board comprising Mr George Lloyd, Ms Mary Shafer-Malicki and Mr Peter Gregg.
Implementation Date	the 5th Business Day after the Record Date, or such other date after the Record Date as Ausenco and RCF agree.
Independent Expert or Lonergan Edwards	Lonergan Edwards & Associates Limited ABN 53 095 445 560.
Independent Expert's Report	the report in respect of the Scheme prepared and issued by the Independent Expert for inclusion in the Scheme Booklet (or any update or variation to that report) and which is contained in Attachment B.
Last Practicable Date	14 July 2016
Listing Rules	means the official listing rules of ASX.
LSTK	has the meaning given in section 6.3(a).
Material Adverse Change	<p>Specified Events which are not disclosed or properly taken into account in the preparation of the Ausenco Group's financial statements and which had they been so disclosed or properly taken into account, individually or when aggregated with all such events, would:</p> <p>a) be reasonably likely to result in the value of consolidated net assets of the Ausenco Group being reduced by at least \$22.5 million against what it would have reasonably been expected to have been but for such Specified Event, other than as a result of any non-cash impairment or changes to the Ausenco Group's deferred tax asset position; or</p> <p>b) be reasonably likely to result in Ausenco Group revenue for the year ending 31 December 2016 being less than \$220 million,</p> <p>but does not include</p> <p>c) any matter, event or circumstance fairly disclosed, or actually known by RCF or its Representatives (other than matters, events or circumstances known by (i) Henderson Gilbert (Hank) Tuten that are not otherwise known by RCF, or (ii) representatives of professional advisers to the extent those representatives are not involved with the Transaction) on or before the date of the Scheme Implementation Agreement (including as a result of disclosures made to ASX);</p>

Term	Meaning
Material Adverse Change cont.	<p>d) any matter, event or circumstance arising from changes in law or economic, political, regulatory or business conditions in a Relevant Jurisdiction or that affects or otherwise has an impact on a Relevant Jurisdiction;</p> <p>e) any change in accounting policy required by law;</p> <p>f) any change occurring directly or indirectly as a result of any matter, event or circumstance required by the Scheme Implementation Agreement, the Scheme or the transactions contemplated by them; or</p> <p>g) a change resulting directly from a general deterioration in equity markets, interest rates, exchange rates or credit spreads, that impacts the Ausenco Group and its competitors in a similar manner,</p> <p>provided that a Material Adverse Change will be deemed to have occurred if, at any time and for any reason, the revenue of the Ausenco Group for the year ending 31 December 2016 is reasonably likely to be less than \$220 million.</p>
Material Contract	a contract or commitment (other than a contract with a customer or client of the Ausenco Group) involving revenue or expenditure of more than \$10 million over the term of the contract or commitment.
Material Customer Contract	<p>a) EPC Agreement for the development of a processing facility and associated infrastructure for the Moose River Consolidation Project between Atlantic Gold Corporation (D.D.V Gold Ltd) and Ausenco Engineering Canada Inc. dated 8 May 2016;</p> <p>b) Quebrada Blanca Phase 2 – Onshore Services contract for port and pipeline related services between Compania Minera Teck Quebrada Blanca S.A. and Ausenco Chile Limitada dated 1 March 2013;</p> <p>c) EPCM agreement for the development of a copper mine and processing operations facility to be constructed outside of Tucson, Arizona USA between Rosemont Copper Company and Ausenco Engineering USA South Inc. with an effective date of 17 August 2015;</p> <p>d) agreement in relation to water recovery and water commissioning activities at the Escondida copper mine in Chile between Minera Escondida Limitada and Ausenco Chile Limitada dated 23 March 2015;</p> <p>e) engineering and procurement services agreement relating to the upgrade, refurbishment, and maintenance of process plant and ancillary systems at the Tasiast mine between Tasiast Mauritanie Limited S.A. and Ausenco Solutions Canada Inc dated 21 August 2015;</p> <p>f) Isaac Plains CHPP operating services agreement between Golding Contractors and Ausenco Operations Pty Ltd dated 25 February 2016;</p> <p>g) contract for engineering services and capital projects relating to the Cadia Valley Operations (“Con1 and Con2”) between Cadia Holdings Pty Limited and Ausenco Services Pty Ltd dated July 2014; and</p> <p>h) engineering services agreement for a new water supply tunnel crossing the Fraser River (“Portman Tunnel”) between Greater Vancouver Water District and Sandwell Engineering Inc. dated 5 December 2005.</p>
MOU	has the meaning given in section 4.2(b).
NAB	National Australia Bank Limited ABN 12 004 044 937.
Notice of EGM	the notice of meeting relating to the EGM to be held on 25 August 2016 which is contained in Attachment F.
Notice of Scheme Meeting	the notice of meeting relating to the Scheme Meeting to be held on 25 August 2016 which is contained in Attachment E.
Ongoing Restriction Period	has the meaning given in section 5.6(a).
PR Offers	has the meaning given in section 8.4(b).
Pre-2016 Performance Rights	the Ausenco Performance Rights, excluding the 2016 Performance Rights.

Term	Meaning
Prescribed Event	<p>except to the extent publicly disclosed prior to the date of the Scheme Implementation Agreement or contemplated by the Scheme Implementation Agreement or the Scheme, any of the events listed below provided that a Prescribed Event listed in items 1 to 12 below will not occur where Ausenco has first consulted with RCF in relation to the event and RCF has approved the proposed event or has not objected to the proposed event within 5 Business Days of having being so consulted:</p> <ol style="list-style-type: none"> 1. (Conversion) Ausenco converts all or any of its shares into a larger or smaller number of shares. 2. (Reduction of share capital) Ausenco resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares. 3. (Buy-back) Ausenco: <ol style="list-style-type: none"> a. enters into a buy-back agreement; or b. resolves to approve the terms of a buy-back agreement under the Corporations Act. 4. (Distribution) Ausenco makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie). 5. (Issuing or granting shares or options) Ausenco or any of its Subsidiaries: <ol style="list-style-type: none"> a. issues shares; b. grants an option over its shares; or c. agrees to make such an issue or grant such an option. <p>In each case to a person outside the Ausenco Group other than as disclosed by Ausenco to RCF before the date of the Scheme Implementation Agreement.</p> 6. (Securities or other instruments) Ausenco or any of its Subsidiaries: <ol style="list-style-type: none"> a. issues securities or other instruments convertible into shares or debt securities; or b. agrees to issue securities or other instruments convertible into shares or debt securities, <p>in each case to a person outside the Ausenco Group other than as disclosed by Ausenco to RCF before the date of the Scheme Implementation Agreement.</p> 7. (Constitution) Ausenco adopts a new constitution or modifies or repeals its constitution or a provision of it. 8. (Disposals) Ausenco or any of its subsidiaries disposes, or agrees to dispose of the whole or a substantial part of the Ausenco Group's business or property. 9. (Acquisitions, disposals or tenders) Ausenco or any of its Subsidiaries: <ol style="list-style-type: none"> a. acquires or disposes of; b. agrees to acquire or dispose of; c. offers proposes, announces a bid or tenders for (other than client bids or tenders in the ordinary course of Ausenco's business), <p>any business, assets, entity or undertaking the value of which exceeds \$10 million.</p> 10. (Encumbrances) other than in the ordinary course of business and consistent with past practice Ausenco or any of its Subsidiaries creates, or agrees to create, any Encumbrance over the whole or a substantial part of its business or property.

Term	Meaning
Prescribed Event cont.	<p>11. (Employment arrangements) other than in the ordinary course of business and consistent with past practice Ausenco or any of its Subsidiaries:</p> <ul style="list-style-type: none"> a. increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees; b. accelerates the rights of any of its directors employees to compensation or benefits of any kind (including under any Ausenco executive or employee share plans); or c. pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of the Scheme Implementation Agreement). <p>12. (Commitments and settlements) Ausenco or any of its Subsidiaries:</p> <ul style="list-style-type: none"> a. enters into or agrees to enter into a Material Contract; b. terminates or amends in a material manner a Material Contract, a Material Customer Contract or a contract entered into with a customer of the Ausenco Group after the date of the Scheme Implementation Agreement requiring total payments, or having a contract value, in excess of \$10 million over the term of the contract; c. waives any material third party default in any Material Contract, Material Customer Contract or contract entered into with a customer of the Ausenco Group after the date of the Scheme Implementation Agreement requiring total payments, or having a contract value, in excess of \$10 million over the term of the contract; or d. accepts as a settlement or compromise of a material matter (relating to an amount in excess of \$2,000,000) less than the full compensation due to Ausenco or a Subsidiary of Ausenco. <p>13. (Insolvency) Ausenco or any of its Related Bodies Corporate becoming Insolvent.</p>
RCA VI GP	has the meaning given in section 4.6(a).
RCA VI GPGP	has the meaning given in section 4.6(a).
RCF	Resource Capital Fund VI L.P.
RCF Entity	<ul style="list-style-type: none"> a) RCFM; b) a Related Body Corporate of RCF or RCFM; or c) any partnership, limited partnership, entity, fund or trust that is managed by RCFM.
RCF Financing Package	has the meaning given in section 8.2(a).
RCF Information	<p>the information contained in:</p> <ul style="list-style-type: none"> a) the answers to the following questions in section 3: <ul style="list-style-type: none"> – ‘Who is RCF?’ – ‘How will RCF fund the Scheme Consideration?’ – ‘What are RCF’s intentions for Ausenco?’; and – ‘How will the Ausenco Performance Rights held by Committed Shareholders be treated?’; b) section 5 other than: <ul style="list-style-type: none"> – the second paragraph in section 5.6(b); and – the first and second paragraph in section 5.7(c); c) the last sentence in section 8.10 relating to FIRB approval received by RCF; and d) the following definitions in this section 9.1: <ul style="list-style-type: none"> – ‘Commitment Deed’; – ‘Committed Shareholder’; – ‘RCA VI GP’; – ‘RCA VI GPGP’; – ‘RCF’; – ‘RCF Entity’; – ‘RCF Management’; and – ‘RCFM’.

Term	Meaning
RCF Management	has the meaning given in section 5.1(a).
RCFM	RCF Management and/or Resource Capital Funds Management Pty Ltd.
Record Date	7.00pm on 5 September 2016 or such other date as Ausenco and RCF agree.
Regulatory Approval	any approval of a Regulatory Authority to the Transaction or any aspect of it which is necessary or desirable for the implementation of the Transaction.
Regulatory Authority	a) ASX and ASIC; b) the Takeovers Panel; c) a government or governmental, semi-governmental or judicial entity or authority; d) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and e) any regulatory organisation established under statute.
Related Body Corporate	has the meaning given in section 50 of the Corporations Act.
Related Persons	in relation to a person: a) that person's associates; and b) that person's Related Bodies Corporate (if any) and their respective officers, employees, advisers and agents.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Relevant Jurisdiction	each of Australia, USA and Canada.
Representative	any person acting for or on behalf of a party including any director, officer, employee, agent, contractor or professional advisor of a party (or, in the case of RCF, any such representative of an RCF Entity).
Requisite Majority	in relation to the Scheme Resolution, a majority in number (more than 50%) of Ausenco Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting and at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Ausenco Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Ausenco and the Scheme Shareholders, the form of which is attached as Attachment D, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by RCF and Ausenco.
Scheme Booklet	this booklet, including the attachments to it.
Scheme Consideration	the consideration payable by RCF to Ausenco (as agent for each Scheme Shareholder) for the transfer to RCF of each Scheme Share, being, for each Ausenco Share held by a Scheme Shareholder as at the Record Date, an amount of \$0.40.
Scheme Implementation Agreement	the scheme implementation agreement between Ausenco and RCF dated 14 June 2016, a copy of which is attached to Ausenco's ASX announcement of 14 June 2016 available at www.asx.com.au .
Scheme Meeting	the meeting of Ausenco Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme, currently scheduled to occur at 10.30am (AEST) or immediately after the conclusion of the EGM (whichever occurs later) on 25 August 2016, and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Proxy Form	a proxy form for the Scheme Meeting, being one of two proxy forms which accompany this Scheme Booklet or which is available from the Ausenco Share Registry.
Scheme Resolution	the resolution set out in the Notice of Scheme Meeting to approve the terms of the Scheme.
Scheme Shareholder	a person registered as an Ausenco Shareholder at the Record Date, other than an Excluded Shareholder.
Scheme Shares	all Ausenco Shares held by the Scheme Shareholders as at the Record Date.

Term	Meaning
Second Court Date	the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme, with such hearing being the Second Court Hearing .
Secured Debt	the cash advance and overdraft debt originally owed by certain members of the Ausenco Group to ANZ and NAB, the rights, title and interest to which RCF acquired on 26 May 2016, together with interest and fees payable on those debts, of which the Australian dollar equivalent of the principal amount owed as at the Last Practicable Date is \$59,097,896 (and the amount of interest payable on that amount if the EGM Resolution is passed is approximately \$1,337,746).
Specified Event	an event, occurrence or matter (including, to avoid doubt, termination of a Material Contract or Material Customer Contract) that: <ul style="list-style-type: none"> a) occurs after the date of the Scheme Implementation Agreement; b) occurs before the date of the Scheme Implementation Agreement but is only announced or publicly disclosed after the date of the Scheme Implementation Agreement; or c) will or is likely to occur after the date of the Scheme Implementation Agreement and which has not been publicly announced prior to the date of the Scheme Implementation Agreement.
Subsidiaries	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Superior Proposal	a publicly announced Competing Transaction which the IBC, acting in good faith, and after taking advice from its legal and financial advisers, determines is: <ul style="list-style-type: none"> a) reasonably capable of being completed taking into account all aspects of the Competing Transaction; and b) more favourable to Ausenco Shareholders than the Scheme, taking into account all terms and conditions of the Competing Transaction.
Tax Adviser or PwC	PricewaterhouseCoopers Securities Ltd ABN 54 003 311 617.
Tax Adviser's Report	the report issued by the Tax Adviser which provides a summary of the Australian tax implications for Ausenco Shareholders in connection with the Scheme and which is contained in Attachment A.
Transaction	the acquisition by RCF of all Ausenco Shares other than the Excluded Shares through the implementation of the Scheme.
Trustee	has the meaning given in section 8.4(c).
VWAP	volume weighted average price.

9.2 Interpretation

In this Scheme Booklet, unless the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section or attachment is a reference to a section of and an attachment to this Scheme Booklet as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (h) a reference to time is a reference to Australian Eastern Standard Time (AEST);
- (i) a reference to writing includes facsimile transmissions;
- (j) a reference to dollars, \$, A\$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia; and
- (k) a reference to \$US and USD is a reference to the lawful currency of the United States of America.

Attachment A

Tax Adviser's Report





The Directors
Ausenco Limited
144 Montague Road
SOUTH BRISBANE QLD 4101

20 July 2016

Dear Directors

Tax Implications for Shareholders

We have been engaged by Ausenco Limited (Ausenco) to provide a general summary of the Australian tax implications for eligible Shareholders in Ausenco who participate in the scheme of arrangement (Scheme) involving the acquisition by RCF of Ausenco Shares from eligible Ausenco Shareholders (ie, excluding the Excluded Shareholders).

This summary has been prepared for inclusion in the Scheme Booklet dated on or about 20 July 2016 to be issued by Ausenco in respect of the Scheme.

Scope

The advice within this report is necessarily general in nature. Eligible Ausenco Shareholders should obtain, and rely upon, their own independent taxation advice about the consequences of disposing of the Ausenco Shares having regard to their own specific circumstances.

The categories of Ausenco Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their shares on capital account.

This summary does not consider the tax consequences for Ausenco Shareholders who:

- hold their Ausenco Shares on revenue account;
- carry on a business of trading in shares;
- are exempt from Australian tax; or
- are subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 and have made any tax timing elections in respect of their Ausenco Shares.

This summary is based on the Australian tax law, and our understanding of the practice of the tax authorities, at the time of issue of this letter. The laws are complex and subject to change periodically as is their interpretation by the courts and the tax authorities. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. It does not take into

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account the tax law of countries other than Australia. The precise implications of ownership or disposal will depend upon each Ausenco Shareholder's specific circumstances.

Taxation on the disposal of Ausenco Shares

Should the Scheme be approved as outlined in the Scheme Booklet, then the Ausenco Shareholders to which the Scheme applies will be treated as having disposed of their Ausenco Shares for Australian income tax purposes. This disposal will be regarded as a capital gains tax (CGT) event (CGT event A1).

The specific tax implications for each Ausenco Shareholder depends on whether they are a resident or non-resident of Australia for income tax purposes – refer below for further information in this regard.

Australian resident Shareholders

An Ausenco Shareholder will realise a capital gain in connection with the disposal of an Ausenco Share to the extent that the amount of the cash proceeds the Ausenco Shareholder receives, or will receive, for the disposal of that Ausenco Share is more than the cost base of that Ausenco Share.

An Ausenco Shareholder will realise a capital loss to the extent that the amount of the cash proceeds the Ausenco Shareholder receives, or will receive, is less than the reduced cost base of an Ausenco Share. Capital losses can usually only be offset against capital gains realised by the Ausenco Shareholder in the same income year or in future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

As a general proposition, the cost base of an Ausenco Share should be the total amount paid for the Ausenco Share plus any acquisition costs and other costs relating to the holding and disposal of the Ausenco Share, to the extent to which an income tax deduction has not been claimed for such costs. The reduced cost base of an Ausenco Share is usually determined in a similar, but not identical, manner. Please note that there are a number of circumstances which may result in your cost base or reduced cost base being calculated in a different manner to that outlined in this section. We recommend that you consult your tax adviser to confirm the cost base or reduced cost base of your Ausenco Shares.

Any net capital gain should be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year will be calculated by aggregating all of your capital gains realised in that income year and reducing that amount by your capital losses realised in that income year and any available net capital losses from prior years.

Ausenco Shareholders, who are individuals, trusts or complying superannuation funds may be eligible for discount capital gains treatment in respect of an Ausenco Share if they have held that Ausenco Share for at least 12 months and certain other requirements have been met. The CGT discount factor is 50% for individuals and trustees (other than a trust that is a complying superannuation entity) and 33⅓% for complying superannuation funds. When calculating a discount capital gain, the capital gain should initially be reduced by any other capital losses of the Ausenco Shareholder. If a capital gain remains after utilising any available capital losses, it may be reduced by the discount factor. Companies are not eligible for discount capital gains treatment.



The above comments will not apply to you if you buy and sell shares in the ordinary course of business, or if you acquired the shares for resale at a profit. In those cases, any gain is generally taxed as ordinary income. Specific tax advice should be sought by Ausenco Shareholders to which these circumstances apply.

Non-resident Shareholders

If an Ausenco Shareholder is not a resident of Australia for income tax purposes and does not hold their Ausenco Shares in carrying on a business through a permanent establishment in Australia, the disposal of Ausenco Shares will generally not result in any Australian CGT consequences, unless both of the following requirements are satisfied:

- (a) **Non-portfolio interest test** – the Ausenco Shareholder, together with its associates, holds (or as held) 10% or more of the total Ausenco Shares at the time of disposal, or for any continuous 12 month period within 2 years preceding the disposal for CGT purposes; and
- (b) **Principal asset test** – more than 50% of Ausenco's value arises from direct or indirect interests in Australian real property (defined to include mining and exploration leases and licences) at the time the Scheme is implemented.

If either element is absent, any capital gain made by an Ausenco Shareholder on the disposal of their Ausenco Shares should not be subject to income tax in Australia.

If you hold a "non-portfolio interest" in Ausenco, you should contact Ausenco to determine if the Ausenco Shares would pass the "principal asset test". In this regard, detailed calculations are necessary to determine the results of the "principal asset test".

If you buy and sell shares in the ordinary course of business, or acquired the Ausenco Shares for resale at a profit, any gain could be taxed in Australia as ordinary income and not as a capital gain (subject to any relief available under a double tax treaty that Australia has concluded with your country of residence). Again, you should seek your own tax advice.

You should seek advice from your tax adviser as to the taxation implications of the Scheme being implemented in your country of residence.

Stamp Duty

Under current stamp duty legislation, no stamp duty would ordinarily be payable by Ausenco Shareholders on the disposal of Ausenco Shares. Any stamp duty payable on the transfer of Ausenco Shares pursuant to the Scheme will be paid by RCF.

Goods and Services Tax

Ausenco Shareholders will not be liable for GST in respect of their transfer of Ausenco Shares.

Ausenco Shareholders registered for GST may not be entitled to claim full input tax credits in respect of any GST paid on any costs incurred in connection with owning or disposal of their Ausenco Shares. Separate GST advice should be sought by Ausenco Shareholders in this respect.



Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this tax summary in the Scheme Booklet in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this tax summary in the Scheme Booklet. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Scheme Booklet.

Disclaimer

The information contained in this summary does not constitute "financial product advice" within the meaning of the *Corporations Act 2001* (Cth) (Corporations Act). To the extent that this summary contains any information about a "financial product" within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product.

This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act. Any recipient should, before acting on this material, also consider the appropriateness of this material having regard to their objectives, financial situation and needs, and consider obtaining independent financial advice.

Yours faithfully

A handwritten signature in black ink, reading "Graham Sorensen".

Graham Sorensen
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

Attachment B

Independent Expert's Report



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The Independent Directors
Ausenco Limited
144 Montague Road
South Brisbane QLD 4101

20 July 2016

Subject: Proposed acquisition of Ausenco Limited

Dear Independent Directors

Introduction

- 1 On 2 May 2016, Ausenco Limited (Ausenco or the Company) announced that it had received an unsolicited, indicative and non-binding proposal from Resource Capital Fund VI L.P. (RCF) to privatise Ausenco by way of a scheme of arrangement.
- 2 Subsequently, on 14 June 2016, Ausenco announced that it and RCF had entered into a Scheme Implementation Agreement (the Agreement) under which RCF would acquire control of Ausenco through a scheme of arrangement for a cash consideration of A\$0.40 per share (the Scheme Consideration).
- 3 Certain key management personnel and entities controlled by them (including Mr Zimi Meka (the CEO) and non-executive directors Mr Bob Thorpe and Mr Hank Tuten) and Duro Felguera S.A. (Duro Felguera) (another substantial shareholder) have entered into a Commitment Deed with RCF whereby they will retain their equity in Ausenco¹. We have been advised that had these shareholders not entered into the Commitment Deed, RCF would not have entered into the Agreement.
- 4 The proposed acquisition of Ausenco shares by RCF is to be implemented via a scheme of arrangement between Ausenco and its shareholders (the Scheme) and is subject to a number of conditions precedent (as summarised in Section I of our report).
- 5 If the conditions precedent are satisfied or waived and the Scheme is approved by Ausenco shareholders² and the Court, Ausenco shareholders will receive the Scheme Consideration. The proposed transaction values all the shares in Ausenco (on an undiluted basis) at approximately A\$75 million.
- 6 The Scheme is subject to, amongst other things, the Court convening a meeting of Ausenco shareholders. Under the *Corporations Act 2001* (Cth) (Corporations Act), the Scheme is

¹ The shareholders who have entered into the Commitment Deed in aggregate hold 34.3% of Ausenco shares.

