

Equity Raising Presentation

AUSDRILL

29 August 2017

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This Presentation uses non-IFRS financial information including EBITDA, EBIT, Group EBITDA and Group EBIT which are used to measure both group and operational performance. A reconciliation of non-IFRS financial information to profit before tax is included in the appendices. Non-IFRS measures have not been subject to audit or review. Certain of these measures may not be comparable to similarly titled measures of other companies.

Financial Data

All dollar values are in Australian dollars (\$) unless stated otherwise.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Equity Raising Overview

The background image shows a large mining truck dumping a load of material into a conveyor system. The scene is overlaid with a green and yellow color scheme. The truck is on the left, and the conveyor is on the right. The material being dumped is a mix of dirt and rocks. The overall image has a high-contrast, industrial feel.

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Equity Raising Overview

Offer Structure and Size	▪ Institutional and Sophisticated Investor equity raising by Ausdrill Limited (“Ausdrill” or “Company”) to raise up to approximately \$100.2 million (before costs) by way of a placement (“Equity Raising” or “Placement”) ▪ The Placement will consist of up to 46.8 million new ordinary shares issued pursuant to the Company’s 15% placement capacity under ASX Listing Rule 7.1 ▪ Shares issued under the Placement will be entitled to receive the full year FY2017 dividend of 2 cents per share, as announced on 23 August 2017
Offer Price	▪ The offer price of \$2.14 represents a discount of 8.9% to Ausdrill’s last close on 28 August 2017 of A\$2.35 and a 5.3% discount to the 5 day VWAP of A\$2.26
Ranking	▪ New shares will rank equally with existing Ausdrill shares
Use of Proceeds	▪ The proceeds of the Placement will provide significant balance sheet strength and flexibility to capitalise on potential growth opportunities available to the Company
Joint Lead Managers	▪ Argonaut Securities Pty Limited and Hartleys Limited

Equity Raising Timetable

Key Event	Time / Date ¹ (AWST)
Trading Halt, Announcement of Equity Raising	Pre-Open Tuesday, 29 August 2017
Bookbuild Opens	8:00am, Tuesday, 29 August 2017
Australia / Asia Bookbuild Closes	5:00pm, Tuesday, 29 August 2017
North America / United Kingdom / Europe Bookbuild Closes	10:00pm, Tuesday, 29 August 2017
Announcement of the Results of the Placement	Pre-Open Thursday, 31 August 2017
Trading in Ausdrill Shares Recommences	Thursday, 31 August 2017
Anticipated Settlement of New Shares Issued Under the Placement	Thursday, 7 September 2017
Allotment and Trading of New Shares Issued Under the Placement	Friday, 8 September 2017
Ausdrill Full Year FY2017 Dividend Record Date	Wednesday, 4 October 2017

1. All dates and times are subject to change and are indicative only. Unless otherwise indicated, all times are Perth time. Ausdrill and the Joint Lead Managers, Argonaut and Hartleys, reserve the right to vary these dates and times without notice.

Use of Proceeds & Pro-Forma Balance Sheet

Use of Proceeds

- The proceeds of the Placement will provide significant balance sheet strength and flexibility to capitalise on potential growth opportunities available to the Company.
- In particular, strong growth is expected from Ausdrill's African businesses on the back of an exceptionally robust and active pipeline of project opportunities which could necessitate an expansion of its existing mining fleet and an increase in its working capital needs as additional contracts are secured.
- Reduction in Net Debt from \$221.9m to \$121.7m.
- Gearing (Net Debt : Net Debt & Equity) reduced from 26.0% to 14.3%.
- Net Debt / FY17 EBITDA reduced from 1.6x to 0.9x

Pro-Forma Balance Sheet (unaudited)

A\$million	FY17	Equity Raise ¹	Pro-Forma
Cash and cash equivalents	166.7	100.2	266.9
Syndicated debt facility ²	-	-	-
US\$300 million unsecured notes	390.5	-	390.5
Insurance premium funding and prepaid borrowing costs	(1.9)	-	(1.9)
Total borrowings	388.6	-	388.6
Net Debt	221.9	100.2	121.7
Total Assets (Ex-Net Debt)	1,020.4	-	1,020.4
Total Liabilities (Ex-Net Debt)	168.4	-	168.4
Net Assets/ Shareholders' equity	630.1	100.2	730.3
FY17 EBITDA	136.8		136.8
Gearing Ratio (Net Debt / (ND + Equity))	26.0%		14.3%
Net Debt / FY17 EBITDA	1.6x		0.9x

Note: Columns may not add due to rounding

1. Before costs

2. \$124.8 million in undrawn facilities as at 30 June 2017

Full Year Highlights

The background image shows a large-scale mining operation. A massive pile of dark, rocky material is being processed. A conveyor belt system is visible, with material being transported. The scene is overlaid with a vibrant green and yellow color scheme. On the right side, there is a grid of horizontal and vertical lines, some of which are highlighted in yellow. The overall atmosphere is industrial and dynamic.