² Unless the context requires otherwise, a reference to "Ausenco shareholders" in this report is a reference to Ausenco shareholders other than "Excluded Shareholders" (as the term "Excluded Shareholders" is defined in the Scheme Booklet).

approved by Ausenco shareholders if a resolution in favour of the Scheme is passed by a majority in number of the Ausenco shareholders present and voting at the Scheme meeting (in person or by proxy), and by 75% of the votes cast on the resolution. If this occurs a second Court hearing will be held to approve the Scheme which, if approved, will become binding on all Ausenco shareholders who hold Ausenco shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

RCF

- 7 RCF is a USA based private equity fund formed in February 2013 that has a mandate to make investments in mining companies and mining services companies across a diversified range of hard mineral commodities and geographic regions. RCF is managed by RCF Management L.L.C. (RCF Management), a Delaware limited liability company established in 1998. RCF Management advises private equity funds with assets under management of US\$2.4 billion as at 31 March 2016.

Purpose of report

- 8 The Scheme is subject to a number of conditions precedent, including an independent expert concluding that the Scheme is in the best interests of Ausenco shareholders³. In addition, the Independent Directors' recommendation of the Scheme is subject to an independent expert concluding that the Scheme is in the best interests of Ausenco shareholders, in the absence of a superior proposal.
- 9 Accordingly, the Independent Directors of Ausenco have requested that Lonergan Edwards & Associates Limited (LEA) prepare an independent expert's report (IER) stating whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Ausenco shareholders and the reasons for that opinion. LEA is independent of Ausenco, RCF and RCF Management and has no other involvement or interest in the Scheme.

Summary of opinion

- 10 In our opinion, the Scheme is fair and reasonable and therefore in the best interests of Ausenco shareholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

Value of Ausenco

- 11 We have assessed the value of Ausenco shares on a 100% controlling interest basis at A\$0.27 per share to A\$0.37 per share, as shown below:

Ausenco – 100% controlling interest value		
	Low A\$m	High A\$m
Enterprise value	125	145
Less adjusted net debt	(64)	(60)
Value of equity	61	85
Fully diluted shares on issue	228.5	228.5
Value per share	A\$0.27	A\$0.37

³ The assessment is to be made on behalf of Scheme Participants who, under the Agreement, are defined as Ausenco shareholders other than RCF, its associates and those shareholders that have entered into the Commitment Deed. For the purpose of our report we have referred to the Scheme Participants as Ausenco shareholders.

- 12 We have assessed the enterprise value of Ausenco having regard to both the capitalisation of EBITDA⁴ and DCF⁵ valuation approaches:
- (a) we have had regard to “through the cycle” earnings and (for valuation purposes) have adopted EBITDA of A\$26.0 million (equivalent to average EBITDA over the period FY09 to FY15), to which we have applied an EBITDA multiple of 4.5 to 5.0
 - (b) given the uncertainty as to the quantum and timing of an expected recovery in earnings, we have assessed the DCF value of the business under a range of earnings recovery scenarios, adopting a discount rate of 11.1% per annum (after tax)⁶.

Fair and reasonable opinion

- 13 Pursuant to Regulatory Guide 111 – *Content of expert reports* (RG 111) a scheme is “fair” if the value of the scheme consideration is equal to or greater than the value of the securities the subject of the scheme. This comparison for Ausenco shares is shown below:

Comparison of Scheme Consideration to value of Ausenco			
	Low A\$ per share	High A\$ per share	Mid-point A\$ per share
Value of Scheme Consideration	0.40	0.40	0.40
Value of 100% of Ausenco	0.27	0.37	0.32
Extent to which the Scheme Consideration exceeds the value of Ausenco	0.13	0.03	0.08

- 14 As the Scheme Consideration is above the high end of our assessed valuation range for Ausenco shares on a 100% controlling interest basis, in our opinion, the Scheme Consideration is fair to Ausenco shareholders when assessed based on the guidelines set out in RG 111.
- 15 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is “reasonable” it must also be “in the best interests” of shareholders, in the absence of a superior proposal.
- 16 Consequently, in our opinion, the Scheme is also “reasonable” and “in the best interests” of Ausenco shareholders in the absence of a superior proposal.

Assessment of the Scheme

- 17 We summarise below the likely advantages and disadvantages of the Scheme for Ausenco shareholders.

⁴ Earnings before interest, tax, depreciation and amortisation.

⁵ Discounted cash flow.

⁶ For the purposes of our net present value (NPV) calculations, we have discounted the cash flows for FY16 to FY20 at 11.5% per annum (being the weighted average cost of capital (WACC) excluding the impact of the tax shield on debt). This is because the existence of tax losses means that no tax benefit on interest arises during these years.

Advantages

18 The Scheme has the following benefits for Ausenco shareholders:

- (a) the Scheme Consideration of A\$0.40 cash per share is above the high end of our assessed value range of Ausenco shares on a 100% controlling interest basis
- (b) the Scheme Consideration represents a significant premium to the recent market prices of Ausenco shares prior to the announcement on 2 May 2016 of the initial approach from RCF
- (c) furthermore, the premium exceeds observed premiums generally paid to target company shareholders in comparable circumstances
- (d) the Scheme provides Ausenco shareholders with the opportunity to realise their investment in a company in which share trading has been relatively low (refer to paragraph 170) in a cost effective manner
- (e) given the pending expiry of the current secured debt facilities in August 2016, the Scheme implicitly avoids the potential need for existing Ausenco shareholders to increase their investment in the Company or be significantly diluted, if an equity capital raising associated with a repayment / refinancing of the debt facilities is proceeded with
- (f) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Ausenco shares is likely to trade at a significant discount to our valuation and the Scheme Consideration (consistent with the portfolio nature of individual shareholdings and the need by Ausenco to reduce debt).

Disadvantages

19 The Scheme has the following adverse implications for Ausenco shareholders:

- (a) Ausenco shareholders should note that if the Scheme is approved they will no longer hold an interest in Ausenco. Ausenco shareholders will therefore not participate in any future value created by the company as a result of on-going operations over and above that reflected in our assessed valuation of the company
- (b) in particular, Ausenco provides its services to the mining industry. The mining industry is inherently cyclical in nature and some industry participants consider it to be currently at, or around the low point in the cycle. Accordingly, whilst on balance we have assessed the Scheme as fair and reasonable and in the best interests of Ausenco shareholders, if the Scheme is approved Ausenco shareholders will forego the opportunity to participate in the expected improvement in earnings as the industry moves into the next upswing in the mining cycle.

Other matters

20 It should also be noted that:-

- (a) the Scheme has the support of the Independent Directors together with First Samuel⁷, a substantial shareholder which holds 19.85% of Ausenco⁸

⁷ Refer Ausenco's Australian Securities Exchange (ASX) announcement dated 14 June 2016.

⁸ This support is subject to no superior proposal emerging prior to the Scheme meeting.

- (b) pursuant to the Agreement, those Ausenco shareholders that have entered into the Commitment Deed (representing in aggregate 34.3% of Ausenco shares on issue), together with RCF (which holds a 5.7% interest in Ausenco) are precluded from voting in relation to the Scheme.

Conclusion

- 21 Given the above analysis, we consider that the advantages of the Scheme significantly outweigh the disadvantages. This supports our view that the acquisition of Ausenco shares by RCF under the Scheme is reasonable. As outlined further in this report, we also consider the Scheme is fair and accordingly in our opinion the Scheme is fair and reasonable and therefore in the best interests of Ausenco shareholders in the absence of a superior proposal.

General

- 22 In preparing this report we have considered the interests of Ausenco shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.
- 23 The impact of the Scheme on the tax position of Ausenco shareholders depends on the individual circumstances of each investor. Ausenco shareholders should read the Scheme Booklet and consult their own professional advisers if in doubt as to the taxation consequences of the Scheme.
- 24 The ultimate decision whether to approve the Scheme should be based on each Ausenco shareholder's assessment of their own circumstances. If Ausenco shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice. For our full opinion on the Scheme and the reasoning behind our opinion, we recommend that Ausenco shareholders read the remainder of our report.

Yours faithfully



Craig Edwards
Authorised Representative



Martin Holt
Authorised Representative

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I Key terms of the Scheme

Terms

- 25 On 14 June 2016, Ausenco announced that it and RCF had entered into a Scheme Implementation Agreement (the Agreement) under which RCF would acquire control of Ausenco through a scheme of arrangement for a cash consideration of A\$0.40 per share (the Scheme Consideration).
- 26 Certain key management personnel and entities controlled by them (including Mr Zimi Meka (the CEO) and non-executive directors Mr Bob Thorpe and Mr Hank Tuten) and Duro Felguera (another substantial shareholder) have entered into the Commitment Deed with RCF whereby they will retain their equity in Ausenco⁹.
- 27 The proposed acquisition of Ausenco shares by RCF is to be implemented via a scheme of arrangement between Ausenco and its shareholders (other than “Excluded Shareholders” as that term is defined in the Scheme Booklet) (the Scheme) and is subject to a number of conditions precedent as summarised below.
- 28 If the conditions precedent are satisfied or waived and the Scheme is approved by Ausenco shareholders (other than Excluded Shareholders) and the Court, Ausenco shareholders (other than Excluded Shareholders) will receive the Scheme Consideration.

Conditions

- 29 The Scheme is subject to the satisfaction of a number of conditions precedent outlined in the Agreement, including the following :
- (a) consent or approvals from the Australian Securities & Investments Commission (ASIC) that the parties agree are reasonably necessary or desirable to implement the Transaction and such other approvals of regulatory authorities as the parties agree are necessary or desirable to implement the Scheme
 - (b) no court or regulatory authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling, or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Transaction and no such order, decree, ruling, other action or refusal is in effect
 - (c) Ausenco shareholders (other than Excluded Shareholders) approve the EGM Resolution, which seeks approval for RCF to acquire a relevant interest in Ausenco shares pursuant to the Commitment Deed and the potential conversion of debt to equity in respect of the loan facilities advanced by RCF to Ausenco
 - (d) Ausenco shareholder (other than Excluded Shareholders) approval of the Scheme by the requisite majorities under the Corporations Act at the Scheme meeting
 - (e) approval of the Scheme by the Court in accordance with s411(4)(b) of the Corporations Act
 - (f) all third party consents which the parties agree are necessary or desirable to implement the Scheme are obtained

⁹ The shareholders who have entered into the Commitment Deed in aggregate hold 34.3% of Ausenco shares.

- (g) an independent expert issues a report which concludes that the Scheme is in the best interests of Scheme Participants¹⁰ before the date on which the Scheme Booklet is lodged with ASIC
 - (h) no “Prescribed Event” (as defined in schedule 1 of the Agreement) occurs in respect of Ausenco between 14 June 2016 and 8.00 am on the Second Court Date
 - (i) no “Material Adverse Change” (as defined in clause 1.1 of the Agreement) in respect of Ausenco occurs or becomes apparent between 14 June 2016 and 8.00 am on the Second Court Date. In addition to other defined matters, a Material Adverse Change will be deemed to have occurred if, at any time and for any reason, the revenue of Ausenco for the year ending 31 December 2016 (FY16) is reasonably likely to be less than A\$220 million¹¹
 - (j) the Agreement has not been terminated in accordance with clause 16 (Termination Events include the termination of a Material Customer Contract, together with the sale of Ausenco shares by those Ausenco directors that have entered into the Commitment Deed with RCF)
 - (k) no decline in the Bloomberg Commodity Index to a level which is 80% or less than the level as at the close of trading on 14 June 2016 and remains at or below that level for at least three business days or until the date immediately before the Second Court Date
 - (l) prior to the Second Court Date, an entity that is a party to a Material Customer Contract which contains a provision requiring Ausenco to seek that counterparty’s consent to the change of control pursuant to the Transaction, provides the consent to the Transaction
 - (m) between 14 June 2016 and the Second Court Date, Ausenco does not become aware of any information that it would need to disclose to the ASX or Ausenco shareholders in certain circumstances, which would be reasonably likely to result in a Material Adverse Change in relation to Ausenco.
- 30 In addition Ausenco has agreed that up until 30 November 2016 (being the End Date as set out in clause 1.1 of the Agreement) it will:
- (a) not solicit, invite, encourage or initiate any competing transaction
 - (b) not participate in any discussions with or enter into any agreement or understanding with any person in relation to a competing transaction or which may reasonably be expected to lead to a competing transaction
 - (c) not provide any non-public information to a third party for the purposes of enabling that party to table a competing transaction
 - (d) notify RCF promptly if it receives a competing proposal
 - (e) ensure that the notification to RCF is accompanied by details of the price and material terms and conditions of the competing proposal, excluding the identity of the party making the competing proposal

¹⁰ The condition precedent requires the assessment to be made on behalf of Scheme Participants who, under the Agreement, are defined as Ausenco shareholders other than RCF, its associates and those shareholders that have entered into the Commitment Deed. For the purpose of our report we have referred to the Scheme Participants as Ausenco shareholders.

¹¹ At the date of this report, Ausenco management expect FY16 revenue to exceed A\$220 million.

- (f) not enter into any legally binding agreement with a third party to give effect to a competing proposal or to publicly recommend a competing proposal unless Ausenco has given RCF at least five business days to provide a matching or superior proposal.
- 31 Certain of the exclusivity obligations do not apply if Ausenco has complied with the various obligations set out in the Agreement and the Ausenco Independent Directors determine:
- (a) the proposed competing transaction is, or may reasonably be expected to lead to a superior proposal; and
 - (b) that compliance with the relevant exclusivity obligations would be likely to involve a breach of the fiduciary or statutory duties of the Independent Directors of Ausenco.
- 32 A break fee of A\$1.0 million is payable by Ausenco to RCF in certain circumstances as specified in the Agreement.

Resolution

- 33 Ausenco shareholders will be asked to vote on the Scheme in accordance with the Scheme resolution contained in the relevant notice of meeting accompanying the Scheme Booklet.
- 34 If the Scheme resolution is passed by the requisite majorities, Ausenco must apply to the Court for orders approving the Scheme, and if that approval is given, lodge the orders with ASIC and do all things necessary to give effect to the Scheme. Once the Court approves the Scheme it will become binding on all Ausenco shareholders (other than Excluded Shareholders) who hold Ausenco shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

II Scope of our report

Purpose

- 35 The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the *Corporations Regulations 2001* (Corporations Regulations) prescribes information to be sent to shareholders in relation to a members' scheme of arrangement pursuant to s411 of the Corporations Act.
- 36 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.
- 37 RCF is represented on the Ausenco Board. Accordingly there is a regulatory requirement for an IER. RCF and related parties also have a current shareholding interest of 5.7% in Ausenco and have provided Ausenco with a convertible debt facility with conversion rights to a further 29.0 million Ausenco shares¹².
- 38 In addition, both a condition precedent to the Scheme and the Ausenco Independent Directors' recommendation of the Scheme are subject to an independent expert concluding that the Scheme is in the best interests of Ausenco shareholders¹³. Furthermore, as the Scheme (if approved and implemented) will result in control of the securities in Ausenco being held by RCF, RG 111 requires that we provide an opinion on whether the consideration payable under the Scheme is fair and reasonable to the shareholders of Ausenco.
- 39 The Independent Directors of Ausenco have therefore requested LEA to prepare an IER stating whether the proposed acquisition of the shares in Ausenco by RCF under the Scheme is fair and reasonable and in the best interests of Ausenco shareholders and the reasons for that opinion.
- 40 This report has been prepared by LEA for the benefit of Ausenco shareholders to assist them in considering the resolution to approve the Scheme. Our report will accompany the Scheme Booklet to be sent to Ausenco shareholders. The sole purpose of our report is to determine whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Ausenco shareholders.
- 41 The ultimate decision whether to approve the Scheme should be based on each Ausenco shareholder's assessment of their own circumstances. If in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

¹² The number of shares issued on conversion is based on the current debt owed and assumes a conversion price of A\$0.31 per share. The issue of these shares (in the absence of any other share issues) would result in RCF and related parties increasing their interest in Ausenco to 18.1%.

¹³ The condition precedent requires the assessment to be made on behalf of Scheme Participants who, under the Agreement, are defined as Ausenco shareholders other than RCF, its associates and those shareholders that have entered into the Commitment Deed. For the purpose of our report we have referred to the Scheme Participants as Ausenco shareholders.

Basis of assessment

- 42 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111.
- 43 RG 111 distinguishes “fair” from “reasonable” and considers:
- (a) a scheme to be fair if the value of the scheme consideration is equal to or greater than the value of the securities that are the subject of the scheme. A comparison must be made assuming 100% ownership of the target company
 - (b) the scheme to be reasonable if it is fair. The scheme may also be reasonable if, despite not being fair, the expert believes that there are sufficient reasons for shareholders to approve the scheme in the absence of a superior proposal.
- 44 There is no legal definition of the expression “in the best interests”. However, RG 111 states that a scheme may be “*in the best interests of the members of the company*” if there are sufficient reasons for shareholders to vote in favour of the scheme in the absence of a higher offer.
- 45 In our opinion, if the Scheme is fair and reasonable under RG 111 it must also be in the best interests of Ausenco shareholders.
- 46 Our report has therefore considered:
- (a) the market value of 100% of the shares in Ausenco
 - (b) the value of the consideration offered by RCF (i.e. A\$0.40 cash per share)
 - (c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111)
 - (d) the extent to which a control premium is being paid to Ausenco shareholders
 - (e) the extent to which Ausenco shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
 - (f) the prices at which Ausenco shares traded prior to the announcement of the Scheme
 - (g) the likely market price of Ausenco shares if the Scheme is not approved
 - (h) the value of Ausenco to an alternative offeror and the likelihood of a higher alternative offer being made for Ausenco prior to the date of the Scheme meeting
 - (i) the advantages and disadvantages of the Scheme from the perspective of Ausenco shareholders
 - (j) other qualitative and strategic issues associated with the Scheme.

Limitations and reliance on information

- 47 Our opinions are based on the economic, sharemarket, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

- 48 Our report is also based upon financial and other information provided by Ausenco and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.
- 49 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Scheme from the perspective of Ausenco shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 50 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters.
- 51 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 52 In forming our opinion, we have also assumed that:
- (a) the information set out in the Scheme Booklet is complete, accurate and fairly presented in all material respects
 - (b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the Agreement and the terms of the Scheme itself.

III Profile of Ausenco

Overview

- 53 Ausenco is a global, diversified engineering and project management company servicing the minerals and metals, process infrastructure and energy markets. The Company also provides environment and sustainability services and tailored operations and maintenance solutions. Ausenco operates from 28 offices in 18 countries located in Australia, Asia Pacific, Africa, the Americas and the Middle East.

History

- 54 Ausenco began in Brisbane in 1991, with a small team of engineers offering innovative solutions to the mining industry. The Company listed on the ASX in 2006 and later acquired several companies to enhance its service offering. A summary of the more significant acquisitions is as follows:
- (a) on 25 February 2008, Ausenco acquired PSI Group for a total consideration of A\$62.1 million. At the date of acquisition, PSI Group was a multi-disciplinary engineering services business with a leading global position in the design and delivery of slurry pipeline transport systems
 - (b) on 5 March 2008, Ausenco announced the acquisitions of:
 - (i) Vector Group, in a combination of asset and share purchases for A\$52.9 million. Vector Group specialised in geotechnical, civil, environmental and water resource services. At the time of the acquisition Vector Group was highly regarded in the water and environmental services market, as well as in the design and construction of heap leach and tailings projects
 - (ii) Sandwell Group, in a combination of asset and share purchases for A\$83.2 million. Sandwell Group was acknowledged as a world leader in the engineering of ports and bulk material handling systems for the mining and petroleum industries
 - (c) on 13 August 2009, Ausenco announced the acquisition of a 50% interest in Kramer Group, a Papua New Guinean based engineering company, which strengthened Ausenco's presence in Papua New Guinea and the South Pacific Islands
 - (d) in January 2012, Ausenco purchased Reaction Consulting, a Canadian based specialist provider of engineering services in the steam assisted gravity drainage bitumen and oil sands sectors, for A\$3.5 million
 - (e) in August 2012, Ausenco acquired 75% of Rylson Group for A\$5.3 million¹⁴. Rylson Group is a Queensland based global provider of business improvement and asset management solutions. The acquisition strengthened Ausenco's asset optimisation capabilities, consistent with its strategy to grow the proportion of recurring work
 - (f) on 29 July 2013, Ausenco acquired the assets of Projex Technologies Ltd, a Calgary based engineering and project management services company operating in the Canadian oil sands industry with specialist expertise in small to medium brownfield projects, for A\$15.5 million. The acquisition has enabled Ausenco to provide a full range of services across the lifecycle of oil sands projects.

¹⁴ The remaining 25% of the business was acquired on 21 November 2014.

- 55 The above businesses brought significant complementary expertise to Ausenco's mineral and metal process plant focus. Ausenco also gained project experience and ground staff in North and South America, adding to its existing network across Australia, Africa and Asia Pacific.
- 56 Ausenco's business strategy aims to capture the maximum possible client expenditure over the full project lifecycle, from initial concept (Evaluate and Innovate) through to operation and maintenance (Create and Optimise), including assessing, planning, costing, design and construction, as shown below:

Ausenco – strategy overview				
	Evaluate	Innovate	Create	Optimise
Key offering	Pre-feasibility, feasibility and conceptual design services	Front end engineering and design services (FEED)	EPCM and EPC contracts	Onsite engineering, operations and maintenance support services
Typical contract duration	3 to 12 months	6 to 18 months	2 to 4 years	4 to 5 years
FY15 revenues (A\$m)	64.1	96.9	35.1	49.5
Other	Leads into Create and Optimise work	Leads into Create and Optimise work	Provides medium term visibility	Manages recurring revenue projects

- 57 Particular strategic focus has been placed on cross selling and broadening Ausenco's services capability, increasing the proportion of engineering procurement and construction (EPC) and engineering procurement and construction management (EPCM) revenues (Create). The Company is also focused on securing a greater proportion of recurring work from tailored operations and maintenance solutions, and environment and sustainability strategies that deliver benefits for projects, communities and the environment (Optimise).

Current operations

- 58 Ausenco's expertise covers all aspects of the resources and energy sectors. This includes minerals processing, pipelines, transportation systems, ports and terminals, infrastructure and conventional, renewable and alternative energies. Ausenco has maintained strong long term relationships with its clients, which include tier 1 miners such as BHP Billiton, Glencore, Vale, Anglo American, Newcrest and Newmont Mining, as well as tier 2 and other mining companies¹⁵.
- 59 The Company operates from a Brisbane head office, with around 1,300 employees. A geographical representation of Ausenco's 28 global office locations is set out below:

¹⁵ Ausenco derived some 58% of its revenue in FY15 from major resource companies.

Ausenco – global office locations

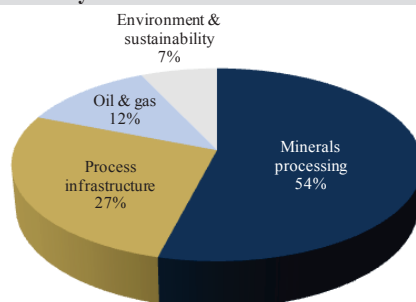


AFRICA	ASIA	AUSTRALIA & SOUTH PACIFIC	MIDDLE EAST	NORTH AMERICA	SOUTH AMERICA
Johannesburg, South Africa	Jakarta, Indonesia Mumbai, India Kuala Lumpur, Malaysia	Apia, Samoa Brisbane, Australia Honiara, Solomon Islands Nukualofa, Tonga Perth, Australia Port Moresby, PNG Port Vila, Vanuatu Sunshine Coast, Australia Suva, Fiji	Jeddah, Saudi Arabia	Burlington, Canada Calgary, Canada Halifax, Canada Concord, USA Houston, USA Montreal, Canada Reno, USA Toronto, Canada Vancouver, Canada	Belo Horizonte, Brazil Lima, Peru Mendoza, Argentina Salta, Argentina Santiago, Chile

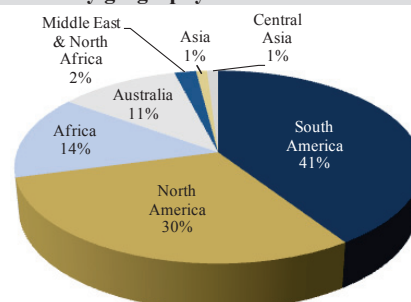
- 60 Ausenco's geographic and sector diversification aims to provide the Company with opportunities across global markets. The Company has a mobile workforce that enables it to deliver its expertise to projects around the world, resulting in geographically diversified revenues. A breakdown of Ausenco's FY15 revenues by market sector and geography is shown below:

Ausenco – FY15 revenue breakdown

Revenue by sector



Revenue by geography



- 61 Ausenco is structured into three geographic business segments, being North America, South America and Asia Pacific (APAC) / Africa¹⁶, with the combined North and South American segments comprising some 71% of FY15 revenue.

¹⁶ Prior to 2014, Ausenco reported operating segments by sectors, being Minerals & Metals, Process Infrastructure, Environment & Sustainability, Program Management, Energy and Corporate.

62 A summary of the services provided by Ausenco is set out below:

- (a) **asset management and optimisation** – assessment of asset performance to determine the best strategies for improvement (including the use of proprietary software to enhance accuracy in managing assets)
- (b) **environment and sustainability** – solutions for sustainable development including geotechnical and civil solutions, water resource management, tailings and mine waste management, energy management and project environmental management
- (c) **minerals processing** – expertise covers minerals and metals including coal, copper, industrial minerals, iron ore, mineral sands, precious metals, uranium, zinc, gold, lead and nickel and includes EPC and EPCM services, project development and construction management, technical studies and the design and delivery of mineral processing plants¹⁷
- (d) **oil and gas** – initial concept and feasibility studies, consulting services, front-end engineering design and engineering, infrastructure development and EPCM services for oil sands and oil and gas projects
- (e) **ports and terminals** – design and development of private and government facilities and greenfield ports involving site selection, planning, investigations, conceptual studies, detailed design and EPCM services. Marine structures covered include wharves, spread mooring systems, breakwaters, outfall facilities and bulk terminals
- (f) **transportation systems** – experience covers more than 5,000 transport projects including the design, installation and integration of heavy haul rail and transportation systems for bulk materials, as well as the development of modelling and simulation software to optimise mine-to-port and port-to-port supply chains
- (g) **pipeline systems** – feasibility studies and design and engineering of long distance slurry pipelines for the transportation of mineral concentrates and ore as well as oil and gas, ethanol and alternative fuel pipelines and water and waste systems
- (h) **power** – solutions for power generation and transmission, the conversion of unconventional gas into power or liquefied natural gas, heavy oil separation, biomass power generation, renewable energy and waste to energy recovery
- (i) **infrastructure** – expertise and management skills for the delivery of large scale industrial and urban infrastructure projects, including road, bridges, light rail and water and wastewater treatment systems
- (j) **operations and maintenance** – operational readiness, operations support and other related services to maximise efficiency and safety through optimisation across projects in various commodities.

¹⁷ Ausenco is recognised internationally as a specialist in minerals processing projects.

Duro Felguera alliance

- 63 On 7 July 2015, Ausenco announced it had entered into a strategic alliance with Duro Felguera S.A. (Duro Felguera), a multinational construction company headquartered in Spain, to jointly pursue and deliver EPC projects globally. In late 2015, the alliance began working with Royal Nickel Corporation on the Dumont Nickel project in Quebec, Canada. Once completed and in operation, the project is expected to be the fifth largest nickel-sulphide mine in the world.
- 64 Following the formation of the Duro Felguera alliance, the Company undertook a A\$10.7 million private share placement to Duro Felguera which was finalised on 21 July 2015. The placement resulted in 17.8 million fully paid ordinary shares¹⁸ being issued to Duro Felguera (representing a 9.5% interest in the Company) at an issue price of A\$0.60 per Ausenco share, which represented a significant premium of 122% to the volume weighted average market price (VWAP) of Ausenco shares in the three months prior to the announcement of the placement. Subsequent to this placement, Duro Felguera held a 14.5% interest in Ausenco¹⁹.

Financial performance

- 65 The financial performance of Ausenco for the four years ended 31 December 2015 (FY15) is set out below:

Ausenco – statement of financial performance⁽¹⁾				
Years ended 31 December	2012	2013	2014	2015
	Audited	Audited	Audited	Audited
	A\$m	A\$m	A\$m	A\$m
Service revenue	618.2	453.2	356.4	245.5
Operating expenses	(550.4)	(426.1)	(355.0)	(259.2)
EBITDA before non-recurring items	67.8	27.1	1.4	(13.7)
Depreciation ⁽²⁾	(8.4)	(9.6)	(9.8)	(10.2)
EBITA⁽³⁾ before non-recurring items	59.5	17.5	(8.4)	(23.9)
Amortisation of acquisition intangibles	(1.8)	(6.1)	-	-
EBIT⁽⁴⁾ before non-recurring items	57.7	11.4	(8.4)	(23.9)
Net financial expense	(2.2)	(3.4)	(4.3)	(4.0)
Non-recurring items ⁽⁵⁾	-	(48.9)	(16.8)	(49.0)
Net profit / (loss) before tax	55.5	(40.9)	(29.5)	(76.9)
Income tax benefit / (expense)	(14.1)	5.7	4.5	(9.2)
Net profit / (loss) after tax	41.4	(35.2)	(25.0)	(86.1)
Margins (before non-recurring items)				
<i>EBITDA</i>	11.0%	6.0%	0.4%	(5.6%)
<i>EBITA</i>	9.6%	3.9%	(2.3%)	(9.7%)
<i>EBIT</i>	9.3%	2.5%	(2.3%)	(9.7%)

¹⁸ The shares issued to Duro Felguera are restricted against on-selling for 12 months following the placement.

¹⁹ This has been modestly diluted following subsequent issues of Ausenco shares.

Note:

- 1 Rounding differences exist.
- 2 Includes software amortisation.
- 3 Earnings before interest, tax and amortisation of acquired intangibles.
- 4 Earnings before interest and tax.
- 5 Non-recurring items are comprised of the following:

	2012	2013	2014	2015
	Audited	Audited	Audited	Audited
	A\$m	A\$m	A\$m	A\$m
Goodwill impairment charges	-	(12.5)	(10.0)	(30.7)
Redundancy costs	-	(10.7)	(4.5)	(5.9)
Office closure costs	-	-	(2.3)	(5.5)
Foreign exchange reclassifications from office closures	-	-	-	(6.9)
Work in progress and trade receivable write offs	-	(15.9)	-	-
Underperforming contracts	-	(8.8)	-	-
Acquisition costs	-	(1.0)	-	-
Total	-	(48.9)	(16.8)	(49.0)

- 66 The key factors that have impacted the performance of Ausenco in 2012, 2013, 2014, and 2015 are summarised below.

Year ended 31 December 2012

- revenue and EBITDA increased by 12.9% and 44.4% respectively due to increased project delivery assignments, in particular, for projects in the minerals and metals segment
- earnings derived from the process infrastructure sector increased significantly, which was attributable to strong organic growth, successful project delivery and the successful entry into new markets
- corporate costs were reduced by some A\$5.3 million, which substantially offset weakness in the environment and sustainability and program management sectors

Year ended 31 December 2013

- revenue and EBITDA (before non-recurring items) decreased by 26.7% and 60.0% respectively due to:
 - deteriorating market conditions, with higher levels of project deferrals, increased competition, delayed payments from clients and pressure on margins for new work
 - the renegotiation of some contracts at lower activity levels and hence margins in the APAC / Africa region
 - the slowdown of the Pascua Lama project in Argentina
 - lower levels of Create phase activity for process infrastructure projects
 - the deferral of a major pipeline project
- earnings derived from the energy sector improved with the acquisition of the assets of Projex Technologies Limited in July 2013. This enabled the Company to expand its service offering in North America's oil sands market (noting that the North America segment contributed the greatest proportion of Ausenco's EBITDA for this year)

Year ended 31 December 2014

- revenue and EBITDA (before non-recurring items) again decreased by 21.4% and 94.7% respectively, as lower commodity prices led to a reduction in the commencement of new projects in the mining sectors (and hence capital expenditure). As a result Ausenco increased its focus on productivity and cost control areas
- revenue for the North American business reduced 8.9% and EBITDA decreased by 73.8% to A\$3.8 million due to a slowdown in greenfield oil and gas projects. Notwithstanding, the results from the Projex business (acquired in July 2013) exceeded management's expectations
- while revenues for the South American business declined by 4.4%, EBITDA increased by 3.6% to A\$14.2 million following the delivery and completion of several significant projects
- revenue for the APAC / Africa business decreased by 45.3%, with an EBITDA loss of A\$8.9 million reported. This was primarily attributable to market uncertainty caused by volatile commodity prices and the Ebola virus outbreak in West Africa, which lowered activity for the segment

Year ended 31 December 2015

- revenue further declined by 31.1% and EBITDA (before non-recurring items) was negative due to the continued decline in commodity prices and associated impact on mining and energy spending. As a result Ausenco undertook a comprehensive cost reduction that reduced annual controllable costs by A\$23.5 million
- notwithstanding the difficult industry conditions, Ausenco commenced work on new projects including the expansion of the Kinross Tasiast gold project in Mauritania and the development of Hudbay Minerals' Rosemont copper project
- the North American business was adversely affected by the decline in oil prices, which reduced work in the Canadian oil and gas market and resulted in a 34.9% decline in revenues and an EBITDA loss of A\$6.9 million
- revenue for the South American business decreased by 27.5%, with EBITDA declining to a loss of A\$0.4 million, with political uncertainty in Argentina and Brazil impacting performance
- revenue for the APAC / Africa business declined 31.5%, however strong demand for consulting services and an extension to two sustaining capital contracts at the Lihir Island gold project in Papua New Guinea narrowed the EBITDA loss to A\$0.9 million

FY16 Outlook

- on 11 May 2016 the Company provided a trading update for the quarter ended 31 March 2016. Due to continued project delays, trading results were below expectations with the Company achieving revenue of A\$46.4 million and incurring an EBITDA loss of A\$7.9 million
- notwithstanding, the Company reiterated previous FY16 revenue guidance of A\$280 million²⁰. This guidance was subsequently updated on 11 July 2016 to a reduced revenue range for FY16 of between A\$230 million and A\$240 million, having regard to the financial performance in the second quarter of FY16.

²⁰ This guidance implies revenue growth of 14.1% in comparison to that reported in FY15.

Cash conversion ratio

- 67 The historical cash conversion ratio for Ausenco (a comparison of un-gearred pre-tax cash flow to EBITDA) is set out below:

Ausenco – cash conversion ratio				
	FY12	FY13	FY14	FY15
	A\$m	A\$m	A\$m	A\$m
Reported operating cash flow	41.2	9.0	(9.2)	(16.1)
Income tax	8.6	7.7	1.5	1.5
Finance costs	2.2	3.4	4.3	4.0
Adjusted operating cash flow	52.0	20.1	(3.4)	(10.6)
Underlying EBITDA	67.8	27.1	1.4	(13.7)
Cash conversion ratio	76.7%	74.2%	nm	nm
nm – not meaningful.				

- 68 Whilst the current financial position of Ausenco is primarily attributable to the reduced level of business activity in recent years, we note that in the period under review business cash flows generated by Ausenco have generally been below underlying earnings (in part because non-recurring cash costs are reflected in the adjusted operating cash flows).

Financial position

- 69 The financial position of Ausenco as at 30 June 2015 and 31 December 2015 is set out below:

Ausenco – statement of financial position⁽¹⁾		
	30 Jun 15	31 Dec 15
	Reviewed	Audited
	A\$m	A\$m
Trade receivables and other current assets ⁽²⁾	46.4	39.0
Net work in progress	25.2	13.5
Creditors, accruals and provisions	(41.7)	(44.3)
Net working capital	29.8	8.2
Plant and equipment	15.0	10.5
Intangible assets	185.4	148.9
Deferred tax assets (net)	34.0	36.4
Investments in joint ventures and associates	3.6	4.6
Provisions (non-current)	(2.1)	(3.1)
Other liabilities (non-current)	(3.6)	(2.5)
Total funds employed	262.2	202.9
Cash and cash equivalents	6.8	8.7
Short term borrowings	(18.0)	(61.0)
Long term borrowings	(43.1)	(0.8)
Net borrowings	(54.3)	(53.1)
Net assets attributable to Ausenco shareholders	207.9	149.8

Note:

- 1 Rounding differences exist.
- 2 Includes provision for impairment of trade receivables of A\$9.2 million (FY15), some of which is the subject of various dispute resolution processes.

Working capital

- 70 Ausenco's net working capital levels vary dependent on the stage of a project and the number of projects underway at any point in time. This results in fluctuating levels of working capital between reporting periods (as illustrated above, Ausenco's working capital level declined over the period 30 June 2015 to 31 December 2015). The broadly neutral position disclosed as at 31 December 2015 is consistent with the payment terms generally reflected in the contractual arrangements entered into.

Intangible assets

- 71 The composition of Ausenco's intangible assets is set out below:

Ausenco – intangible assets		
	30 Jun 15	31 Dec 15
	A\$m	A\$m
Goodwill	157.8	123.5
Software	27.6	25.4
	<u>185.4</u>	<u>148.9</u>

- 72 As highlighted above, the majority of Ausenco's intangible assets are comprised of goodwill which arose on the business / company acquisitions noted above. Goodwill is allocated to cash generating units (being the three business segments), with the carrying value tested annually for impairment using the value-in-use method²¹. In FY15 the Company impaired the carrying value of goodwill in the North American and South American businesses by A\$12.5 million and A\$18.2 million respectively, attributable to the adverse affects of weakening North American oil and gas markets and deteriorating economic conditions in Argentina and Brazil.

Net interest bearing debt

- 73 A summary of Ausenco's net debt position as at 30 June 2015 and 31 December 2015 is as follows:

Ausenco – net interest bearing debt		
	30 Jun 15	31 Dec 15
	A\$m	A\$m
Cash and cash equivalents	(6.8)	(8.7)
Short term borrowings	18.0	61.0
Long term borrowings	43.1	0.8
	<u>54.3</u>	<u>53.1</u>

- 74 The major indebtedness comprises secured bank loans which mature on 31 August 2016. Given the size of Ausenco's operations in North America, approximately 75% of the total borrowings at 31 December 2015 have been drawn in US or Canadian dollars to act as a natural hedge against revenues earned in those currencies. In FY15 Ausenco's weighted average interest rate on bank loans and overdraft facilities was 4.4%, which was marginally higher than the corresponding rate of 4.2% applicable in FY14.

²¹ In FY15 a pre-tax discount rate of 11.9%, 14.4% and 14.4% was used in impairment testing for the North America, South America and APAC / Africa segments respectively.

- 75 On 15 April 2016 the Company announced that RCF had replaced Australia and New Zealand Banking Group Limited (ANZ) and National Australia Bank Limited (NAB) as Ausenco's sole and primary secured lender. RCF has since provided the Company with a further A\$20 million cash advance facility to assist Ausenco with its working capital requirements. In addition (prior to these revised banking arrangements), a US\$6.5 million convertible debt facility²² was agreed between the Company and RCF and approved by shareholders on 29 March 2016. Under the agreement, interest is payable quarterly at 10.0% per annum, with payments to be converted to ordinary shares at a conversion price equal to the 20 trading day VWAP calculated on the trading day that is the applicable interest payment date (unless RCF elects for payment in cash). RCF may also convert the principal component of the convertible debt due on 31 December 2018 to ordinary shares at a conversion price of A\$0.31 per share.

Share capital and performance

- 76 As at 6 June 2016, Ausenco had 187.7 million fully paid ordinary shares on issue. Ausenco also had 11.8 million performance rights outstanding which were issued to eligible employees under the Company's long term incentive plans²³. The performance rights are subject to the relevant performance hurdles being achieved, and carry varying entitlements to subscribe for fully paid shares in Ausenco.

Significant shareholders

- 77 As at 6 June 2016 the significant shareholders in Ausenco were as follows:

Ausenco – significant shareholders		
Shareholder	Shares held	
	Million	% interest
First Samuel	33.9	18.1
Duro Felguera	27.0	14.4
Mr Zimi Meka (CEO) and related entities	18.3	9.7
Mr Bob Thorpe (director) and related entities	12.5	6.7
RCF and related parties	10.2	5.4
	<u>101.9</u>	<u>54.3</u>

Share price performance

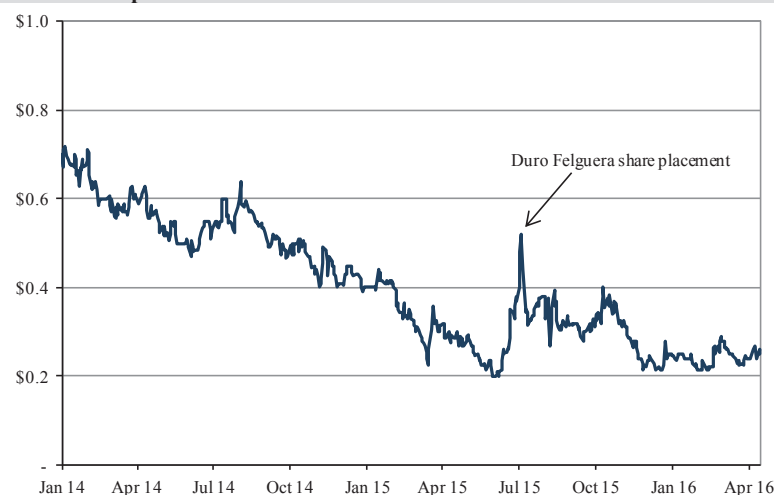
- 78 The following chart illustrates the movement in the share price of Ausenco from 1 January 2014 to 29 April 2016²⁴:

²² RCF also committed a US\$10 million bonding facility to assist Ausenco in meeting bonding requirements on new projects.

²³ Of the performance rights outstanding, 4.8 million have an exercise price of A\$0.10 per right with the balance having an exercise price of A\$nil.

²⁴ Being the last trading day prior to the announcement of the proposal from RCF.

Ausenco – share price history
1 January 2014 to 29 April 2016



Source: Bloomberg.

- 79 As indicated above, the share price of Ausenco generally traded lower throughout the period, reflective of the deterioration in financial performance arising from the decline in commodity prices and related impact on capital spending by global commodity producers.

Liquidity in Ausenco shares

- 80 The liquidity in Ausenco shares based on trading on the ASX over the 12 month period prior to 29 April 2016²⁵ is set out below:

Ausenco – liquidity in shares						
	Start date	End date	No. of shares traded 000	WANOS Outstanding 000 ⁽¹⁾	Implied level of liquidity Period ⁽²⁾ %	Annual ⁽³⁾ %
1 month	30 Mar 16	29 Apr 16	1,517	187,198	0.8	9.7
3 months	30 Jan 16	29 Apr 16	5,648	186,956	3.0	12.1
6 months	30 Oct 15	29 Apr 16	10,319	186,607	5.5	11.1
1 year	30 Apr 15	29 Apr 16	30,187	182,362	16.6	16.6

Note:

- 1 Weighted average number of shares outstanding (WANOS).
2 Number of shares traded during the period divided by WANOS.
3 Implied annualised figure based upon implied level of liquidity for the period.

Source: Bloomberg and LEA analysis.

- 81 The level of liquidity in Ausenco's shares has been relatively low, which we would attribute in part to the presence of several significant shareholders on the Ausenco register as noted above.

²⁵ Being the last trading day prior to the announcement of the proposal from RCF.

IV Industry overview

Overview

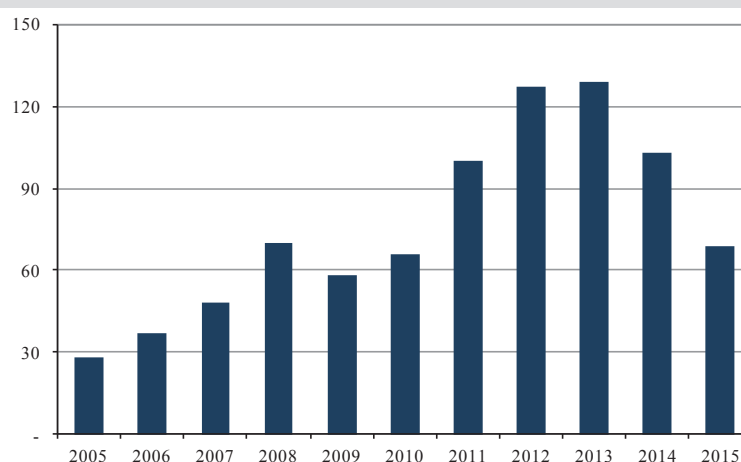
- 82 Ausenco is a diversified engineering, construction and project management company primarily serving the mining and energy industries (including related infrastructure) in Australia and internationally. As highlighted in Section III, Ausenco derives the majority of its revenue from pre-development project phases (Evaluate and Innovate) which provides the Company with entry into longer duration Create and Optimise phase projects. This section therefore focuses on the Australian and global resources sector (in particular, the mining industry) and the related engineering construction industry.

Mining industry

Global mining industry

- 83 Over the ten years to 2013, the industrialisation of a number of developing economies (most notably China) increased demand for bulk and base metal commodities and generated robust investment in the mining sector. Over this period capital spending on mining projects reached record levels. This is evident in the following chart which shows the capital expenditure for the world's 40 largest mining companies by market capitalisation over the 10 years to 31 December 2015.

Top 40 mining companies – capital expenditure⁽¹⁾
US\$bn



Note:

1 Capital expenditure refers to payments for property, plant and equipment.

Source: PricewaterhouseCoopers (PwC).