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Full Year Key Points

Overview

- Strong safety and financial performance.
- Sales revenue of \$776.3 million, up 4.5% on prior corresponding period.
- \$1.6 billion in new projects and contract renewals secured.
- Profit from continuing operations of \$31.4 million, up 53.3% on prior corresponding period.
- Reported profit of \$31.2 million, basic earnings per share 10.0 cents per share.
- Fully franked full year dividend of 2.0 cents per share declared, bringing total dividends for the year to 4.0 cents per share.
- Strong cash flow generation allowing substantial investment in growth to be cash funded.
- Strong balance sheet with cash reserves of \$166.7 million and improved gearing of 26.0%.
- Ausdrill is targeting 30-40% profit growth in FY18.

FY17 Performance summary

A\$million	FY17	% change
Sales revenue	776.3	4.5% ▲
EBITDA	136.8	9.4% ▲
EBIT	74.4	30.3% ▲
Profit before tax	45.3	80.6% ▲
Profit from continuing operations	31.4	53.3% ▲
Loss from discontinued operations	(0.2)	
Reported profit after tax	31.2	
Operating cash flow	94.6	4.0% ▲

Operational Performance

African Mining Services	■ Revenue and margin growth story continues with significant contract wins and extensions. ■ Strong operational performance at Syama and Siguiri, challenges at Edikan being addressed. ■ Project pipeline expected to deliver growth beyond FY18.
African Underground Mining Services	■ Significant revenue growth with commencement of Subika project and contract expansions at Geita and Yaramoko. Exceptional tender pipeline expected to provide growth beyond FY18. ■ Outstanding operational performance. Margins remain strong.
Drilling Services Australia	■ Key contract extensions for drilling services at the Super Pit and exploration drilling at St Ives and Granny Smith. ■ Loss-making Telfer contract exited February 2017. ■ Competitive market conditions persist.
Equipment Services & Supplies	■ Profit margin improvement driven by increase in rental revenue and cost-out initiatives. ■ Key focus of the business was the mobilisation of equipment and inventory to new African projects.
Other Businesses	■ EDA assets warehoused, major cost savings achieved. ■ Non-core businesses delivered increased profit.
Business Improvement	■ Shared service model rolled out - annualised savings of \$2.0 million expected in FY18.

Project Awards and Extensions

Project	Client	Services Provided	Location	Term
Yanfolila Gold	Hummingbird Resources	AMS - Open pit mining	Mali	3 years
Boungou Gold (was Natougou)	SEMAFO	AMS - Open pit mining	Burkina Faso	5 years
Mako Gold	Toro Gold	AMS - Open pit mining	Senegal	6 years
Edikan - Esuajah North	Perseus	AMS - Open pit mining	Ghana	3.5 years
Bissa Gold	Nordgold	AMS - Equipment hire	Burkina Faso	1 year
Subika – Ahafo complex	Newmont Ghana Gold	AUMS - Underground mining	Ghana	5 years
St Ives and Granny Smith	Gold Fields	DSA - Exploration drilling	Australia	3 years
Super Pit	KCGM	DSA - Production drilling, grade control	Australia	5 years
Blair Athol Coal	Link Mining Services	DSA - Drill and blast	Australia	5 years
Several mine sites	Peabody Australia	ESS - Equipment hire	Australia	2 years

Financial Performance

The background image shows a large mining truck in the process of dumping its load of rocks and ore into a conveyor system. The scene is captured from a low angle, emphasizing the scale of the machinery. The entire image is overlaid with a green-to-yellow gradient. On the right side, there are several horizontal yellow lines of varying lengths, creating a sense of motion or a data visualization element.