- 84 As shown above, capital expenditure incurred by the world's largest mining companies grew at a compound annual growth rate (CAGR) of 20.9% from US\$28 billion in 2005 to a peak of US\$129 billion in 2013 (the decrease in spending in 2009 was largely related to the impact of the global financial crisis (GFC) which materially reduced the level of available financing for mining projects). Due to a combination of oversupply (as new commodity projects commissioned and constructed during the period of higher mineral and metal commodity prices were brought into production) and a slowing Chinese economy, bulk and base metal

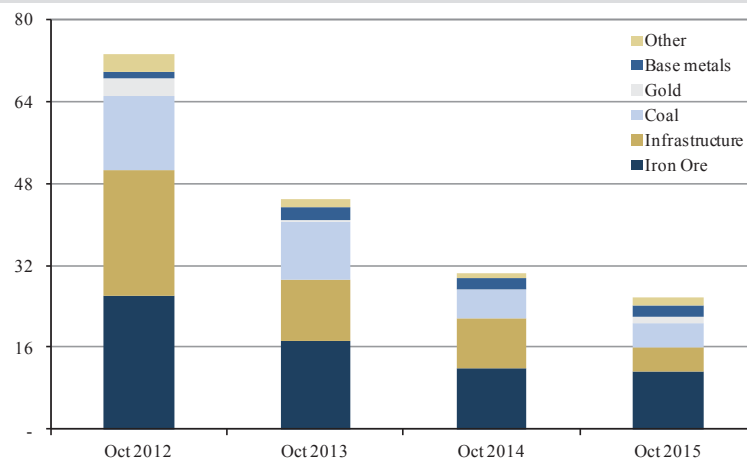
commodity prices have since declined materially. In response, mining companies have been forced to cut costs, improve productivity and reduce capital expenditure.

- 85 As a result the level of investment in new projects globally is currently reducing, with Standard & Poor's 2015 Global Corporate Capital Expenditure Survey²⁶ forecasting global mining capital expenditure to decline by some 14% in 2016 and by a further 9% in 2017. However, these forecast declines should be considered in the context of the record levels of expenditure by mining companies in recent years.

Australian mining industry

- 86 Consistent with the global experience, strong demand for commodities since the early 2000s generated robust investment in the Australian mining sector. This was particularly evident in the bulk commodities sector, which has seen unprecedented levels of investment in recent periods (noting base metals spending levels were also high). However, given the difficult industry conditions currently prevailing, Australian mining companies have shifted their focus from expansion to operational efficiency, and are generally more reluctant to commit to new projects. This is illustrated in the following chart, which shows a significant decline in the level of committed mining projects²⁷ in Australia as at October 2015 compared to the levels reported as at October 2012²⁸.

Australian mining projects at the committed stage
A\$bn



Source: Australian Department of Industry, Innovation and Science.

²⁶ Which was conducted in August 2015.

²⁷ As reported by the Australian Department of Industry, Innovation and Science. Projects at the committed stage of the development cycle have completed all commercial, engineering and environmental studies, received all required regulatory approvals and finalised the financing for the project. Such projects are considered to have received a positive final investment decision from the owner (or owners) and are either under construction or preparing to commence construction.

²⁸ Being the date of commencement of this data source.

Global engineering construction industry

- 87 Engineering and construction contracting is a multi-faceted industry involving research, planning, design and development of engineering solutions for developing infrastructure (urban and industrial), processing resources (oil and gas and minerals), managing the environment (e.g. water and waste) and building construction for both government and private clients. Many businesses also combine their technical expertise with management skills to provide services in areas such as project management, risk management and asset management.
- 88 Engineering construction firms are generally employed by companies in the resources sector to provide specialist services including but not limited to:
- (a) preparing feasibility studies to determine the viability of a project
 - (b) providing engineering design and other technical services
 - (c) providing project delivery services on an EPC and EPCM basis
 - (d) asset management and optimisation to improve efficiency and productivity.
- 89 Demand for engineering services is dependent upon the level of activity and investment in the mining and energy industries. Whilst reductions in capital expenditure have reduced demand for engineering services more generally, the focus of mining companies and financiers on cost certainties has shifted preferences for new projects to be delivered on an EPC basis. Accordingly, notwithstanding the lower level of global activity generally, there are ongoing opportunities for engineering construction companies with EPC capabilities (such as Ausenco) to deliver new projects as they arise.

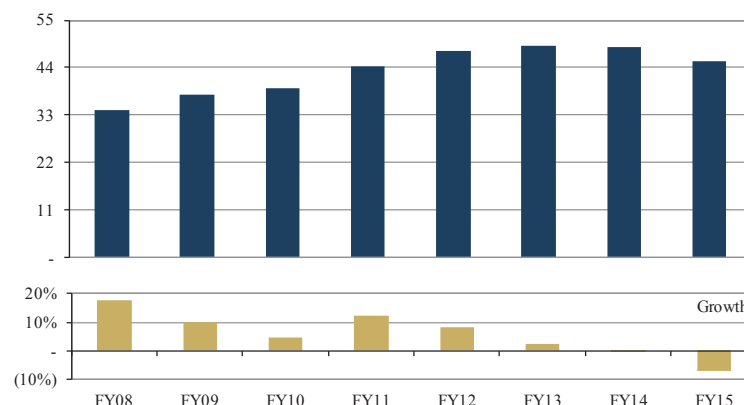
Australian engineering consultancy industry

- 90 IBISWorld estimates that engineering consulting services turnover in Australia was A\$45.5 billion²⁹ in FY15, down 6.9% compared to the prior year³⁰. In recent years, engineering consulting services in Australia benefited from the mining boom, with industry revenues achieving a CAGR over the last eight years of 5.8%. Capital intensive projects created a stream of new engineering work to service the mining and gas extraction markets, and large public sector projects also contributed to industry growth. However, since FY12 revenue growth has significantly slowed and even reduced in FY15 as mining investment (and hence available work for engineers) has been wound back.

²⁹ Source: IBISWorld (April 2016), *Engineering Consulting in Australia*.

³⁰ In nominal terms.

Australian engineering consultancy services revenue⁽¹⁾
A\$bn (years ended 30 June)



Note:

¹ Expressed in nominal terms calculated using the implicit GDP price deflator from the Australian Bureau of Statistics (ABS).

Source: IBISWorld, ABS and LEA analysis.

- 91 The Australian engineering consulting industry has a low level of concentration (the four largest firms generate less than 15% of industry revenue) and is characterised by a large number of small scale industry participants (some 29,000 companies with total employment of approximately 130,000 people) and high levels of competition. Competition has also increased through the entry of large scale global consultancy companies and the constant entry and exit of small scale regional consultants.

International markets in which Ausenco operates

North America

- 92 North America is characterised as having an abundance of natural resources, which has facilitated the region in becoming a major producer and exporter of commodities. Canada in particular has a prominent oil and gas industry (primarily in the provinces of Alberta, British Columbia and Saskatchewan) and is estimated to contain 10% of the world's oil reserves³¹. In addition, Canada and the US have large deposits of metals, minerals and bulk commodities, with the mining industries in these countries representing approximately 3.6% and 1.7% of gross domestic product (GDP) respectively³². This provides on-going demand for engineering construction services for project development and related infrastructure in North America (such as export terminals and gas pipelines).
- 93 Some of the largest engineering construction firms which have specialist expertise in the resources sector are located in North America, including WSP Global Inc, SNC Lavalin Group Inc, Jacobs Engineering Group and AECOM (noting however that the industry remains

³¹ Canada has the world's third largest proven oil reserves behind Venezuela and Saudi Arabia. Source: Natural Resources Canada (2016), *Energy Fact Book*.

³² Source: Natural Resources Canada and United States Bureau of Economic Analysis.

highly fragmented³³). The US and Canadian engineering services industry generates annual revenues of US\$205 billion and C\$31 billion respectively³⁴.

- 94 Consistent with global trends, market activity in the region has slowed due to the impact of reduced capital expenditure programs by resources sector participants. By way of example, the Canadian Association of Petroleum Producers is forecasting capital expenditure in the oil and gas industry to decline by 62% from 2014 levels in the next two years to C\$31 billion (noting that 2014 was a record year for capital expenditure).

South America

- 95 Ausenco's operations in South America are focused on Chile, Peru, Brazil and Argentina, however projects have also been delivered in other parts of South (and Central) America including Colombia and Mexico.

Chile

- 96 The mining industry is a major driver of the Chilean economy. Chile contains vast copper resources and is the world's largest copper producer, producing some 5.8 million tonnes of copper in 2015³⁵ (equivalent to about one-third of global copper mine production). The country is home to the world's largest copper miner Codelco, as well as mining investments of major copper producing companies such as BHP Billiton, Rio Tinto, Xstrata and Anglo American³⁶. Chile's copper industry is also augmented by a growing gold mining sector.
- 97 Due to the arid and isolated location of copper deposits in Chile, mine projects generally require comprehensive power and water packages (including desalination plants). As a result the mining engineering market is relatively large and attractive for engineering service companies. The market is competitive with a number of international engineering services companies operating, with Bechtel Group and Fluor Corporation being among the largest (due to their respective expertise in copper and experience in South America).

Peru

- 98 The mining sector is an integral part of the national economy of Peru with mining activity taking place in 23 of the 25 regions of Peru. The country is considered to be one of the richest mineral countries in the world and in 2015 it was the world's third largest producer of copper and zinc. Peru is estimated to contain substantial amounts of the world's mineral reserves, including copper (11% of global reserves), gold (5%), silver (24%), zinc (13%) and lead (7%)³⁷.
- 99 Historically, Ausenco has undertaken a significant number of projects in the copper mining sector. A historical graphical representation of Peru's copper production is provided below:

³³ For example, the US economic census undertaken in 2012 (the latest available census) showed that in the US there were 58,293 establishments in the engineering services industry, with the largest four establishments representing only 13.1% of total industry revenue. Source: United States Census Bureau.

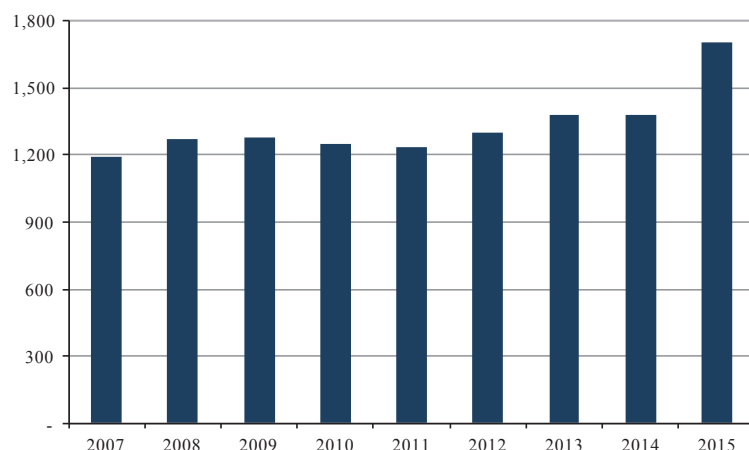
³⁴ Industry revenue relates to 2015 for the US and 2014 for Canada (the latest available year). Source: Statistics Canada and United States Census Bureau.

³⁵ Source: Chilean Copper Commission Ministry of Mining.

³⁶ Chile was the highest ranked Latin American country in respect to mining investment attractiveness as determined by the Fraser Institute's survey of mining companies. Source: Fraser Institute (2015), *Survey of Mining Companies 2015*.

³⁷ Source: Ministry of Energy and Mines of Peru (2015), *Mining Yearbook 2015*.

Copper production
Thousands of fine tonnes



Source: Peru's Ministry of Energy and Mines.

- 100 The continued strong growth in copper production is a reflection of the large amounts of investments that have been made in the mining industry. Between January 1996 and December 2015, investment in the Peruvian mining industry amounted to \$US61 billion³⁸ (however more recently the level of mining investment has fallen in response to lower commodity prices).

Brazil

- 101 Brazil is the world's second largest producer and exporter of iron ore (after Australia). The majority of Brazil's iron ore production is produced by Vale, one of the world's largest iron ore producers (and exporters) and one of the largest mining companies in the world. Brazil's large geographical size makes it an ideal location for mining base and precious metals. However, the recent slowdown in construction activity in China (the largest consumer of industrial metal) has resulted in a decline in iron ore prices and a reduction in mining investment. In addition, Brazil's ongoing political, economic and infrastructure challenges have further contributed to project delays and cancellations.

Argentina

- 102 Argentina's resources sector produces and exports a wide variety of metals such as aluminium, copper, molybdenum, gold, silver and zinc. The country has a land area of 2.7 million square metres, of which the majority has mining potential and is relatively unexplored. The Argentinean mining industry is comprised of private and public companies, with significant investment coming from international mining companies. Following the election of the Macri government in late 2015, foreign investment in the resources sector is expected to increase due to favourable changes to taxation in the mining industry³⁹.

³⁸ Source: Ministry of Energy and Mines of Peru (2015), *Mining Yearbook 2015*.

³⁹ In February 2016 President Mauricio Macri announced the elimination of retention taxes for mining activities in Argentina.

Africa

- 103 The African mining industry has attracted investment from many of the world's leading mining companies due to its abundance of natural resources (which include substantial mineral reserves of bauxite, industrial diamonds and gold). In addition, large numbers of gold companies are exploring for deposits or developing mines in previously unexplored areas in West Africa (including a significant number of Australian companies). Other resource rich deposits attracting investment include copper in Zambia and DR Congo and zinc in Namibia and Zambia.
- 104 Infrastructure development remains critical to the development of the African mining industry as the level of industrialisation among African countries is generally low. Notwithstanding this, robust growth in the region has led to an increase in infrastructure spending, which is predicted to grow by 10% a year over the next decade, exceeding US\$180 billion by 2025⁴⁰. Much of this expenditure is likely to be dedicated to electricity production and water and sanitation services.

Asia

- 105 Ausenco's operations in Asia have predominantly been focused on China, Laos, Thailand, Philippines and Indonesia and typically involve metals and minerals projects. The value of the mining industry in these countries has grown significantly since the early 2000s, particularly in China where the output of commodities such as coal and alumina has increased substantially. In addition, increasing rates of urbanisation across Asia have boosted spending on vital infrastructure (such as water, power and transportation) across the region and supported growth of the local engineering construction industry.

Outlook

- 106 The global and Australian resources sectors continue to be challenged by a combination of low commodity prices⁴¹ resulting from excess supply and deteriorating Chinese GDP growth, which has resulted in a reduction in the level of spending by mining and energy companies. In addition, there also appears to be a strong preference by mining clients to increasingly seek lump sum, fixed price contracts. This is driven by a current strong desire on behalf of mining companies and their financiers (where applicable) to secure enhanced levels of delivery assurance around cost, schedule and facilities performance.
- 107 Notwithstanding the low commodity price environment, there are near term global opportunities emerging in copper and gold (noting that Ausenco has strong expertise in base and precious metals). In respect of copper, talks of global shortages⁴² in future years and the long lead times required to bring mining projects into production are increasing activity for copper mining companies.

⁴⁰ Source: PwC Capital project and infrastructure spending outlook to 2025.

⁴¹ The World Bank forecasts that metals and minerals prices in 2016 will decrease by a further 8.2% in comparison to 2015. Source: The World Bank (2016), *Commodity Markets Outlook*.

⁴² For example, Rio Tinto's Jean-Sebastien Jacques believes a copper shortage could emerge in the next two to three years. Source: Reuters (2015), *Global copper market to see shortage in 2-3 years – Rio Tinto*.

V Valuation methodology

Valuation approaches

- 108 Regulatory Guide 111 – *Content of expert reports* (RG 111) outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:
- (a) the DCF methodology
 - (b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets
 - (c) the amount that would be available for distribution to shareholders in an orderly realisation of assets
 - (d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis
 - (e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.
- 109 Under the DCF methodology the value of the business is equal to the net present value (NPV) of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.
- 110 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future “maintainable” earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.
- 111 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, EBITDA, EBITA, EBIT or net profit after tax. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.

- 112 An asset based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the proceeds is proposed. Using this methodology, the value of the net assets of the company is adjusted for the time, cost and taxation consequences of realising the company's assets.

Methodologies selected

- 113 The market value of Ausenco has been assessed by aggregating the market value of the business operations with the realisable value of any surplus assets, and deducting net borrowings.
- 114 The valuation of the business has been made on the basis of market value as a going concern. The following valuation methodologies have been adopted to determine value:

Valuation methodologies	
Method	Key reasons
Capitalisation of EBITDA (based on average EBITDA)	<ul style="list-style-type: none"> Whilst Ausenco generated losses at the EBITDA line in FY15 and in the first quarter of FY16, it has a history of operating profitably in more favourable industry conditions Value has therefore been assessed based on average EBITDA over a longer period (in order to estimate "through the cycle" earnings) To ensure consistency, we have also calculated the EBITDA multiples for comparable listed companies based on their average EBITDA over the same period EBITDA rather than EBITA has been adopted as Ausenco's professional services are generally not capital intensive
DCF analysis	<ul style="list-style-type: none"> As Ausenco is currently unprofitable, the value of the Company is particularly sensitive to (inter-alia) the quantum of its earnings recovery and the timeframe over which this earnings recovery occurs DCF analysis has therefore been used to assess the value of the business under a range of scenarios We have also considered the values derived by Ausenco as at 31 December 2015 for financial reporting impairment purposes
Share price adjusted for a (takeover) control premium	<ul style="list-style-type: none"> As a cross-check on the above methods, we have also considered the reasonableness of the control premium implied by our valuation range compared to the VWAP of Ausenco shares before the announcement of the non-binding proposal to privatise Ausenco on 2 May 2016

VI Valuation of Ausenco

Methodology

115 As discussed in Section V, we have assessed the value of Ausenco using the capitalisation of EBITDA and DCF approaches.

Capitalisation of EBITDA approach

Underlying EBITDA

116 As Ausenco generated a loss at the EBITDA⁴³ level in FY15 and in the first quarter of FY16⁴⁴, we have assessed the value of Ausenco based on the Company's average EBITDA since FY09 in order to estimate "through the cycle" earnings (noting that Ausenco has been profitable in most years, with recent losses coinciding with continued weak conditions in the mining services sector):

Ausenco – underlying EBITDA (before deducting non-recurring items)			
Year ended 31 December	Revenue ⁽¹⁾ A\$m	EBITDA A\$m	EBITDA margin %
FY09	429.4	43.3	10.1
FY10	510.3	10.6	2.1
FY11	547.5	47.0	8.6
FY12	618.2	67.8	11.0
FY13	453.2	27.1	6.0
FY14	356.4	1.4	0.4
FY15	245.5	(13.7)	(5.6)
Average – FY09 to FY15	451.5	26.2 ⁽³⁾	5.8 ⁽²⁾

Note:

1 Services revenue.

2 Weighted average EBITDA margin.

3 No significant EBITDA profit is expected in FY16. Including FY16, the average EBITDA over the period FY09 to FY16 is around A\$23 million.

117 As noted in Section III, in the first quarter of 2016 Ausenco reported revenue of A\$46.4 million and an EBITDA loss (before non-recurring items) of A\$7.9 million. Management expects a further EBITDA loss in the second quarter of 2016, but currently expects the business to return to profitability at the EBITDA level in the second half of 2016 (as a result of the award and subsequent commencement of recent contracts, including the C\$86.3 million EPC contract for Atlantic Gold Corporation's Moose River project). However, having regard to the expected timing of work and related revenue entitlement on this and other contracts, no significant overall profit at the EBITDA level is likely to be achieved in FY16.

118 It should also be noted that Ausenco has significantly reduced its cost base over the period (through, inter-alia, office closures and staff redundancies), whilst maintaining capacity to undertake significantly higher work levels. Given the reduced cost base and related

⁴³ Before deducting non-recurring items.

⁴⁴ Ausenco is also expected to incur a loss at the EBITDA level in the six months to 30 June 2016 (prior to deducting non-recurring items).

discussions with Ausenco management, in our view, it is reasonable to assume that the business could generate approximately A\$25 million in EBITDA if annual revenue increases to around (the FY14 level) A\$350 million⁴⁵ (implying EBITDA margins of around 7%). In coming to this assessment we have assumed an advised decrease in the Ausenco cost base of not less than A\$5.0 million per annum.

- 119 On a “through the cycle” basis, the average EBITDA of A\$26 million shown above therefore appears to reasonably represent future business earnings.

EBITDA multiples

- 120 We set out in Appendix C a summary of the underlying EBITDA by year for other ASX listed companies operating in the mining services sector. The EBITDA multiples for these companies based on their average EBITDA over the FY09 to FY16 period are shown below:

Implied EBITDA multiples – based on average EBITDA		
Company	Enterprise value ⁽¹⁾ A\$m	EBITDA multiple ⁽²⁾ x
Worley Parsons	2,655	4.7
Mineral Resources	1,496	5.4
Monadelphous Group	491	2.9
RCR Tomlinson	248	4.8
Sedgman	179 ⁽³⁾	4.0
GR Engineering	101	5.1
Lycopodium	55	2.6

Note:

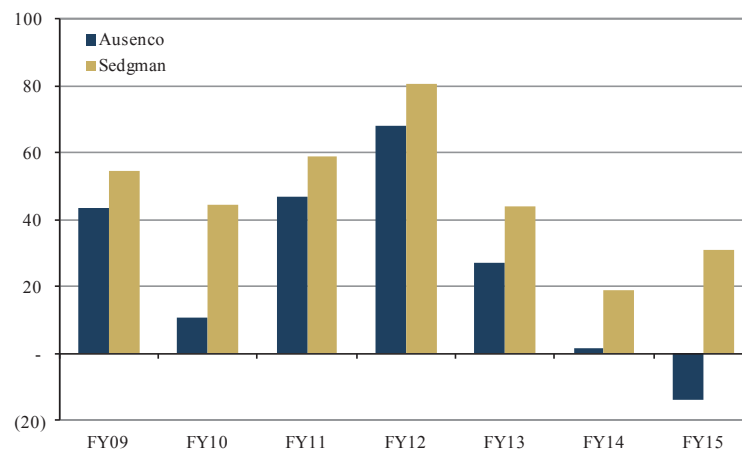
- 1 As at 3 June 2016.
- 2 Based on average EBITDA over FY09 to FY16 (FY16 is based on average broker forecasts).
- 3 Based on offer price in recent takeover (which implicitly reflects a takeover control premium).

- 121 In considering the appropriate EBITDA multiple to apply for valuation purposes we note that:
- (a) the average EBITDA adopted for Ausenco for valuation purposes is significantly greater than the current level of EBITDA being generated
 - (b) Ausenco’s EBITDA over the FY09 to FY16 period has exhibited the greatest variability of all the above listed companies. As such, a lower multiple would seem appropriate (all other variables held constant) due to the greater variability of Ausenco’s annual EBITDA relative to the average EBITDA adopted for valuation purposes
 - (c) Sedgman⁴⁶, which in our opinion is the most comparable ASX listed company to Ausenco, has demonstrated a superior financial performance to Ausenco (with less earnings variability) over the FY09 to FY15 period:

⁴⁵ Average revenue over the period FY09 to FY15 was approximately A\$450 million. In contrast, annualised revenue in the five months to 31 May 2016 (based on unaudited management accounts) was less than A\$200 million. As noted above, under the Agreement, FY16 revenue of less than A\$220 million gives rise to a material adverse change in respect of Ausenco. We have been advised that at the date of this report Ausenco management expect FY16 revenue to exceed A\$220 million.

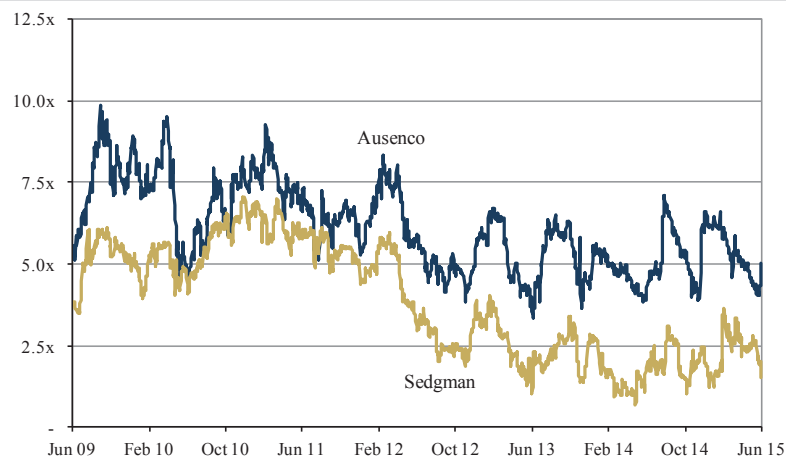
⁴⁶ Sedgman is an Australian based provider of engineering design, project management and operations solutions to the minerals and metals, process infrastructure and energy sectors. The company operates from nine offices in five

**Underlying EBITDA (before non-recurring items)
FY09 to FY15 (A\$m)**



- (d) however, in contrast (and as shown below), Ausenco has generally traded on a higher EBITDA multiple than Sedgman. We have interpreted the higher Ausenco trading multiples as being attributable to:
- (i) the greater global footprint of Ausenco⁴⁷
 - (ii) the more diversified mineral expertise within Ausenco (relative to Sedgman)

**1-year forward EBITDA multiple
30 June 2009 to 30 June 2015**



Source: Bloomberg and LEA analysis.

countries. Like Ausenco, it has a global presence and provides mining services to the large (tier 1) mining companies.

⁴⁷ Ausenco has 28 offices globally whereas Sedgman has only nine.

- (e) with the exception of the EBITDA multiple for Sedgman (which is based on the price recently paid for 100% of the company, and therefore implicitly reflects a premium for control), the listed company multiples do not reflect a premium for control
- (f) however, WorleyParsons and Mineral Resources are significantly larger than Ausenco. As such, any control premium applied to their listed company multiples is likely to be offset (at least in part) by the size difference, as larger companies generally trade on higher multiples than smaller companies if all other variables (such as future earnings growth) are equal.

- 122 Having regard to the above we have adopted an EBITDA multiple of 4.5 to 5.0 when valuing Ausenco (based on Ausenco's average EBITDA adopted for valuation purposes).
- 123 On this basis the enterprise value of Ausenco under the capitalisation of EBITDA method is as follows:

Ausenco – capitalisation of EBITDA approach		
	Low A\$m	High A\$m
Average EBITDA	26	26
EBITDA multiple	4.5	5.0
	117	130
Plus present value of tax losses ⁽¹⁾	11	15
Enterprise value	128	145

Note:

- 1 As the capitalisation of EBITDA calculation does not reflect the value of tax losses, we have included the present value of the cash flow benefit arising from utilisation of tax losses over the period to FY20. A discount rate of 16% per annum has been adopted to determine the present value of the potential tax benefits, reflecting the greater risk associated with the utilisation of tax losses.

DCF analysis

Ausenco impairment calculations

- 124 In accordance with accounting standard requirements, Ausenco reviewed the carrying value of property, plant and equipment and intangible assets in its financial statements as at 31 December 2015. As a result of this review, in FY15 the Company recognised an impairment charge of A\$12.5 million and A\$18.2 million in relation to its North American and South American businesses respectively. No impairment charge was recognised against the APAC / African business as management's DCF values for that business unit were broadly consistent with its carrying value.
- 125 We note that Ausenco management's impairment calculations (which were determined on a value-in-use basis) implied a value of around A\$0.75 per share as at 31 December 2015, calculated as follows:

Ausenco - accounting book values as at 31 December 2015

	A\$m	A\$ per share ⁽¹⁾
Net tangible assets	0.9	-
Intangibles:		
Goodwill	123.5	0.62
Software	25.4	0.13
Net assets	149.8	0.75

Note:

1 Based on 187.7 million shares on issue and 11.8 million performance rights.

- 126 We have reviewed Ausenco's impairment calculations at 31 December 2015 and have discussed the key assumptions adopted with Ausenco management. Based on our review we note that:
- (a) the financial performance of Ausenco since 31 December 2015 has been significantly below that assumed in the impairment model (as Ausenco generated a loss at the EBITDA level in the three months to 31 March 2016, and is also expected to incur a loss in the three months to 30 June 2016)
 - (b) consistent with the application of the relevant accounting standard and Ausenco's operating model, not all overheads and corporate costs were allocated to Ausenco's business units in the impairment calculations
 - (c) the net debt level of Ausenco has increased significantly since 31 December 2015 due to continued operating losses, and hence net assets have also declined significantly since that date.
- 127 Given the above, in our view the reported net asset position as at 31 December 2015 is not an appropriate reference point upon which to assess the current market value of Ausenco shares.

LEA DCF calculations

- 128 The value of the Ausenco business is largely dependent on the quantum and timing of an expected recovery in earnings. As this cannot be predicted with any certainty, we have assessed the DCF value of the business (before net debt) under a range of scenarios:
- (a) assuming EBITDA recovers to between A\$24 million and A\$28 million (consistent with the average EBITDA achieved by Ausenco over the FY09 to FY15 period of A\$26 million)
 - (b) the level of EBITDA in (a) above is achieved in either FY18, FY19 or FY20 (and then grows at 5% per annum thereafter over the forecast period ending in FY20).
- 129 The other key assumptions adopted are summarised below:

- (a) a discount rate of 11.1% per annum (after tax) has been applied⁴⁸, for the reasons set out in Appendix E
- (b) a terminal value (TV) multiple of 6.5 times EBITDA has been applied at the end of FY20. This TV multiple is broadly consistent with the EBITDA multiples currently prevailing and recent transaction evidence (refer Appendices C and D)
- (c) no tax payments during the forecast period to FY20 have been assumed, due to the availability of tax losses
- (d) capital expenditure is assumed to be consistent with management's impairment model forecasts
- (e) net working capital levels are assumed to be 5.0% of revenue (reflecting recent initiatives to reduce working capital levels⁴⁹).

130 Based on the above the DCF value of the business under each scenario is shown below:

Ausenco – DCF value of business (A\$m before net debt)			
Year EBITDA achieved	EBITDA scenario ⁽¹⁾		
	A\$24m	A\$26m	A\$28m
FY18	135	146	159
FY19	122	133	144
FY20	112	122	129

Note:

- 1 EBITDA is assumed to increase at 5% per annum from the year the EBITDA assumption is achieved until the end of FY20.

131 Having regard to the above, we have assessed the value of the Ausenco business under the DCF approach at between A\$125 million and A\$145 million.

Enterprise value

132 The value of the Ausenco business (before net debt) under each valuation methodology, and our adopted valuation range is shown below:

Ausenco – adopted enterprise value		
	Low A\$m	High A\$m
Capitalisation of EBITDA method	128	145
DCF method	125	145
Adopted range	125	145

⁴⁸ For the purposes of our NPV calculations, we have discounted the cash flows for FY16 to FY20 at 11.5% per annum (being the WACC excluding the impact of the tax shield on debt). This is because the existence of tax losses means that no tax benefit on interest arises during these years.

⁴⁹ Whilst net working capital (excluding cash and borrowings) was only 3.3% of revenue as at 31 December 2015, this was materially lower than the net working capital investment over a longer period.

Surplus assets

- 133 Ausenco has commenced arbitration proceedings against two clients following the non-payment of variation claims totalling approximately A\$15 million. As the value we have attributed to these potential claims is commercially sensitive (and could adversely prejudice any settlement discussions) we have been asked not to disclose our adopted values.
- 134 Accordingly, in this report we have netted off our estimate of the recoverable value of these claims against Ausenco's net debt position (shown below). Our estimated value of these claims has had regard to (inter-alia):
- (a) the current carrying value of these claims in Ausenco's financial statements
 - (b) recent settlement offers made
 - (c) the likely costs associated with pursuing the claims
 - (d) the inherent risks associated with the recovery of disputed invoices.

Net debt

- 135 As at 31 May 2016 Ausenco's net debt had increased to approximately A\$71 million (from A\$53 million as at 31 December 2015). This increase has reflected operating losses of approximately A\$22 million in the five months to 31 May 2016.
- 136 For valuation purposes we have adopted net debt of between A\$60 million and A\$64 million, which reflects the current net debt position adjusted for:
- (a) surplus assets (as discussed above)
 - (b) the convertible debt owed to RCF (which we have assumed will be converted to equity at A\$0.31 per share)⁵⁰
 - (c) interest payable on the convertible debt in the period prior to conversion (which in the absence of the Scheme we would not expect to occur until maturity on 31 December 2018, as interest is payable on the debt at 10% per annum up until conversion)
 - (d) the cash to be received from the exercise of performance rights with an exercise price of A\$0.10 per share (being approximately A\$0.48 million), consistent with our assessment of the value of Ausenco on a fully diluted basis
 - (e) management's expectations as to the estimated trading (cash) losses in June 2016 based on June 2016 utilisation and progress on fixed price contracts.

⁵⁰ We have assumed that this debt will be converted to equity in order to allow for the dilutionary impact of the conversion rights on the Ausenco share value. We have adopted a conversion price of A\$0.31 per share consistent with the approved terms of issue (refer paragraph 75).

Fully diluted share capital

137 As at 6 June 2016, Ausenco had 187.7 million fully paid ordinary shares on issue. In addition:

- (a) Ausenco has 11.8 million performance rights outstanding which were issued to eligible employees under the Company's long term incentive plans⁵¹. Consistent with an assessment of the value of Ausenco on a fully diluted basis, for valuation purposes we have assumed that all of these performance rights would vest under a change of control transaction in respect of the Company⁵²
- (b) RCF has the right to convert US\$6.5 million of its debt into approximately 29 million shares in Ausenco (based on the amount owed as at 31 May 2016 of A\$9.0 million and a conversion price of A\$0.31 per share).

138 Accordingly, we have adopted fully diluted shares on issue for valuation purposes of 228.5 million.

Value per share

139 On this basis our assessed value per share (on a 100% controlling interest basis) is as follows:

Ausenco – 100% controlling interest value		
	Low A\$m	High A\$m
Enterprise value	125	145
Less adjusted net debt	(64)	(60)
Value of equity	61	85
Fully diluted shares on issue	228.5	228.5
Value per share	A\$0.27	A\$0.37

140 We note that our assessed valuation range is relatively wide. In our view this is appropriate and reflects:

- (a) the inherent uncertainty associated with the quantum and timing of the anticipated earnings recovery (noting that Ausenco has generated losses at the EBITDA line in recent periods)
- (b) the high level of debt currently prevailing (which, at the equity level, magnifies the valuation range adopted for the business).

Comparison with share price

141 We note that in the three months prior to the announcement on 2 May 2016 that Ausenco had received an unsolicited, indicative and non-binding proposal from RCF, the VWAP of Ausenco shares was A\$0.24 per share. The mid-point of our valuation range therefore

⁵¹ Of the performance rights outstanding, 4.8 million have an exercise price of A\$0.10 per right (the balance have an exercise price of A\$nil). We note that under the Scheme the intention is to waive the exercise price and in exchange cancel 25% of these performance rights (resulting in an equivalent financial outcome).

⁵² Pursuant to the Agreement and the Commitment Deed, not all performance rights will vest and/or be acquired by RCF under the Scheme.

reflects a 33.3% premium to this VWAP, which is broadly consistent with takeover premiums paid in successful takeovers (refer paragraph 150).

- 142 However, as noted in Section III of our report, the level of trading in Ausenco shares has been relatively low. Accordingly, we have not placed any significant reliance on this share price comparison when assessing the value of Ausenco shares.

VII Evaluation of the Scheme

Summary of opinion

- 143 In our opinion, the Scheme is fair and reasonable and therefore in the best interests of Ausenco shareholders in the absence of a superior proposal. We have formed this opinion for the following reasons.

Assessment of the Scheme

Fairness

- 144 Pursuant to RG 111 the Scheme is “fair” if the value of the Scheme Consideration is equal to or greater than the value of the securities the subject of the Scheme. This comparison is shown below:

Comparison of Scheme Consideration to value of Ausenco			
	Low A\$ per share	High A\$ per share	Mid-point A\$ per share
Value of Scheme Consideration	0.40	0.40	0.40
Value of 100% of Ausenco	0.27	0.37	0.32
Extent to which the Scheme Consideration exceeds the value of Ausenco	0.13	0.03	0.08

- 145 As the Scheme Consideration is above the high end of our assessed valuation range for Ausenco shares on a 100% controlling interest basis, in our opinion, the Scheme Consideration is fair to Ausenco shareholders when assessed based on the guidelines set out in RG 111.

Other qualitative factors

- 146 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is “fair and reasonable” it must also be “in the best interests” of shareholders, in the absence of a superior proposal.
- 147 Consequently, in our opinion, the Scheme is also reasonable and in the best interests of Ausenco shareholders in the absence of a superior proposal.
- 148 In assessing whether the Scheme is reasonable and in the best interests of Ausenco shareholders LEA has also considered, in particular:
- the extent to which a control premium is being paid to Ausenco shareholders
 - the extent to which Ausenco shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
 - the listed market price of the shares in Ausenco, both prior to and subsequent to the announcement of the Scheme
 - the likely market price of Ausenco shares if the Scheme is not approved
 - the value of Ausenco to an alternative offeror and the likelihood of a higher alternative offer being made for Ausenco prior to the date of the Scheme meeting

- (f) the advantages and disadvantages of the Scheme from the perspective of Ausenco shareholders
- (g) other qualitative and strategic issues associated with the Scheme.

149 These issues are discussed in detail below.

Extent to which a control premium is being paid

150 Research undertaken by LEA indicates that average premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). This premium range reflects the fact that:

- (a) the owner of 100% of the shares in a company obtains access to all the free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder
- (b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds
- (c) a controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company
- (d) a controlling shareholder is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

151 We have calculated the premium implied by the Scheme Consideration of A\$0.40 per Ausenco share by reference to the market prices of Ausenco shares (as traded on the ASX) for periods up to and including 29 April 2016 (being the last full trading day prior to the announcement of the initial approach from RCF which preceded the announcement of the Scheme). Prior to the opening of trading on 2 May 2016, Ausenco announced it had received the unsolicited, indicative and non-binding proposal from RCF.

152 The implied offer premium relative to Ausenco share prices is shown below:

Implied offer premium relative to recent Ausenco share prices		
	Ausenco share price A\$	Implied offer premium %
Closing share price on 29 April 2016 ⁽¹⁾ :	0.25	60.0
1 month VWAP to 29 April 2016	0.245	63.4
3 months VWAP to 29 April 2016	0.24	66.7

Note:

- 1 Being the last full day of trading prior to the announcement of the initial approach from RCF.

153 As indicated above, the Scheme Consideration represents a significant premium to the market price of Ausenco shares prior to the announcement on 2 May 2016 of the initial approach from RCF. The implied premium is significantly above the average premiums paid in successful takeovers generally.

- 154 We consider the quantum of the implied premium to reflect the low price levels at which Ausenco shares have generally traded both prior and subsequent to the placement at A\$0.60 per share to Duro Felguera in July 2015. Subsequent to this placement, Ausenco has continued to encounter difficult and subdued trading conditions, reflective of the current cyclical low point in the mining and resources sector globally.
- 155 Furthermore, as noted in Section III of our report, the level of trading in Ausenco shares has been relatively low. We would generally regard the share price of companies with low market liquidity to be of limited reference value when considering proposed change in control transactions in respect of the company.

Extent to which Ausenco shareholders are being paid a share of synergies

- 156 If the Scheme is approved by Ausenco shareholders, RCF will acquire control of the company and as a result Ausenco will be privatised. We understand that no changes of significance are planned as regards the existing operations of Ausenco. The major change will therefore be ownership related.
- 157 In these circumstances we have assumed that the business impact of the Scheme will be limited to costs associated with the existing public company status of Ausenco, which will no longer be incurred. We consider the synergy benefits associated with such cost savings to be modest relative to our assessed enterprise value of Ausenco.

Recent share prices subsequent to the announcement of initial approach from RCF

- 158 Shareholders should note that Ausenco shares have traded on the ASX in the range of A\$0.28 per share to A\$0.40 per share in the period since the announcement of the initial approach from RCF up to 28 June 2016. The VWAP for the period was A\$0.37 per share, and on 28 June 2016 Ausenco shares last traded at A\$0.38 per share. These VWAP's are lower than the Scheme Consideration and suggest that the market consensus view is that a superior offer or proposal is unlikely to emerge and that the Scheme is likely to be successful.

Likelihood of an alternative offer

- 159 We have been advised by the Independent Directors of Ausenco that no formal alternative offer or proposal has been received subsequent to the announcement of the Scheme on 14 June 2016.
- 160 In our opinion, there are limited prospects of a higher offer or superior proposal to the Scheme being received prior to the Scheme meeting. This is primarily because (as noted in Section III) RCF is also now Ausenco's sole and primary secured lender, having replaced ANZ and NAB in April 2016.

Debt refinancing / potential equity capital raising

- 161 As at 31 May 2016, Ausenco had net debt of approximately A\$71 million. The major indebtedness comprises secured bank loans which mature on 31 August 2016. In the absence of the Scheme (or an equivalent change in control transaction), these loans will need to be repaid and/or the related facility renegotiated.
- 162 In this regard, RCF has indicated that *"it intends to advance discussions with the company in an effort to favourably extend the terms and conditions of the facility agreements on a basis that is sustainable for the company's long term success"*. Notwithstanding the apparent reduced financial uncertainty that this approach to funding provides, in our opinion, given the

recent financial performance and current financial position of the Company, it is reasonable to expect that (in the absence of the Scheme) a significant repayment of at least some of the amounts currently advanced would be required.

- 163 The Independent Directors of Ausenco have indicated that the ability of the Company to meet the required level of debt repayment in the short time period in which it may be required would almost certainly require a capital raising of a corresponding size (albeit subject to alternative funding which may be raised through a combination of one or more new debt financing arrangements, asset disposals and the settlement of outstanding claims with customers, each of which involves varying degrees of risk and uncertainty). If the Scheme is not implemented, existing Ausenco shareholders may therefore need to increase their investment in the Company or be significantly diluted if an equity capital raising is proceeded with.
- 164 An equity capital raising of the extent required to meet the level of debt repayment which may be required would be significant for Ausenco, given the prevailing market capitalisation of the Company in the absence of the Scheme⁵³.
- 165 Large equity capital raisings are generally priced at a discount to the prevailing share market price. The size of discount is dependent on the circumstances of the particular issue, having regard to factors such as the amount of money being raised, the purpose of the issue and the size of the raising (as a percentage of existing issued shares). The typical range of observed discounts is between 5% and 20% (but can be higher or lower depending on market conditions and the above factors)⁵⁴. In our view, as the capital raising would be required to repay debt, it is likely that the required discount would be at the high end of this range (or greater).
- 166 In the circumstances of a potential equity capital raising we consider it unlikely that existing Ausenco shareholders would be willing or in a position to provide all the required level of equity funding and that a successful capital raising would likely require a significant component of institutional funding. The interests of existing shareholders in Ausenco that did not participate in the capital raising would therefore be significantly diluted.
- 167 In contrast, the Scheme:
- (a) provides Ausenco shareholders with consideration of A\$0.40 per share rather than seek additional investment monies from them
 - (b) implicitly avoids the dilution associated with any future equity capital raising.

Likely price of Ausenco shares if the Scheme is not approved

- 168 If the Scheme is not approved by Ausenco shareholders and the Court, and no higher offer or alternative proposal emerges, we would expect that, at least in the short-term, Ausenco shares would trade at a significant discount to our valuation and the Scheme Consideration (consistent with the difference between the value of Ausenco on a portfolio basis and the value on a 100% controlling interest basis, and the need for Ausenco to reduce debt).

⁵³ The market capitalisation of Ausenco prior to the announcement of the initial approach by RCF on 2 May 2016 was around A\$47 million.

⁵⁴ Based on empirical evidence reviewed by LEA.

- 169 If the Scheme is not implemented those Ausenco shareholders who wish to sell their Ausenco shares are therefore likely, at least in the short-term, to realise a significantly lower price for their shares than will be payable under the Scheme.

Other considerations

- 170 As noted above and in Section III of our report, trading in Ausenco shares has been relatively low. In the 12 months prior to the announcement of the initial approach from RCF, shares equivalent to only 16.6% of the issued capital were traded. Those Ausenco shareholders seeking to realise their investment in the company were therefore faced with limited market demand and (potentially) a lower market price for their shares.
- 171 In contrast the Scheme provides all shareholders with an opportunity to realise their investment (without incurring transaction costs), at a price marginally above the higher end of the range of our assessed controlling interest value of Ausenco shares.

Summary of opinion on the Scheme

- 172 We summarise below the likely advantages and disadvantages for Ausenco shareholders if the Scheme proceeds.

Advantages

- 173 The Scheme has the following benefits for Ausenco shareholders:
- (a) the Scheme Consideration of A\$0.40 cash per share is above the high end of our assessed value range of Ausenco shares on a 100% controlling interest basis
 - (b) the Scheme Consideration represents a significant premium to the recent market prices of Ausenco shares prior to the announcement on 2 May 2016 of the initial approach from RCF
 - (c) furthermore, the premium exceeds observed premiums generally paid to target company shareholders in comparable circumstances
 - (d) the Scheme provides Ausenco shareholders with the opportunity to realise their investment in a company in which share trading has been relatively low in a cost effective manner
 - (e) given the pending expiry of the current secured debt facilities in August 2016, the Scheme implicitly avoids the potential need for existing Ausenco shareholders to increase their investment in the Company or be significantly diluted, if an equity capital raising associated with a repayment / refinancing of the debt facilities is proceeded with
 - (f) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Ausenco shares is likely to trade at a significant discount to our valuation and the Scheme Consideration (consistent with the portfolio nature of individual shareholdings and the need for Ausenco to reduce debt).

Disadvantages

- 174 The Scheme has the following adverse implications for Ausenco shareholders:
- (a) Ausenco shareholders should note that if the Scheme is approved they will no longer hold an interest in Ausenco. Ausenco shareholders will therefore not participate in any

future value created by the company as a result of on-going operations over and above that reflected in our assessed valuation of the Company

- (b) in particular, Ausenco provides its services to the mining industry. The mining industry is inherently cyclical in nature and some industry participants consider it to be currently at, or around the low point in the cycle. Accordingly, whilst on balance we have assessed the Scheme as fair and reasonable and in the best interests of Ausenco shareholders, if the Scheme is approved Ausenco shareholders will forego the opportunity to participate in the expected improvement in earnings as the industry moves into the next upswing in the mining cycle.

Other matters

175 It should also be noted that:

- (a) the Scheme has the support of the Independent Directors together with First Samuel, a substantial shareholder which holds 19.85% of Ausenco⁵⁵
- (b) pursuant to the Agreement, those Ausenco shareholders that have entered into the Commitment Deed (representing in aggregate 34.3% of Ausenco shares on issue), together with RCF (which holds a 5.7% interest in Ausenco) are precluded from voting in relation to the Scheme.