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Reported Profit and Loss

A\$million	FY16	FY17	% change
Sales revenue	743.0	776.3	4.5% ▲
EBITDA ⁽¹⁾	125.1	136.8	9.4% ▲
<i>EBITDA margin ⁽²⁾</i>	<i>15.6%</i>	<i>15.9%</i>	<i>33bps</i>
EBIT	57.2	74.4	30.3% ▲
<i>EBIT margin ⁽²⁾</i>	<i>6.5%</i>	<i>7.9%</i>	<i>143bps</i>
Profit before tax	25.1	45.3	80.6% ▲
<i>Profit before tax margin</i>	<i>3.4%</i>	<i>5.8%</i>	<i>246bps</i>
Profit from continuing operations	20.5	31.4	53.3% ▲
<i>Return on average capital employed ^{(2),(3)}</i>	<i>6.5%</i>	<i>8.6%</i>	<i>215bps</i>

- Strong financial performance delivering exceptional profit growth.
- Long-standing exposure to low-cost gold sector continues to provide a core source of revenue.
- Margins continue to improve in a competitive market through cost out and scale benefits.
- Improved returns to shareholders.

(1) Includes impairment of available-for-sale assets of \$1.5 million in FY16.

(2) Excludes equity accounted profits.

(3) Return on average capital employed = EBIT from continuing operations excluding significant items/sum of average receivables, inventories, PP&E, intangibles, associates less trade payables.

Note: Columns may not add due to rounding.

FY17 Proforma Profit & Loss (including 50% AUMS)⁽¹⁾

A\$million	ASL	AUMS 50%	Total	% change
Sales revenue	776.3	89.9	866.2	5.7% ▲
EBITDA	123.7	30.8	154.5	8.6% ▲
<i>EBITDA margin</i>	<i>15.9%</i>	<i>34.2%</i>	<i>17.8%</i>	<i>48bps</i>
EBIT	61.4	19.8	81.1	22.4% ▲
<i>EBIT margin</i>	<i>7.9%</i>	<i>22.0%</i>	<i>9.4%</i>	<i>128bps</i>
Profit before tax	32.2	19.0	51.3	49.7% ▲
<i>Profit before tax margin</i>	<i>4.2%</i>	<i>21.2%</i>	<i>5.9%</i>	<i>174bps</i>
Profit from continuing operations	18.4	13.1	31.4	53.3% ▲
Return on average capital employed ⁽²⁾	7.7%	35.9%	9.6%	177bps

(1) Proforma results include AUMS 50% share of profits on a proportionately consolidated basis.

(2) Return on average capital employed = EBIT from continuing operations excluding significant items/sum of average receivables, inventories, PP&E, intangibles, associates less trade payables.

Note: Columns may not add due to rounding.

- The AUMS joint venture is a major contributor to the Group's earnings profile and a key value driver for shareholders.
- AUMS is equity accounted in reported earnings – gross revenue, EBITDA and EBIT are significantly higher than reported under IFRS.
- Growth in AUMS business for FY18 is expected to be significant based on projects already secured.
- Underground mining services are less capital intensive and deliver higher returns than surface mining projects due to the specialised nature of the services provided.
- Growth prospects for underground projects in Africa are exceptional.

Cash Flow

A\$million	FY16	FY17
Operating cash flows after interest and tax	91.0	94.6
Net debt (repayments)/proceeds	(47.8)	(0.7)
Capital expenditure	(12.4)	(147.4)
Proceeds from asset disposals	11.4	1.8
Distributions from AUMS	8.9	22.9
Proceeds from sales of business	49.4	22.2
Other movements	3.6	(0.6)
Cash flow before shareholder return	104.1	(7.2)
Dividends	-	(6.2)
Net cash flow	104.1	(13.5)

Note: Columns may not add due to rounding.

Working capital changes since Jun 16	A\$m
Receivables	(2.1)
Inventories	(2.6)
Payables	(17.6)
Net decrease	(22.2)

- Strong cash flow generation continues.
- Capital expenditure increased significantly driven by growth projects in Africa expected to deliver earnings growth in FY18.
- Distributions from AUMS increased on the back of major growth in the underground business.
- Proceeds from business sales included \$19.8 million for DTA and \$2.4 million for Miner's Rest.
- Fully franked interim dividend of 2.0 cents per share paid during FY17.

Capital Expenditure

A\$million	FY16	FY17
Contract Mining Services Africa	(6.8)	(121.1)
Drilling Services Australia	(3.8)	(6.9)
Equipment Services & Supplies	(1.7)	(17.2)
Other	(0.1)	(2.3)
Proceeds from asset sales	11.4	1.8
CAPEX net of asset sales	(1.0)	(145.6)

- African capital expenditure increased to \$121.1 million. This included equipment for the Mako, Esuajah North, Boungou (formerly Natougou) and Yanfolila growth projects.
- ESS capital expenditure increased to \$17.2 million. This included mining and ancillary rental equipment for projects on the East Coast of Australia.
- DSA capital expenditure increased to \$6.9 million. This included equipment for exploration drilling services at the St Ives and Granny Smith gold mines and conversion of water well fleet to reverse circulation.
- Capex for FY18 is expected to be between \$100 and \$170 million. Capex is presented in a range as indications from an existing client suggest that they may require a change-out of fleet upon renewal of their contract. Should this occur, existing fleet would be redeployed to growth projects or replacement capex, reducing future capex requirements.