Conclusion

176 Given the above analysis, we consider that the advantages of the Scheme significantly outweigh the disadvantages. This supports our view that the acquisition of Ausenco shares by RCF under the Scheme is reasonable. As outlined further in this report, we also consider the Scheme is fair and accordingly in our opinion the Scheme is fair and reasonable and therefore in the best interests of Ausenco shareholders in the absence of a superior proposal.

⁵⁵ This support is subject to no superior proposal emerging prior to the Scheme meeting.

Appendix A

Financial Services Guide

Lonerган Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

- 3 The Corporations Act authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Scheme Booklet to be sent to Ausenco shareholders in connection with the Scheme.
- 4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

- 5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

- 6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

- 8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at A\$110,000 plus GST.
- 9 Neither LEA nor its directors and officers receive any commissions or other benefits, except for the fees for services referred to above.

Appendix A

- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

Contact details

- 14 LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Appendix B

Qualifications, declarations and consents

Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared many hundred independent expert's reports.
- 2 This report was prepared by Mr Craig Edwards and Mr Martin Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 20 years and 30 years experience respectively in the provision of valuation advice.

Declarations

- 3 This report has been prepared at the request of the Independent Directors of Ausenco to accompany the Scheme Booklet to be sent to Ausenco shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Scheme is fair and reasonable and in the best interests of Ausenco shareholders.

Interests

- 4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 5 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

Indemnification

- 6 As a condition of LEA's agreement to prepare this report, Ausenco agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Ausenco which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

- 7 LEA consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

Appendix C

Listed company multiples and descriptions

- 1 The EBITDA multiples for a range of Australian mining services companies (together with a brief description of each company's activities) is set out below:

Listed company – EBITDA multiples									
Year	Sedgman Offer ⁽¹⁾ A\$m	Worley Parsons A\$m	Monadelphous Group A\$m	Mineral Resources A\$m	RCR Tomlinson A\$m	GR Engineering A\$m	Lycopodium A\$m		
FY09	54.7	693.2	116.1	79.6	28.2	21.4	19.5		
FY10	44.2	519.3	129.4	103.7	34.4	24.0	20.0		
FY11	58.8	569.9	157.6	235.6	41.5	28.4	27.5		
FY12	80.4	633.3	203.7	294.3	50.5	18.6	34.5		
FY13	43.8	629.3	251.6	382.8	60.3	10.9	32.3		
FY14	19.1	561.7	221.2	554.1	83.7	14.1	11.0		
FY15	31.0	465.7	168.0	283.0	56.4	19.8	0.1		
FY16f	29.2	400.3	116.6	287.8	56.7	21.7	na		
FY17f	40.7	360.8	99.4	237.4	65.2	21.5	na		
Average - FY09 to FY16f	45.1	559.1	170.5	277.6	51.5	19.9	20.7		
Enterprise value	178.5	2,654.6	491.0	1,495.5	247.9	100.7	54.6		
EBITDA multiple (based on FY09-FY16f average)	4.0	4.7	2.9	5.4	4.8	5.1	2.6		
EBITDA multiple (based on FY15)	5.8	5.7	2.9	5.3	4.4	5.1	nm		
EBITDA multiple (based on FY16f)	6.1	6.6	4.2	5.2	4.4	4.7	na		
EBITDA multiple (based on FY17f)	4.4	7.4	4.9	6.3	3.8	4.7	na		

Note:

- 1 Based on takeover offer announced on 13 January 2016.
nm – not meaningful. na – not available.

Appendix C

Company descriptions

Sedgman Limited

- 2 Sedgman provides mineral processing and associated infrastructure solutions to the global resources industry. Services provided range from concept, pre-feasibility and design through to construction, commissioning, operations, maintenance and asset management. Sedgman has expertise across a range of commodities including precious metals, base metals, coal, iron ore and industrial minerals and has delivered projects for some of the world's leading mining companies including BHP Billiton, Rio Tinto and Vale. The company is headquartered in Brisbane, with offices in Perth, Townsville, Newcastle and Mackay, as well as international offices in Shanghai, Santiago, Vancouver and Johannesburg.

WorleyParsons Limited

- 3 WorleyParsons is a global provider of professional services to the energy, minerals and metals and infrastructure and environmental industries. Its service capability covers the entire asset lifecycle from feasibility studies and design, to project management and maintenance services. The company's operations are centred on the North American hydrocarbons market, and also span Australia, Europe, the Middle East and Africa. WorleyParsons currently employs approximately 31,000 employees.

Monadelphous Group Limited

- 4 Monadelphous Group is an Australian based engineering construction company. The company services a broad range of industries with core markets in the resource industry and a particular focus on iron ore, coal and mineral processing. Its services cover engineering and construction, maintenance, industrial and infrastructure. The company operates primarily in Australia but also has operations in Papua New Guinea and China.

Mineral Resources Limited

- 5 Mineral Resources is an Australian based diversified mining service, contracting, processing and commodities production company. It has operations in building, mineral crushing, screening, processing and handling, commodity production and export and pipeline fabrication and installation. Mineral Resources has five brands within its portfolio including Crushing Services International, PIHA, Process Minerals International, Polaris Metals and Mesa Minerals (64% ownership).

RCR Tomlinson Limited

- 6 RCR is a multi-disciplinary engineering company with operations spanning over 120 locations across Australia, New Zealand and Asia. The group operates under three business units including: RCR Infrastructure, which offers engineering and construction services for electrical distribution, instrumentation and control systems for the resource and infrastructure sector; RCR Energy, a provider of turnkey solutions for utility, power and industrial energy projects; and RCR Resources, a structural, construction and maintenance provider for the oil & gas and liquid natural gas industries.

Appendix C

GR Engineering Services Ltd

- 7 GR Engineering Services is an engineering, consulting and contracting company that specialises in fixed price engineering design and construction services for the resources and mineral processing industry. The company is headquartered in Perth, Western Australia and has offices in Brisbane and Indonesia, with further operations in Ghana, Mali, the Ivory Coast and the United Kingdom.

Lycopodium Limited

- 8 Lycopodium is an Australian headquartered engineering and project management consultancy firm that provides a range of services for the evaluation, development, implementation and optimisation of projects across a broad range of industries. The company has operations across Australia, Asia, Europe, Middle East, Africa and the US. In addition the company also offers engineering, procurement and construction management services.

Appendix D

Transaction evidence

Engineering consultancy and mining services sector transactions									
Date ⁽¹⁾	Target	Acquirer	EV ⁽²⁾ million	EBITDA multiple		EBITA multiple		EBITDA multiple	
				Historical	Forecast	Historical	Forecast	Historical	Forecast
				x	x	x	x	x	x
Engineering consultancy services									
May 16	SMEC Holdings	Surbana Jurong	A\$432	9.8	9.8 ⁽³⁾	11.4	11.1 ⁽³⁾	11.4	11.1 ⁽³⁾
Nov 15	Coffey International	TetraTech	A\$186	7.9	7.3 ⁽³⁾	12.5	9.1 ⁽³⁾	12.5	9.1 ⁽³⁾
Oct 15	Willbros Prof. Services division	TRC Companies	US\$130	7.3	na	8.3	na	8.3	na
Sep 15	Cardno ⁽⁴⁾	Crescent Capital Investors	A\$933	na	7.6 ⁽³⁾	na	9.5 ⁽³⁾	na	9.5 ⁽³⁾
Aug 15	MMM Group	WSP Global	C\$425	8.9	na	na	na	na	na
Mar 14	Focus Group Holding	WSP Global	C\$364	8.3	na	na	na	na	na
Mar 14	PPI Group	Cardno	A\$161	6.7	na	na	na	na	na
Dec 13	Dynamics Research Corporation	Engility	US\$207	8.5	8.9	10.0	10.4	10.0	10.4
Oct 13	Sinclair Knight Merz	Jacobs Engineering	A\$1,250	6.5	7.1 ⁽³⁾	7.3	8.2 ⁽³⁾	7.3	8.2 ⁽³⁾
Aug 13	National Technical Systems	Aurora Capital Group	US\$338	13.7	10.9	20.2	14.6	20.2	14.6
Dec 12	Michael Baker Corporation	Int. Mission Solutions	US\$290	11.1	8.8	14.9	11.1	14.9	11.1
Oct 11	TEC	Cardno	A\$49	na	6.9	na	na	na	na
Sep 11	Halcrow Holdings	CH2M HILL Companies	£224	7.4	na	9.8	na	9.8	na
May 11	MACTEC	AMEC	US\$280	na	na	8.8	na	8.8	na
Aug 10	The PBSJ Corporation	WS Atkins	US\$292	7.7	8.2	12.3	na	12.3	na
Jun 10	Scott Wilson Group	URS Corporation	£281	8.5	na	12.1	na	12.1	na
Jun 10	ENTRIX	Cardno	US\$128	na	6.3	na	na	na	na
Mining services									
Jan 16	Sedgman	CIMIC Group	A\$179	5.8	5.1 ⁽³⁾	8.7	6.1 ⁽³⁾	8.7	6.1 ⁽³⁾
Jul 15	Ausenco ⁽⁵⁾ (9.5% placement)	Duro Felguera	A\$156	9.7	7.0	20.3	10.4	20.3	10.4
Dec 14	Resource Equipment	Pump Services	A\$141	na	5.6 ⁽³⁾	na	8.8 ⁽³⁾	na	8.8 ⁽³⁾
Jun 13	Brinderson	Aegion	US\$150	6.3	na	na	na	na	na
Oct 12	G&S Engineering Services	Calibre Group	A\$94	na	5.5	na	na	na	na

Appendix D

Engineering consultancy and mining services sector transactions

Date ⁽¹⁾	Target	Acquirer	EV ⁽²⁾ million	EBITDA multiple		EBITA multiple	
				Historical	Forecast	Historical	Forecast
Jun 12	Marshall Miller & Associates	Cardno	A\$30	na	5.6	na	na
May 12	Industrea	General Electric Company	A\$701	6.0	5.3	10.7	8.5
Jan 12	Ludowici	FLSmith & Co	A\$389	12.5	11.8	15.9	14.9
Jul 11	Norcast Wear Solutions / Australian & Oversea Alloys	Bradken	C\$222	na	7.9	na	na
Dec 10	Eastemwell Group	Transfield Services	A\$570	11.4	7.5	na	na
Dec 10	Essa Australia Ltd	FLSmith	A\$30	8.5	na	11.3	na
May 10	Almac Machine Works	Bradken	C\$56	4.1	na	na	na
May 10	Ammtec Ltd	Campbell Brothers	A\$152	11.9	7.3	14.2	8.3
Mar 10	Coote Industrial (Engenco)	Elph	A\$168	5.7	5.7	na	na

Other companies

Dec 15	Broadspectrum Limited ⁽⁶⁾ :	Ferrovia Services	A\$1,166	4.4	4.2 ⁽³⁾	6.5	6.3 ⁽³⁾
	- - at offer price		A\$1,367	5.2	5.0	7.6	7.4
Oct 14	Tenix	Downer EDI	A\$304	8.4	8.4	10.3	10.3

Note:

- 1 Date of announcement.
- 2 Enterprise value on a 100% basis.
- 3 Based on maintainable EBITDA and EBITA as assessed by the independent expert.
- 4 Cardno multiple based on proportional offer of 50% of shares not held by Crescent.
- 5 Ausenco multiple based on private placement representing a 9.5% interest in Ausenco.
- 6 In determining EBITA (as opposed to EBIT) we have adjusted the FY16 EBIT shown in the IER to allow for A\$10 million of acquisition intangibles (in FY15 the acquisition intangibles amortisation expense was A\$12.2 million).

na – not available.

Source: LEA analysis using data from ASX announcements, analyst reports and company annual reports.

Appendix E

Assessment of appropriate discount rate

- 1 The determination of the discount rate or cost of capital for an asset requires identification and consideration of the factors that affect the returns and risks of that asset, together with the application of widely accepted methodologies for determining the returns demanded by the debt and equity providers of the capital employed in the asset.
- 2 The discount rate applied to the projected cash flows from an asset represents the financial return that will be demanded before an investor would be prepared to acquire (or invest in) the asset.
- 3 Businesses are normally funded by a mix of debt and equity. The WACC is a widely used and accepted basis to calculate the “representative” rate of returns required by debt and equity investors. The required rate of return for equity is frequently evaluated using the capital asset pricing model (CAPM) and the required rate of return for debt funding is determined having regard to various factors such as current borrowing costs and prevailing credit ratings. The cost of equity and the cost of debt are weighted by the respective proportions of equity and debt funding to arrive at the WACC.
- 4 Consequently, we set out below an explanation of:
 - (a) the WACC and its elements (including the CAPM, its application in determining the cost of equity, the cost of debt and debt equity mix)
 - (b) our assessment of the appropriate parameters to be used in determining the discount rate to apply when valuing Ausenco.

Weighted average cost of capital

- 5 The generally accepted WACC formula is the post-tax WACC, without adjustment for imputation⁵⁶ as shown below:

WACC formula

$$WACC = R_e \frac{E}{V} + R_d(1 - t) \frac{D}{V}$$

where:

R_e = expected equity investment return or cost of equity in nominal terms

R_d = interest rate on debt (pre-tax)

t = corporate tax rate

E = market value of equity

D = market value of debt

V = market value of debt plus equity

⁵⁶ Given free capital flows between developed countries and the small size of the Australian stock market (as a percentage of global markets), the cost of capital of listed companies (other than perhaps regulated infrastructure assets) should be assessed in a global context ignoring Australian imputation. This is the approach generally adopted by independent experts.

Appendix E

CAPM and the cost of equity

- 6 The CAPM stems from the theory that a prudent investor would price an investment so that the expected return is equal to the risk-free rate of return plus an appropriate premium for risk. The CAPM assumes that there is a positive relationship between risk and return. That is, rational investors are risk adverse and demand higher returns for accepting higher levels of risk.
- 7 The CAPM is based on the concept of non-diversifiable risk and calculates the cost of equity as follows:

Cost of equity calculation

$$R_e = R_f + \beta_e [E(R_m) - R_f]$$

where:

- R_e = expected equity investment return or cost of equity in nominal terms
- R_f = risk-free rate of return
- $E(R_m)$ = expected market return
- $E(R_m) - R_f$ = market risk premium (MRP)
- β_e = equity beta

- 8 The individual components of the CAPM are discussed below.

Risk-free rate

- 9 The risk-free rate is normally approximated by reference to a long term government bond with a maturity equivalent to the timeframe over which the returns from the assets are expected to be received. Typically in the Australian context, the yield on 10-year or 20-year Commonwealth Government Bonds (CGB) is used as a proxy for the long term risk-free rate.
- 10 The 10-year CGB rate currently prevailing is well below historical levels due to, inter-alia, the weak outlook for global economic growth (and its impact on the outlook for the Australian economy) and the effect of quantitative easing measures by major overseas central banks which has reduced interest rates on overseas government bonds to, in our view, unsustainably low levels.
- 11 Accordingly, in our view, the application of the current (very low) government bond yields and long term average MRPs is inappropriate in the context of determining long term required equity rates of return (discount rates). Theoretically, the anomalous currently low CGB interest rates could be allowed for by increasing the MRP. However, as it is difficult to reliably measure short-term movements in the MRP, we have instead increased the risk-free rate for the purposes of estimating required equity rates of return⁵⁷.
- 12 For valuation purposes we have adopted a long term risk-free rate in Australia of 3.5% per annum, which we consider appropriate. This is broadly consistent with the average of the 10-year CGB rate over the last five years.

⁵⁷ Had a higher risk-free rate not been adopted, in our view, it would be appropriate to adopt a correspondingly higher MRP.

Appendix E

Market risk premium

- 13 The MRP, $[E(R_m) - R_f]$, represents the additional return above the risk-free rate that investors require in order to invest in a well diversified portfolio of equity securities, i.e. the equity market as a whole. Strictly speaking, the MRP is equal to the expected return from holding shares over and above the return from holding risk-free government securities. Since expected returns are generally not observable, a common method of estimating the MRP is based on average realised (ex-post) returns.
- 14 Because realised rates of return, especially for shares, are highly volatile over short periods, short-term average realised rates of return are unlikely to be a reliable estimate of the expected rate of return or MRP. Consequently the MRP is measured over a long period of time. It should also be noted that the standard error of the estimate of the mean for longer periods is typically lower than the standard error of the mean where a shorter period is used. This supports more reliance being placed on the average MRP calculated over the longer term.
- 15 Various academic studies put the historical MRP of the Australian equity market in a wide range from 4% to 7% depending on the historical period chosen, whether the MRP is measured relative to bills or bonds, and whether arithmetic or geometric mean is used.
- 16 Having regard to the above, we have adopted an MRP of 6.0%. This is consistent with the MRP adopted by most regulators and valuation experts in Australia.

Equity beta

Description

- 17 Beta is a measure of the expected volatility of the return on an investment relative to the market as a whole. The CAPM assumes that beta is the only reason expected returns on an asset differ from the expected return on the market as a whole. A beta greater than 1 suggests that an investment's returns are expected to be more volatile and risky than average (and accordingly a higher return than the market is required), whereas a beta less than 1 suggests that future returns will be less volatile and risky.
- 18 Similar to MRPs, expected equity betas are not observable. Historical betas are usually estimated and used as a reference to determine the appropriate forward-looking betas. In addition, factors such as betas of comparable companies and relevant industry sectors and a qualitative assessment of the systematic risks of the subject business are also considered. The determination of the appropriate beta to apply is therefore ultimately a matter of judgement.
- 19 In order to assess the appropriate equity beta for Ausenco, we have had regard to the equity betas of mining services companies listed on the ASX, as shown below:

Appendix E

Beta estimates				
Company	Market capitalisation ⁽¹⁾ A\$m	Net debt / EV ⁽²⁾ %	Beta ⁽³⁾	R-squared value ⁽⁴⁾
Ausenco	68	44	0.87	0.02
Worley Parsons	1,767	33	1.21	0.15
Mineral Resources	1,659	(12)	1.88	0.32
Monadelphous Group	674	(37)	1.89	0.34
RCR Tomlinson	216	13	1.19	0.11
Sedgman	253	(42)	1.53	0.10
GR Engineering	146	(45)	1.29	0.07
Lycopodium	85	(61)	0.23	-

Note:

- 1 As at 3 June 2016.
- 2 A negative gearing ratio indicates the company had net cash.
- 3 As at 31 December 2015 (latest available data sourced from SIRCA).
- 4 The R-squared value measures the reliability of the beta estimate. A low R-squared value indicates a low level of reliability.

- 20 The above comparable betas vary widely which reflects differences in size, leverage, stage of development and operational risks. None of the other listed companies are directly comparable to Ausenco, and the Ausenco beta is not considered reliable given the low R-squared value. However, we note that the betas of these companies are generally greater than the average market beta of 1.0, indicating a greater level of systematic risk for mining services operations generally.
- 21 It should be noted that as the equity beta is a function of both business risk and financial risk (being the level of financial leverage or gearing), the above equity betas are levered betas and theoretically would need to be adjusted to reflect the different levels of gearing. However, this adjustment is subject to considerable estimation error. For example, gearing ratios are normally calculated at a point in time and therefore may not reflect the target or optimal capital structures of comparable companies in the long run. In addition, gearing ratios typically change over time. Further, the practice of adjusting equity betas for the difference in financial leverage also gives a misleading impression that the process provides precise comparable beta estimates.
- 22 Nevertheless, we have also considered the following in determining the appropriate equity betas for Ausenco:
 - (a) the difference in gearing levels of comparable companies where these levels differ significantly
 - (b) the current gearing levels of Ausenco and the long term gearing levels that we consider appropriate.

Appendix E

Conclusion

- 23 Having regard to the above, and in particular Ausenco's exposure to the cyclical mining sector and the high variability of Ausenco's historical profitability (refer Section VI), we have adopted an equity beta of 1.5 for Ausenco.

Gearing

- 24 The gearing level adopted should represent the level of debt that the asset can reasonably sustain and is not necessarily equivalent to the gearing level of the entity owning the asset. The factors that affect the "optimum" level of gearing will differ between assets. Generally, the major issues to address in determining this optimum level will include:
- (a) the variability in earnings stream
 - (b) working capital requirements
 - (c) the level of investment in tangible assets
 - (d) the nature and risk profile of the tangible assets.
- 25 In general, the lower the expected volatility of cash flows (i.e. risk), the higher the debt levels which can be supported (and vice versa). Furthermore, as the equity beta is a function of both business risk and financial risk (being the level of financial leverage or gearing), it is important to adopt in the WACC calculation a level of gearing which is consistent with the gearing ratios of the listed companies for which equity betas were used to assess the appropriate beta. If this is not done then, in theory, the equity beta would need to be adjusted to reflect the different level of gearing adopted. However, this adjustment is subject to considerable estimation error and is therefore not preferred. Consequently, when assessing the appropriate gearing level it is appropriate to consider the gearing levels of "comparable" listed companies over the period over which the beta estimates were calculated.
- 26 However, in our view, no reliance should be placed on Ausenco's current net debt to equity ratio (based on market capitalisation). This is because, in our view, Ausenco's current debt level is not sustainable. As noted above, a number of mining services companies are operating with no net debt.
- 27 On balance, we have adopted a long term gearing ratio of 20% debt to 80% equity for Ausenco, which we consider appropriate.

Cost of debt

- 28 A cost of debt of 7.5% per annum has been adopted. This reflects a borrowing margin of 4.0% above the risk-free rate. In establishing the appropriate cost of debt we have considered (inter alia) the following:
- (a) the recent sale of Ausenco's senior debt to RCF at a discount to the amount owed
 - (b) Ausenco's current lack of profitability.

Appendix E

Calculation of WACC

- 29 Based on the above we have adopted a discount rate of 11.1% per annum (after tax) for Ausenco:

Discount rate	
Parameters	%
Beta	1.5
MRP	6.0
Risk-free rate	3.5
Cost of equity	12.5
Debt margin (%)	4.0
Cost of pre-tax debt (%)	7.5
Tax rate	30.0
Cost of post-tax debt	5.3
Gearing	20.0
After tax WACC	11.1
After-tax WACC (excluding tax shield on debt) ⁽¹⁾	11.5

Note:

- 1 For the purposes of our NPV calculations, we have discounted the cash flows for FY16 to FY20 at the WACC excluding the impact of the tax shield on debt. This is because the existence of tax losses means that no tax benefit on interest arises during these years.

Appendix F

Glossary

Term	Meaning
ABS	Australian Bureau of Statistics
Agreement	Scheme Implementation Agreement between Ausenco and RCF
ANZ	Australia & New Zealand Banking Group
APAC	Asia Pacific
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Ausenco / the Company	Ausenco Limited
CAGR	Compound annual growth rate
CAPM	Capital asset growth model
CGB	Commonwealth Government Bonds
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Corporations Regulations	<i>Corporations Regulations 2001</i>
DCF	Discounted cash flow
Duro Felguera	Duro Felguera S.A.
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation of acquired intangibles
EBITDA	Earnings before interest, tax, depreciation
EPC	Engineering, procurement and construction
EPCM	Engineering, procurement and construction maintenance
EV	Enterprise value
FEED	Front end engineering and design
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FY	Financial year
GDP	Gross domestic product
GFC	Global financial crisis
IER	Independent expert's report
LEA	LonerGAN Edwards & Associates Limited
LNG	Liquefied natural gas
MRP	Market risk premium
NAB	National Australia Bank Limited
NPV	Net present value
PwC	PricewaterhouseCoopers
RCF	Resource Capital Funds VI L.P.
RCF Management	RCF Management L.L.C.
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
Scheme	Scheme of arrangement between Ausenco and its shareholders
Scheme Consideration	A\$0.40 cash per share
Scheme Participants	Defined in the Agreement as Ausenco shareholders other than RCF, its associates and those shareholders that have entered into the Commitment Deed
TV	Terminal value
US	United States of America
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
WANOS	Weighted average number of shares outstanding

Attachment C

Deed Poll



Deed Poll

Dated 18 July 2016

Given by Resource Capital Fund VI L.P. (**RCF**)

In favour of each registered holder of fully paid ordinary shares in Ausenco Limited (ABN 31 114 541 114) (**Ausenco**) as at 5.00 pm on the Record Date, other than the Excluded Shareholders (**Scheme Participants**)

King & Wood Mallesons
Level 30
QV1 Building
250 St Georges Terrace
Perth WA 6000
Australia
T +61 8 9269 7000
F +61 8 9269 7999
DX 210 Perth
www.kwm.com

Deed Poll

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Deed Poll

Details

Parties		RCF
RCF	Name	Resource Capital Fund VI L.P.
	Address	Suite 200, 1400 Sixteenth Street, Denver, Colorado, 80202, USA
	Fax	+1 720 946 1450
	Attention	General Counsel
In favour of		Each registered holder of fully paid ordinary shares in Ausenco as at 5.00 pm on the Record Date (other than the Excluded Shareholders).
Recitals	A	Ausenco and RCF have entered into the Scheme Implementation Agreement.
	B	In the Scheme Implementation Agreement, RCF agreed (amongst other things) to provide the Scheme Consideration to Ausenco on behalf of the Scheme Participants, subject to the satisfaction of certain conditions.
	C	RCF is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform its obligations in relation to the Scheme.
Governing law		New South Wales
Date of Deed Poll		See Signing page

Deed Poll

General terms

1 Definitions and interpretation

1.1 Definitions

In this deed poll (unless the context otherwise requires):

Authorised Officer means:

- (a) in respect of RCF, each of James McClements and Peter Nicholson, or any other person nominated by RCF to act as an Authorised Officer under this deed poll and notified to Ausenco in writing;
- (b) in respect of any other person, a director or secretary of that person or any other person appointed to act as an Authorised Officer under this deed poll and notified to RCF in writing.

Scheme Implementation Agreement means the scheme implementation agreement dated 14 June 2016 between Ausenco and RCF under which, amongst other things, Ausenco has agreed to propose the Scheme to Ausenco Shareholders, and each of RCF and Ausenco has agreed to take certain steps to give effect to the Scheme.

Scheme means the proposed scheme of arrangement between Ausenco and Scheme Participants under which all the Scheme Shares will be transferred to RCF under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this deed poll, or as otherwise agreed by RCF and Ausenco.

All other words and phrases used in this deed poll have the same meaning as given to them in the Scheme.

1.2 Interpretation

Clause 1.2 of the Scheme applies to the interpretation of this deed poll except that references to “this Scheme” in that clause are to be read as references to “this deed poll”.

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed poll.

1.4 Nature of deed poll

RCF acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it; and
- (b) under the Scheme, Ausenco undertakes to enforce this deed poll against RCF on behalf of and as agent and attorney for each Scheme Participant.

2 Conditions precedent and termination

2.1 Conditions precedent

RCF's obligations under clause 4 are subject to the Scheme becoming Effective.

2.2 Termination

RCF's obligations under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or
- (b) the Scheme Implementation Agreement is terminated in accordance with its terms,

unless RCF and Ausenco otherwise agree in writing.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) RCF is released from further performing its obligations under this deed poll except those obligations contained in clause 8.1 and any other obligations which by their nature survive termination; and
- (b) each Scheme Participant retains the rights, powers or remedies they have against RCF in respect of any breach of this deed poll which occurs before it is terminated.

3 Performance of obligations generally

RCF undertakes in favour of each Scheme Participant that it will fulfil its obligations under the Scheme Implementation Agreement and do all acts and things necessary or desirable on its part to give full effect to the Scheme.

4 Scheme Consideration

4.1 Provision of Scheme Consideration

Subject to clause 2, RCF undertakes in favour of each Scheme Participant to provide the Scheme Consideration to the Trust Account on behalf of each Scheme Participant subject to and in accordance with the terms of the Scheme.

4.2 Payment of Scheme Consideration

RCF's obligation to provide the Scheme Consideration to Ausenco on behalf of each Scheme Participant is satisfied by RCF, no later than two Business Days before the Implementation Date, depositing in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited (less bank fees and other charges) will be to RCF's account).

5 Representations and warranties

RCF represents and warrants that:

- (a) it is a Cayman Islands exempted limited partnership validly existing under the laws of its place of formation;
- (b) it has the power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary action to authorise its entry into this deed poll and has taken or will take all necessary action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and
- (d) this deed poll is valid and binding upon RCF and enforceable against RCF in accordance with its terms.

6 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) RCF has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.2.

7 Notices

7.1 Form - all communications

Unless expressly stated otherwise in this deed poll, all notices, certificates, consents, approvals, waivers and other communications in connection with this deed poll must be:

- (a) in writing;
- (b) signed by the sender (if an individual) or an Authorised Officer of the sender; and
- (c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

7.2 Delivery

Communications must be:

- (a) left at the address set out or referred to in the Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;
- (c) sent by fax to the fax number set out or referred to in the Details; or
- (d) given in any other way permitted by law.

However, if the intended recipient has notified a changed address or fax number, then communications must be to that address or fax number.

7.3 When effective

Communications take effect from the time they are received or taken to be received under clause 7.4 (whichever happens first) unless a later time is specified.

7.4 When taken to be received

Communications are taken to be received:

- (a) if sent by post, six Business Days after posting (or ten Business Days after posting if sent from one country to another); or
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent.

7.5 Receipt outside business hours

Despite clauses 7.3 and 7.4, if communications are received or taken to be received under clause 7.4 after 5.00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

8 General

8.1 Stamp duty

RCF must:

- (a) pay all stamp duty (including fines, penalties and interest) payable and assessed on or in connection with this deed poll, the performance of this deed poll, or any instruments entered into under this deed poll (including, in connection with the transfer of Ausenco Shares to RCF in accordance with the terms of the Scheme) and in respect of a transaction effected by or made under the Scheme and this deed poll; and
- (b) indemnify on demand each Scheme Participant against any liability arising from failure to comply with clause 8.1(a).

8.2 Waiver

A right may only be waived in writing, signed by the person giving the waiver, and:

- (a) no other conduct of a party (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of the right;
- (b) a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again; and
- (c) the exercise of a right does not prevent any further exercise of that right or of any other right.

8.3 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless:

- (a) the variation is agreed to by Ausenco and RCF in writing; and
- (b) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event RCF must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

8.4 Remedies cumulative

The rights, powers and remedies of RCF and the Scheme Participants under this deed poll are cumulative and are in addition to, and do not exclude any, other rights, powers and remedies given by law independently of this deed poll.

8.5 Assignment

The rights and obligations of RCF and each Scheme Participant under this deed poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt or purport to do so without the prior written consent of RCF and Ausenco.

8.6 Governing law and jurisdiction

This deed poll is governed by the law in force in New South Wales. RCF irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place.

8.7 Further action

RCF must, at its own expense, execute all deeds and other documents and do all things (on its own behalf or on behalf of each Scheme Participant) necessary or expedient to give full effect to this deed poll and the transactions contemplated by it.

EXECUTED as a deed poll

Deed Poll

Signing page

DATED: 18 July 2016

Executed by
Resource Capital Fund VI L.P.

By: Resource Capital Associates VI L.P.
General Partner

By: RCA VI GP Ltd, General Partner

By: Catherine J. Bogg

Attachment D

Scheme of Arrangement



Scheme of Arrangement

Dated

2016

Ausenco Limited ABN 31 114 541 114 (**Ausenco**)

Scheme Participants

King & Wood Mallesons

Level 30
QV1 Building
250 St Georges Terrace
Perth WA 6000
Australia
T +61 8 9269 7000
F +61 8 9269 7999
DX 210 Perth
www.kwm.com

Scheme of Arrangement

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Scheme of Arrangement

Details

Parties	Ausenco and Scheme Participants	
Ausenco	Name	Ausenco Limited
	ABN	31 114 541 114
	Address	144 Montague Road South Brisbane QLD 4101 Australia
	Telephone	+61 7 3169 7001
	Fax	+61 7 3169 7000
	Attention	Chairman
Scheme Participants	Name	Each person registered as a holder of fully paid ordinary shares in Ausenco as at the Record Date other than the Excluded Shareholders
Governing law	New South Wales	

General terms

1 Definitions and interpretation

1.1 Definitions

In this Scheme:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

Ausenco means Ausenco Limited (ABN 31 114 541 114).

Ausenco Share means a fully paid ordinary share in the capital of Ausenco.

Ausenco Shareholder means each person recorded in the Register as a holder of Ausenco Shares.

Business Day means a business day as defined in the Listing Rules.

CHES means the Clearing House Electronic Subregister System managed by ASX.

Committed Shareholders means the Ausenco Shareholders listed in the Schedule.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Supreme Court of New South Wales .

Deed Poll means the deed poll dated 18 July 2016 executed by RCF substantially in the form of Annexure B of the Scheme Implementation Agreement or as otherwise agreed by RCF and Ausenco under which RCF covenants in favour of each Scheme Participant to perform its obligations under this Scheme.

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest (including any 'security interest' within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)), title retention, preferential right or trust arrangement, claim, covenant or any other security arrangement having the same effect.

End Date means 30 November 2016 or such other date as is agreed by RCF and Ausenco.

Excluded Shareholder means RCF, its associates and each Committed Shareholder.

Excluded Shares means Ausenco Shares held by Excluded Shareholders on the Record Date.

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to Ausenco.

Implementation Date means the fifth Business Day following the Record Date or such other date as is agreed by RCF and Ausenco.

Listing Rules means the Listing Rules of the ASX.

Performance Rights means performance rights issued by Ausenco in respect of Ausenco Shares, whether vested or unvested.

RCF means Resource Capital Fund VI L.P.

RCF Entities means:

- (a) RCF Management
- (b) a Related Body Corporate of RCF or RCF Management; and
- (c) any partnership, limited partnership, entity, fund or trust that is managed by RCF Management.

RCF Management means RCF Management L.L.C and/or Resource Capital Funds Management Pty Ltd.

Record Date means 7.00pm on the fifth Business Day following the Effective Date or such other date as Ausenco and RCF agree.

Register means the register of members of Ausenco maintained by or on behalf of Ausenco in accordance with section 168(1) of the Corporations Act.

Registered Address means, in relation to an Ausenco Shareholder, the address shown in the Register.

Regulatory Authority means:

- (a) ASX and ASIC;
- (b) a government or governmental, semi-governmental or judicial entity or authority;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (d) any regulatory organisation established under statute.

Scheme means this scheme of arrangement between Ausenco and Scheme Participants under which all of the Scheme Shares will be transferred to RCF under Part 5.1 of the Corporations Act as described in clause 6 of this Scheme, in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by Ausenco and RCF in accordance with clause 8.2 of this Scheme.

Scheme Consideration means \$0.40 paid in respect of each Scheme Share to be provided by RCF to Scheme Participants under the terms of this Scheme for the transfer to RCF of their Scheme Shares.

Scheme Implementation Agreement means the scheme implementation agreement dated 14 June 2016 between Ausenco and RCF under which, amongst other things, Ausenco has agreed to propose this Scheme to Ausenco Shareholders, and each of RCF and Ausenco has agreed to take certain steps to give effect to this Scheme.

Scheme Meeting means the meeting of Ausenco Shareholders (other than Excluded Shareholders), ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act at which Ausenco Shareholders (other than Excluded Shareholders) will vote on this Scheme.

Scheme Participant means each person who is an Ausenco Shareholder as at the Record Date, other than an Excluded Shareholder.

Scheme Share means an Ausenco Share held by a Scheme Participant as at the Record Date.

Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Trust Account means the trust account operated by or on behalf of Ausenco to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with clause 6.3 of this Scheme.

1.2 Reference to certain general terms

Unless the contrary intention appears, a reference in this Scheme to:

- (a) **(variations or replacement)** a document, agreement (including this agreement) or instrument is a reference to that document, agreement or instrument as amended, consolidated, supplemented, novated or replaced;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this agreement;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(party)** a party means a party to this Scheme;

- (g) **(person)** the word “person” includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (h) **(executors, administrators, successors)** a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (i) **(dollars)** Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (j) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (k) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (l) **(meaning not limited)** the words “include”, “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (m) **(time of day)** time is a reference to Sydney, New South Wales time.

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this Scheme.

2 Preliminary

2.1 Ausenco

Ausenco is:

- (a) a public company limited by shares;
- (b) incorporated in Australia and registered in Victoria, Australia; and
- (c) admitted to the official list of the ASX and Ausenco Shares are officially quoted on the stock market conducted by ASX.

As at 22 June 2016, Ausenco’s issued securities comprise:

- (a) 187,690,941 Ausenco Shares; and
- (b) 11,741,730 Performance Rights.

2.2 RCF

RCF is Cayman Islands exempted limited partnership formed in the Cayman Islands, managed by RCF Management L.L.C (a Delaware registered limited liability company).

2.3 If Scheme becomes Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to RCF, Ausenco will procure RCF to provide the Scheme Consideration to Scheme Participants in accordance with the terms of this Scheme and the Deed Poll;
- (b) all Scheme Shares, and all the rights and entitlements attaching to them, will be transferred to RCF on the Implementation Date; and
- (c) Ausenco will enter the name of RCF in the Register in respect of all Scheme Shares transferred to RCF in accordance with the terms of this Scheme.

2.4 Scheme Implementation Agreement

By executing the Scheme Implementation Agreement, Ausenco and RCF have agreed to implement the terms of this Scheme.

2.5 Deed Poll

This Scheme attributes actions to RCF but does not itself impose an obligation on RCF to perform those actions. RCF has agreed by executing the Deed Poll to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide the Scheme Consideration to Scheme Participants.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms;
- (b) all of the conditions precedent in schedule 2 of the Scheme Implementation Agreement having been satisfied or waived (other than the condition precedent in item 4) in accordance with the terms of the Scheme Implementation Agreement;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, Ausenco and RCF having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act; and
- (d) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

3.2 Conditions precedent and operation of clause 5

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

3.3 Certificate in relation to conditions precedent

Ausenco and RCF must each provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1(a) and 3.1(b) of this Scheme have been satisfied or waived as at 8.00am on the Second Court Date.

The certificates referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1(a) and 3.1(b) of this Scheme have been satisfied or waived as at 8.00am on the Second Court Date.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with its terms, unless Ausenco and RCF otherwise agree in writing.

5 Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

Ausenco will lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as RCF and Ausenco agree in writing.

5.2 Transfer and registration of Scheme Shares

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clauses 6.1 to 6.3 of this Scheme and RCF having provided Ausenco with written confirmation thereof:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to RCF without the need for any further act by any Scheme Participant (other than acts performed by Ausenco as attorney and agent for Scheme Participants under clause 8.1 of this Scheme) by:
 - (i) Ausenco delivering to RCF a duly completed and executed Scheme Transfer executed on behalf of the Scheme Participants; and
 - (ii) RCF duly executing the Scheme Transfer and delivering it to Ausenco for registration; and
- (b) as soon as practicable after receipt of the duly executed Scheme Transfer, Ausenco must enter the name of RCF in the Register in

respect of all Scheme Shares transferred to RCF in accordance with the terms of this Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to RCF of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 Title and rights in Ausenco Shares

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, RCF will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by Ausenco of RCF in the Register as the holder of the Scheme Shares.

5.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

5.6 Warranty by Scheme Participants

Each Scheme Participant warrants to RCF and is deemed to have authorised Ausenco to warrant to RCF as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to RCF under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to RCF under the Scheme.

5.7 Transfer free of Encumbrances

To the extent permitted by law, all Ausenco Shares (including any rights and entitlements attaching to those shares) which are transferred to RCF under this Scheme will, at the date of the transfer of them to RCF, vest in RCF free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5.8 Appointment of RCF as sole proxy

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 5.2 and 6.3 of this Scheme, on and from the Implementation Date until Ausenco registers RCF as the holder of all of the Ausenco Shares in the Register, each Scheme Participant:

- (a) irrevocably appoints Ausenco as attorney and agent (and directs Ausenco in such capacity) to appoint RCF and each of its directors from time to time (jointly and each of them individually) as its sole proxy and where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to Ausenco Shares registered in its name and sign any shareholders resolution, and no Scheme

Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a));

- (b) must take all other actions in the capacity of the registered holder of Ausenco Shares as RCF directs; and
- (c) acknowledges and agrees that in exercising the powers referred to in clause 5.8(a), RCF and any director, officer, secretary or agent nominated by RCF under clause 5.8(a) may act in the best interests of RCF as the intended registered holder of the Ausenco Shares.

Ausenco undertakes in favour of each Scheme Participant that it will appoint RCF and each of its directors from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.8(a) of this Scheme.

6 Scheme Consideration

6.1 Consideration under the Scheme

On the Implementation Date, Ausenco must procure RCF to pay (or procure the payment of) the Scheme Consideration to the Scheme Participants in accordance with clauses 6.2, 6.3 and 6.4 of this Scheme.

6.2 Satisfaction of obligations

The obligation of Ausenco to procure payment of the Scheme Consideration pursuant to clause 6.1 of this Scheme will be satisfied by Ausenco using its best endeavours to procure that RCF, no later than two Business Days before the Implementation Date, deposits (or procures the deposit) in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest (less any bank fees and other charges) on the amount deposited will be to RCF's account).

6.3 Payment of Scheme Consideration

On the Implementation Date, subject to receipt of the Scheme Consideration from RCF in accordance with clause 6.2 of this Scheme, Ausenco must pay or procure payment to each Scheme Participant an amount equal to the Scheme Consideration for each Scheme Share transferred to RCF on the Implementation Date by that Scheme Participant.

Unless otherwise directed by the Scheme Participants before the Record Date, the amounts referred to in this clause 6.3 of this Scheme must be paid by direct credit or sending a cheque drawn on an Australian bank in Australian currency on the Implementation Date to each Scheme Participant by pre-paid regular post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register at the Record Date (or in the case of joint holders, in accordance with the procedures set out in clause 6.6).

6.4 Unclaimed monies

Ausenco may cancel a cheque issued under clause 6.3 of this Scheme if the cheque:

- (a) is returned to Ausenco; or

- (b) has not been presented for payment within six months after the date on which the cheque was sent.

During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Participant to Ausenco, Ausenco must reissue a cheque that was previously cancelled under this clause 6.4.

6.5 Orders of a court

In the case of notice having been given to Ausenco (or the Registry) of an order made by a court of competent jurisdiction:

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with clause 6.3 of this Scheme, then Ausenco shall procure that payment is made in accordance with that order; or
- (b) which would prevent Ausenco from dispatching payment to any particular Scheme Participant in accordance with clause 6.3 of this Scheme, Ausenco will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration until such time as payment in accordance with clause 6.3 of this Scheme is permitted by law.

6.6 Joint holders

In the case of Scheme Shares held in joint names, any bank cheque required to be paid to Scheme Participants by RCF must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at the Record Date.

7 Dealings in Scheme Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by Ausenco if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept.

7.2 Register

Ausenco must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before the Record Date.

7.3 No disposals after Record Date

If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Record Date in any way

except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.

Ausenco will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after the Record Date (except a transfer to RCF pursuant to this Scheme and any subsequent transfer by RCF or its successors in title).

7.4 Maintenance of Ausenco Register

For the purpose of determining entitlements to the Scheme Consideration, Ausenco will maintain the Register in accordance with the provisions of this clause 7 until the Scheme Consideration has been paid to the Scheme Participants and RCF has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to RCF contemplated in clauses 5.2 and 6.3 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after the Record Date as documents of title in respect of those shares. After the Record Date, each entry current on the Register as at the Record Date (other than entries in respect of the Excluded Participants or their successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

7.6 Details of Scheme Participants

As soon as practicable after the Record Date, and in any event within one Business Day of the Record Date Ausenco will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register as at the Record Date are available to RCF in such form as RCF reasonably requires.

7.7 Quotation of Ausenco Shares

- (a) Ausenco will apply to ASX to suspend trading on ASX in Ausenco Shares with effect from the close of trading on ASX on the Effective Date.
- (b) After the Scheme has been fully implemented, Ausenco will apply:
 - (i) for termination of the official quotation of Ausenco Shares on ASX; and
 - (ii) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Power of attorney

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Ausenco and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary or expedient to give effect to this Scheme including the Scheme Transfer;

- (b) enforcing the Deed Poll against RCF,
- and Ausenco accepts such appointment.

8.2 Variations, alterations and conditions

Ausenco may, with the consent of RCF (which cannot be unreasonably withheld), by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose. Each Scheme Participant agrees to any such variation, alteration or condition.

8.3 Further action by Ausenco

Ausenco will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

8.4 Authority and acknowledgement

Each of the Scheme Participants:

- (a) irrevocably consents to Ausenco and RCF doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds Ausenco and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Ausenco.

8.5 No liability when acting in good faith

Neither Ausenco, RCF, the RCF Entities, nor any of their respective officers, employees and advisers (as applicable), will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

8.6 Enforcement of Deed Poll

Ausenco undertakes in favour of each Scheme Participant to enforce the Deed Poll against RCF on behalf of and as agent and attorney for the Scheme Participants.

8.7 Stamp duty

RCF will pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme.

8.8 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Ausenco, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Ausenco's registered office or at the office of the registrar of Ausenco Shares.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Shareholder shall not, unless so

ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9 Governing law

9.1 Governing law

This Scheme is governed by the law in force in New South Wales.

9.2 Jurisdiction

Each party irrevocably and unconditionally:

- (a) submits to the non-exclusive jurisdiction of the courts of New South Wales; and
- (b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

Schedule

Committed Shareholders

Duro Felguera, S.A.