Note: Columns may not add due to rounding.

Balance Sheet

A\$million	FY16	FY17
Cash and cash equivalents	181.9	166.7
Receivables	169.8	167.7
Inventories	191.4	188.8
Property, plant and equipment	489.8	560.5
Other assets	117.5	103.5
Total assets	1,150.4	1,187.1
Payables	82.8	100.4
Borrowings	398.5	388.6
Employee obligations	34.9	41.8
Other liabilities	27.5	26.3
Total liabilities	543.8	557.0
Shareholders' equity	606.6	630.1

Note: Columns may not add due to rounding.

- Strong cash flow generation and cash reserves used to fund significant investment in growth capex for Africa.
- The Group's year end working capital balance has reduced materially. Settlement of prior period rate adjustments for the Siguiri project and asset sales proceeds associated with the sale of DTA, were only partially offset by increases in working capital associated with new project mobilisations.
- Investment in PPE is expected to deliver revenue and earnings growth in FY18.
- At 30 June 2017 the Group reported net debt of \$221.9 million and improved gearing at 26.0%.
- NTA per share increased from \$1.94 per share to \$2.02 per share.

Group Debt ⁽¹⁾ and Funding (before Equity Raising)

- Gross debt of \$388.6 million, net debt of \$221.9 million.
- Gearing (Net Debt : Net Debt & Equity) improved from 26.3% to 26.0%.
- Significant liquidity with cash on hand of \$166.7 million and \$124.8 million in undrawn facilities.

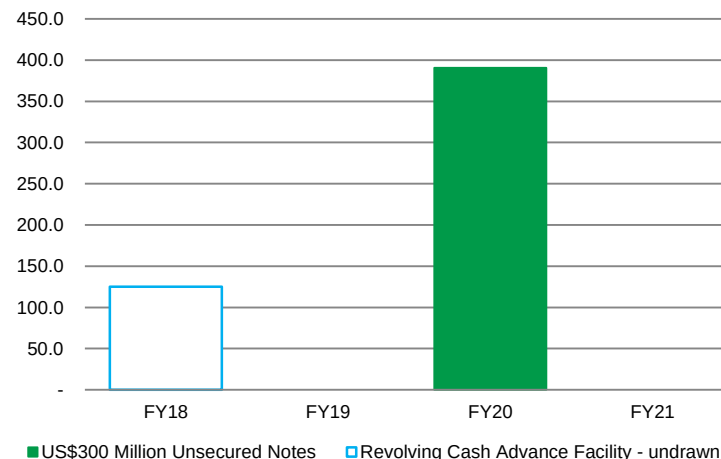
Group Debt (A\$million)	FY16	FY17
Syndicated debt facility	-	-
Asset finance and other funding	0.5	-
US\$300 million unsecured notes	402.3	390.5
Insurance premium funding and prepaid borrowing costs	(4.2)	(1.9)
Total borrowings	398.5	388.6
Cash and cash equivalents	(181.9)	(166.7)
Net debt	216.7	221.9
Gearing ratio	26.3%	26.0%

Note: Borrowings include unrealised FX translation impact of \$11.8 million due to strengthening of AUD during the year.

(1) As at 30 June 2017. Includes pre-paid borrowing costs and insurance premium funding.

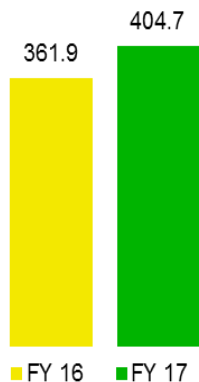
- AUMS JV is equity accounted and separately funded.
- Credit metrics continue to improve with significant headroom in all bank covenants.
- Net Interest Cover (EBITDA: Net Cash Interest) increased to 4.7x.