Edmon Hysni Meka

Harased Pty Ltd

Harased Management Pty Ltd

Gregory Searle Lane

Neil Robert Trembath

Simon Cmrlec

Simon Cmrlec Pty Ltd as trustee for the Simon Cmrlec Superannuation Fund

Andrew Charles Pickford

Bradley A Shaw

DST Pty Ltd

R D Thorpe Pty Ltd

TME Asset Holdings Pty Ltd

Finhide Pty Limited

Lulezim Hysni Meka

Lemae Pty Ltd

Baze Pty Ltd

ELM Super Pty Ltd

Attachment E

Notice of Scheme Meeting



Notice is hereby given that, by an order of the Supreme Court of New South Wales made on 20 July 2016, pursuant to subsection 411(1) of the Corporations Act, a meeting of Ausenco Shareholders (other than Excluded Shareholders) will be held at M1 & M2 Meeting Rooms, Mezzanine Level, Brisbane Convention and Exhibition Centre, Cnr Merivale and Glenelg Streets Southbank QLD 4101 on 25 August 2016, commencing at 10.30am (AEST) or immediately after the conclusion of the EGM (whichever occurs later) (**Scheme Meeting**).

Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which Ausenco and Resource Capital Fund VI L.P. (**RCF**) agree) proposed to be made between Ausenco and Ausenco Shareholders (other than Excluded Shareholders) (the **Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part.

Scheme Resolution

The meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution (the **Scheme Resolution**):

‘That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Ausenco Limited and the holders of its ordinary shares (other than Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Supreme Court of New South Wales to which Ausenco Limited and Resource Capital Fund VI L.P. agree.’

Note: The Excluded Shareholders are not eligible to vote their Ausenco Shares at the Scheme Meeting. A full list of Excluded Shareholders is set out in the Explanatory Notes section of this Notice of Meeting.

Chair

The Court has directed that George Lloyd is to act as chair of the meeting (and that, if George Lloyd is unable or unwilling to attend, Mary Shafer-Malicki is to act as chair of the meeting) and has directed the chair to report the result of the Scheme Resolution to the Court.

Dated 20 July 2016

By order of the IBC

sign here ► 

Company Secretary

print name Patrick O'Connor

Explanatory notes

1 General

This notice of meeting relates to the Scheme and should be read in conjunction with Ausenco's Scheme Booklet dated 20 July 2016 (the **Scheme Booklet**) of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Attachment D of the Scheme Booklet.

Capitalised terms used but not defined in this notice have the defined meanings set out in section 9 of the Scheme Booklet, unless the context otherwise requires.

2 IBC recommendation and voting intentions

As noted in the Scheme Booklet, the IBC unanimously recommends that Ausenco Shareholders (other than Excluded Shareholders) vote in favour of the Scheme Resolution and each member of the IBC intends to vote in favour of the Scheme Resolution, in the absence of a Superior Proposal.

3 Shareholder approval

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Resolution must be agreed to by:

- unless the Court orders otherwise, a majority in number of Ausenco Shareholders (other than Excluded Shareholders) present and voting (either in person or by proxy, attorney or, in the case of corporate Ausenco Shareholders, body corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution (either in person or by proxy, attorney or, in the case of corporate Ausenco Shareholders, body corporate representative).

4 Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) is subject to the approval of the Court. If the Scheme Resolution is agreed to by the Requisite Majority and the Conditions Precedent to the Scheme (other than approval by the Court) are satisfied or waived (if applicable) by the time required under the Scheme, Ausenco intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

5 Entitlement to vote

The time for determining eligibility to vote at the Scheme Meeting is 7.00pm (AEST) on Tuesday, 23 August 2016. Only those Ausenco Shareholders (other than Excluded Shareholders) entered on the Ausenco Share Register at that time will be entitled to attend and vote at the meeting, either in person, by proxy or attorney, or in the case of a corporate Ausenco Shareholder, by a body corporate representative. The remaining comments in these explanatory notes are addressed to Ausenco Shareholders entitled to attend and vote at the meeting. Excluded Shareholders (as defined in the Scheme Booklet and also listed in section 6 below) are not entitled to vote at the Scheme Meeting.

6 Voting exclusions

Ausenco will disregard any votes cast on the Scheme Resolution by any Excluded Shareholder, being:

- RCF and its associates;
- Duro Felguera, S.A.;
- Edmon Hysni Meka and his controlled entities, Harased Pty Ltd and Harased Management Pty Ltd;
- Gregory Searle Lane;
- Neil Robert Trembath;
- Simon Cmrlec and his controlled entity, Simon Cmrlec Pty Ltd as trustee for the Simon Cmrlec Superannuation Fund;
- Andrew Charles Pickford;

- Bradley A Shaw;
- DST Pty Ltd, R D Thorpe Pty Ltd and TME Asset Holdings Pty Ltd (being entities controlled by Bob Thorpe);
- Finhide Pty Ltd (being an entity controlled by Hank Tuten); and
- Zimi Meka and his controlled entities, Lemae Pty Ltd, Baze Pty Ltd and ELM Super Pty Ltd,

unless the vote is cast by such persons as proxy for a person who is entitled to vote, in accordance with the directions on their proxy form.

7 How to vote

Voting will be conducted by poll.

If you are an Ausenco Shareholder entitled to vote at the meeting, you may vote by:

- attending and voting in person;
- appointing one or two proxies to attend and vote on your behalf, using the Scheme Proxy Form that accompanied the Scheme Booklet (which may be lodged online);
- appointing an attorney to attend and vote on your behalf, using a power of attorney; or
- in the case of a body corporate, appointing a body corporate representative to attend the meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

8 Attendance

If you or your proxies, attorneys or representative(s) plan to attend the meeting, please arrive at the venue at least 30 minutes before the scheduled time for commencement of the meeting, so that your shareholding can be checked against the Ausenco Share Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

9 Jointly held securities

If you hold Ausenco Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the meeting, only the vote of the holder whose name appears first on the Ausenco Share Register will be counted.

See also the comments in paragraph 10.2 below regarding the appointment of a proxy by persons who jointly hold Ausenco Shares.

10 Voting

10.1 Voting in person

To vote in person, you must attend the meeting.

Eligible Ausenco Shareholders who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.

10.2 Voting by proxy

You may appoint one or two proxies. Your proxy need not be another Ausenco Shareholder. Each proxy will have the right to vote on the poll and also to speak at the meeting.

To appoint a proxy, you should complete and return the Scheme Proxy Form that accompanied the Scheme Booklet in accordance with the instructions on that form. You must deliver the signed and completed Scheme Proxy Form to the Ausenco Share Registry by 10.30am (AEST) on 23 August 2016 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) Online:

- at www.investorvote.com.au by following the instructions on the secure website to vote and logging in using the control number found on the front of your accompanying proxy form; or
- for Intermediary Online subscribers (Institutions/Custodians) by visiting www.intermediaryonline.com

(b) by post in the provided reply paid envelope to the Ausenco Share Registry:

Computershare Investor Services Pty Limited
GPO Box 242, Melbourne VIC 3001 Australia

(c) by fax to the Ausenco Share Registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Ausenco Share Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Ausenco Share Registry by 10.30am (AEST) on 23 August 2016 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the three ways described in paragraphs 10.2(b), 10.2(c) or 10.2(d) above. A proxy is not revoked by the principal attending and taking part in the meeting, unless the principal actually votes at the meeting on the resolution for which the proxy was proposed to be used. If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. You can obtain a second proxy form from the Ausenco Share Registry. Replacement proxy forms can also be obtained from the Ausenco Share Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold Ausenco Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the chair of the meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the chair of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The chair of the meeting intends to vote all valid undirected proxies which nominate the chair in favour of the Scheme Resolution, in the absence of a Superior Proposal.

In accordance with Ausenco's constitution, any duly signed proxy which is incomplete may be completed by Ausenco's company secretary on authority from the Ausenco Board and the Ausenco Board may authorise completion of the proxy by the insertion of the name of any member of the Ausenco Board as the person in whose favour the proxy is given.

Proxies of eligible Ausenco Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their name and address.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the meeting.

10.3 Voting by attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another Ausenco Shareholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, Ausenco), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be lodged with the Ausenco Share Registry before 10.30am (AEST) on 23 August 2016 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) by post in the provided reply paid envelope to the Ausenco Share Registry:

Computershare Investor Services Pty Limited
GPO Box 242, Melbourne VIC 3001 Australia

(b) by fax to the Ausenco Share Registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Attorneys of eligible Ausenco Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors.

Your appointment of an attorney does not preclude you from attending in person and voting at the meeting.

10.4 Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Ausenco will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Ausenco Share Registry by calling 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be lodged at the registration desk on the day of the meeting or with the Ausenco Share Registry before 10.30am (AEST) on 23 August 2016 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) by post in the provided reply paid envelope to the Ausenco Share Registry:

Computershare Investor Services Pty Limited
GPO Box 242, Melbourne VIC 3001 Australia

(b) by fax to the Ausenco Share Registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

If a certificate is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Ausenco Share Registry.

Body corporate representatives of eligible Ausenco Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointors.

11 Advertisement

Where this notice of meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the meeting from the ASX website (www.asx.com.au) or by contacting the Company Secretary of Ausenco or the Ausenco Share Registry.

Attachment F

Notice of Extraordinary General Meeting



Notice is hereby given that an extraordinary general meeting of Ausenco Shareholders will be held at M1 & M2 Meeting Rooms, Mezzanine Level, Brisbane Convention and Exhibition Centre, Cnr Merivale and Glenelg Streets Southbank QLD 4101 on 25 August 2016 at 10.00am (AEST) (**EGM**).

Purpose of meeting

The purpose of this EGM is to consider and, if thought fit, to agree to pass the resolution set out below as an ordinary resolution.

EGM Resolution

To consider, and if thought fit, to pass the following resolution (with or without amendment) as an ordinary resolution (the **EGM Resolution**):

‘That, for the purposes of item 7 of section 611 of the *Corporations Act 2001* (Cth) and for all other purposes, the acquisition by RCF of a Relevant Interest in the Ausenco Shares held by the Committed Shareholders as a result of the Commitment Deed and the Ausenco Shares to be issued as a result of the conversion of the Secured Debt into 97,000,000 Ausenco Shares and, if RCF so elects, the conversion of all or part of the Bridge Debt into Ausenco Shares at a price of \$0.40 per Ausenco Share, as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is approved.’

Note: a voting exclusion, as set out in the Explanatory Notes of this notice of meeting, applies to this resolution.

Chair

George Lloyd is to act as chair of the meeting (and if George Lloyd is unable or unwilling to attend, Mary Shafer-Malicki is to act as chair of the meeting).

Dated 20 July 2016

By order of the IBC

sign here ►  _____
Company Secretary

print name Patrick O'Connor _____

Explanatory notes

1 General

This notice of meeting relates to the EGM Resolution and should be read in conjunction with Ausenco's Scheme Booklet dated 20 July 2016 (the **Scheme Booklet**) of which this notice forms part, in particular sections 5.7 and 7.2. The Scheme Booklet contains important information to assist you in determining how to vote on the EGM Resolution.

Capitalised terms used but not defined in this notice have the defined meanings set out in section 9 of the Scheme Booklet, unless the context otherwise requires.

2 IBC recommendation and voting intentions

As noted in the Scheme Booklet, the IBC unanimously recommends that Ausenco Shareholders vote in favour of the EGM Resolution and each member of the IBC intends to vote in favour of the EGM Resolution, in the absence of a Superior Proposal.

3 Shareholder approval

In accordance with item 7 of section 611 of the Corporations Act, for the EGM Resolution to be passed at the EGM, it must be agreed to by a simple majority (that is, more than 50%) of Ausenco Shareholders (other than Excluded Shareholders) present and voting (either in person, or by proxy, attorney or, in the case of corporate Ausenco Shareholders, corporate representative) at the EGM.

4 Entitlement to vote

The time for determining eligibility to vote at the EGM is 7.00pm (AEST) on 23 August 2016. Only those Ausenco Shareholders (other than Excluded Shareholders) entered on the Ausenco Share Register at that time will be entitled to attend and vote at the EGM either in person, by proxy or attorney, or in the case of a corporate Ausenco Shareholder, by a body corporate representative. The remaining comments in these explanatory notes are addressed to Ausenco Shareholders entitled to attend and vote at the meeting.

5 Voting exclusion

Ausenco will disregard any votes cast on the EGM Resolution by any Excluded Shareholder, being:

- RCF;
- Duro Felguera, S.A.;
- Edmon Hysni Meka and his controlled entities, Harased Pty Ltd and Harased Management Pty Ltd;
- Gregory Searle Lane;
- Neil Robert Trembath;
- Simon Cmrlec and his controlled entity, Simon Cmrlec Pty Ltd as trustee for the Simon Cmrlec Superannuation Fund;
- Andrew Charles Pickford;
- Bradley A Shaw;
- DST Pty Ltd, R D Thorpe Pty Ltd and TME Asset Holdings Pty Ltd (being entities controlled by Bob Thorpe);
- Finhide Pty Ltd (being an entity controlled by Hank Tuten); and
- Zimi Meka and his controlled entities, Lemae Pty Ltd, Baze Pty Ltd and ELM Super Pty Ltd,

and any of their associates, unless the vote is cast by such persons as proxy for a person who is entitled to vote, in accordance with the directions on their proxy form.

6 How to vote

Voting will be conducted by poll.

If you are an Ausenco Shareholder entitled to vote at the meeting, you may vote by:

- attending and voting in person;
- appointing one or two proxies to attend and vote on your behalf, using the EGM Proxy Form that accompanied this Scheme Booklet (which may be lodged online);
- appointing an attorney to attend and vote on your behalf, using a power of attorney; or
- in the case of a body corporate, appointing a body corporate representative to attend the meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

7 Attendance

If you or your proxies, attorneys or representative(s) plan to attend the meeting, please arrive at the venue at least 30 minutes before the scheduled time for commencement of the meeting, so that your shareholding can be checked against the Ausenco Share Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

8 Jointly held securities

If you hold Ausenco Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the meeting, only the vote of the holder whose name appears first on the Ausenco Share Register will be counted.

See also the comments in paragraph 9.2 below regarding the appointment of a proxy by persons who jointly hold Ausenco Shares.

9 Voting

9.1 Voting in person

To vote in person, you must attend the meeting.

Eligible Ausenco Shareholders who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.

9.2 Voting by proxy

You may appoint one or two proxies. Your proxy need not be another Ausenco Shareholder. Each proxy will have the right to vote on the poll and also to speak at the meeting.

To appoint a proxy, you should complete and return the EGM Proxy Form that accompanied the Scheme Booklet in accordance with the instructions on that form. You must deliver the signed and completed EGM Proxy Form to the Ausenco Share Registry by 10.30am (AEST) on 23 August 2016 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) Online:

- at www.investorvote.com.au by following the instructions on the secure website to vote and logging in using the control number found on the front of your accompanying proxy form; or
- for Intermediary Online subscribers (Institutions/Custodians) by visiting www.intermediaryonline.com

(b) by post in the provided reply paid envelope to the Ausenco Share Registry:

Computershare Investor Services Pty Limited
GPO Box 242, Melbourne VIC 3001 Australia

(c) by fax to the Ausenco Share Registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Ausenco Share Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Ausenco Share Registry by 10.30am (AEST) on 23 August 2016 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the three ways described in paragraphs 9.2(b), 9.2(c) or 9.2(d) above. A proxy is not revoked by the principal attending and taking part in the meeting, unless the principal actually votes at the meeting on the resolution for which the proxy was proposed to be used. If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. You can obtain a second proxy form from the Ausenco Share Registry. Replacement proxy forms can also be obtained from the Ausenco Share Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold Ausenco Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the EGM Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the chair of the meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the chair of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The chair of the meeting intends to vote all valid undirected proxies which nominate the chair in favour of the EGM Resolution, in the absence of a Superior Proposal.

In accordance with Ausenco's constitution, any duly signed proxy which is incomplete may be completed by Ausenco's company secretary on authority from the Ausenco Board and the Ausenco Board may authorise completion of the proxy by the insertion of the name of any member of the Ausenco Board as the person in whose favour the proxy is given.

Proxies of eligible Ausenco Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their name and address.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the meeting.

9.3 Voting by attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another Ausenco Shareholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, Ausenco), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be lodged with the Ausenco Share Registry before 10.30am (AEST) on 23 August 2016 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) by post in the provided reply paid envelope to the Ausenco Share Registry:

Computershare Investor Services Pty Limited
GPO Box 242, Melbourne VIC 3001

(b) by fax to the Ausenco Share Registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Attorneys of eligible Ausenco Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors.

Your appointment of an attorney does not preclude you from attending in person and voting at the meeting.

9.4 Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Ausenco will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Ausenco Share Registry by calling 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be lodged at the registration desk on the day of the meeting or with the Ausenco Share Registry before 10.30am (AEST) on 23 August 2016 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) by post in the provided reply paid envelope to the Ausenco Share Registry:

Computershare Investor Services Pty Limited
GPO Box 242, Melbourne VIC 3001 Australia

(b) by fax to the Ausenco Share Registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

If a certificate is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Ausenco Share Registry.

Body corporate representatives of eligible Ausenco Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointors.

10 Advertisement

Where this notice of meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the meeting from the ASX website (www.asx.com.au) or by contacting the Company Secretary of Ausenco or the Ausenco Share Registry.

Corporate directory



Ausenco Limited

144 Montague Road
South Brisbane QLD 4101
Australia

Ausenco Share Registry

Computershare Investor Services Pty Limited
117 Victoria Street
West End QLD 4101
Australia

Financial Adviser

Luminis Partners Pty Ltd
Level 32, Aurora Place
88 Phillip Street
Sydney NSW 2000
Australia

Legal Adviser

Herbert Smith Freehills
Level 34, ANZ Tower
161 Castlereagh Street
Sydney NSW 2000
Australia

Stock Exchange Listing

Ausenco ordinary shares are quoted by the Australian Securities Exchange (ASX: AAX)



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) 1800 206 847
(outside Australia) +61 3 1800 206 847

AAX

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

EGM - Proxy Form

XX



Vote and view the Scheme Booklet online

- Go to 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: 999999

SRN/HIN: I9999999999 PIN: 99999

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 10.30am (AEST) Tuesday, 23 August 2016

This proxy form should be read in conjunction with the Scheme Booklet issued by Ausenco Limited dated 20 July 2016 (**Scheme Booklet**). Words and expressions used in this proxy form have the same meaning given to them in the Scheme Booklet, unless the context requires otherwise.

Please note that if you are an Excluded Shareholder (as defined in the Scheme Booklet) you are not entitled to vote at the Extraordinary General Meeting (EGM).

How to Vote on Items of Business

All your Ausenco Shares will be voted in accordance with your directions, in relation to the items of business (overleaf).

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 Ausenco Shares 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, provided you are entitled to cast 2 or more votes at the meeting. If you appoint two proxies you must specify the percentage of votes or number of Ausenco Shares 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 Ausenco Shares for each in Step 1 overleaf.

Signing Instructions for Postal Forms

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

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

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

Companies: Where the holding is in the name of a company, this form must be signed in accordance with the Corporations Act, either by:

- a sole director and sole company secretary **OR** a sole director (if no company secretary exists), **OR**
- two directors, **OR**
- a director and secretary.

Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Overseas companies: Where the holding is in the name of an overseas company (companies incorporated outside Australia), the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate matter.

Deceased Estate: All executors must sign and provide a certified copy of the Death Certificate and Will **OR** Probate **OR** Letters of Administration must accompany this form.

Note: In accordance with Ausenco's constitution, any duly signed proxy which is incomplete may be completed by Ausenco's company secretary on authority from the Ausenco Board and the Ausenco Board may authorise completion of the proxy by the insertion of the name of any member of the Ausenco Board as the person in whose favour the proxy is given.

Attending the Meeting

Bring this form to assist registration if attending the meeting in person. If a representative of a corporate Ausenco Shareholder 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 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 it with this form.

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



MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



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.



I 9999999999

I ND



EGM - Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Ausenco 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 Extraordinary General Meeting of Ausenco Limited to be held at M1 & M2 Meeting Rooms, Mezzanine Level, Brisbane Convention and Exhibition Centre, Cnr Merivale and Glenelg Streets, Southbank, QLD 4101 on Thursday, 25 August 2016 at 10.00am (AEST) and at any adjournment or postponement of that meeting.

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

That, for the purposes of item 7 of section 611 of the Corporations Act 2001 (Cth) and for all other purposes, the acquisition by RCF of a Relevant Interest in the Ausenco Shares held by the Committed Shareholders as a result of the Commitment Deed and the Ausenco Shares to be issued as a result of the conversion of the Secured Debt into 97,000,000 Ausenco Shares and, if RCF so elects, the conversion of all or part of the Bridge Debt into Ausenco Shares at a price of \$0.40 per Ausenco Share, as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is approved.

<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.

SIGN

Signature of Ausenco Shareholder(s)

This section must be completed.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

AAX

999999A

Computershare +



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) 1800 206 847
(outside Australia) +61 1800 206 847

AAX

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Scheme Meeting - Proxy Form



Vote and view the Scheme Booklet online

- Go to 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:

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 10.30am (AEST) Tuesday, 23 August 2016

This proxy form should be read in conjunction with the Scheme Booklet issued by Ausenco Limited dated 20 July 2016 (**Scheme Booklet**). Words and expressions used in this proxy form have the same meaning given to them in the Scheme Booklet, unless the context requires otherwise.

Please note that if you are an Excluded Shareholder (as defined in the Scheme Booklet) you are not entitled to vote at the Scheme Meeting.

How to Vote on Items of Business

All your Ausenco Shares will be voted in accordance with your directions, in relation to the items of business (overleaf).

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 Ausenco Shares 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, provided you are entitled to cast 2 or more votes at the meeting. If you appoint two proxies you must specify the percentage of votes or number of Ausenco Shares 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 Ausenco Shares for each in Step 1 overleaf.

A proxy need not be another Ausenco Shareholder.

Signing Instructions for Postal Forms

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

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

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

Companies: Where the holding is in the name of a company, this form must be signed in accordance with the Corporations Act, either by:

- a sole director and sole company secretary **OR** a sole director (if no company secretary exists), **OR**
- two directors, **OR**
- a director and secretary.

Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Overseas companies: Where the holding is in the name of an overseas company (companies incorporated outside Australia), the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate matter.

Deceased Estate: All executors must sign and provide a certified copy of the Death Certificate and Will **OR** Probate **OR** Letters of Administration must accompany this form.

Note: In accordance with Ausenco's constitution, any duly signed proxy which is incomplete may be completed by Ausenco's company secretary on authority from the Ausenco Board and the Ausenco Board may authorise completion of the proxy by the insertion of the name of any member of the Ausenco Board as the person in whose favour the proxy is given.

Attending the Meeting

Bring this form to assist registration if attending the meeting in person. If a representative of a corporate Ausenco Shareholder 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 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 it with this form.

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



Samples/000001/000002/112

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

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.



I 9999999999

I ND

Scheme Meeting - Proxy Form

Please mark



to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Ausenco 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 Scheme Meeting of Ausenco Limited to be held at M1 & M2 Meeting Rooms, Mezzanine Level, Brisbane Convention and Exhibition Centre, Cnr Merivale and Glenelg Streets, Southbank, QLD 4101 on Thursday, 25 August 2016 at 10.30am (AEST) or immediately after the conclusion of the EGM (whichever occurs later) and at any adjournment or postponement of that meeting.

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

That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Ausenco Limited and the holders of its ordinary shares (other than Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Supreme Court of New South Wales to which Ausenco Limited and Resource Capital Fund VI L.P. agree.

☐☐☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN

Signature of Ausenco Shareholder(s)

This section must be completed.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

999999A