Maturity Profile (A\$million)

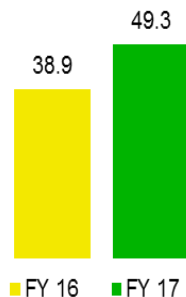


Contract Mining Services Africa

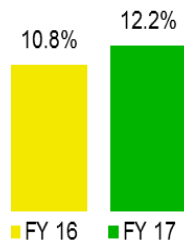
External Sales Revenue (\$m)



EBIT (\$m)



EBIT Margin



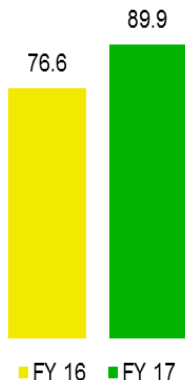
- Revenue growth driven by Esuajah North start-up and increased works at Nzema, Iduapriem and Syama.
- Reported margins improved with strong operational performance at the Siguiri and Syama projects and scale benefits from increased revenue.
- Edikan project challenges being addressed.
- New contracts and contract extensions continue to be mobilised: Mako (commenced May 2017), Boungou (commenced May 2017) and Yanfolila (commenced August 2017) and are expected to deliver significant uplift in revenue and earnings in FY18.
- The project tender pipeline offers exceptional growth opportunities for FY19 and beyond.

Notes:

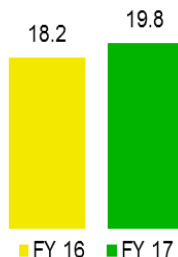
Figures exclude equity accounted profits from AUMS joint venture.

African Underground Mining Services (50% share)

External Sales
Revenue (\$m)



EBIT (\$m)



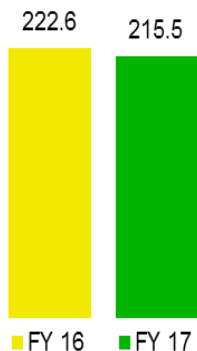
EBIT Margin



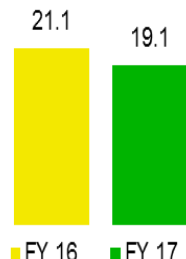
- African Underground Mining Services contributed equity accounted net profit of \$13.1 million (FY16: \$9.1 million), an increase of 44.3%.
- Revenue increased by 17.3% and is expected to increase significantly in FY18 driven by Subika project in Ghana for Newmont Ghana Gold.
- Margins remain strong, with underlying EBIT margin (excluding Roxgold share valuation) at 22.8%.
- Ramp-up of operations at the Roxgold Yaramoko project in Burkina Faso and at the AngloGold Geita gold mine in Tanzania have progressed extremely well. Additional works in the Nyankanga pit at the Geita project commenced in early 2017. Demobilisation of Perkoa project completed December 2016.
- The project tender pipeline offers exceptional growth opportunities for FY19 and beyond.

Drilling Services Australia

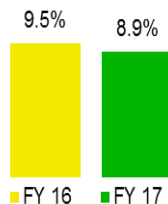
External Sales
Revenue (\$m)



EBIT (\$m)



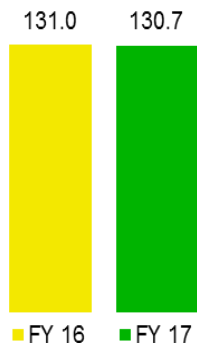
EBIT Margin



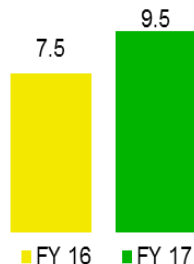
- Revenues remain stable with key contract renewals at the Kalgoorlie Super Pit, St Ives and Granny Smith gold mines. Water well drilling opportunities remain limited.
- Margins in drill and blast are robust and will improve with the exit from the loss-making Telfer contract. Exploration margins remain under pressure where available fleet is in surplus, despite increase in gold exploration spend.
- EBIT margin, excluding Telfer losses was 10.2%, driven by cost-out initiatives across the Ausdrill Northwest and Connector drilling businesses.
- Further cost-out initiatives are being undertaken in the Kalgoorlie based drilling business in FY18.

Equipment Services & Supplies

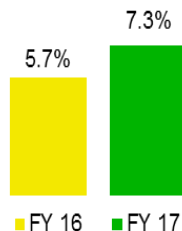
External Sales
Revenue (\$m)



EBIT (\$m)



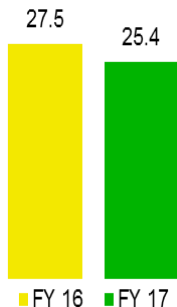
EBIT Margin



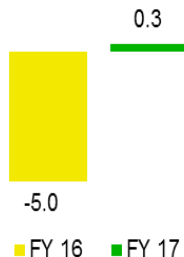
- Revenue including internal sales increased by 18.3% as BTP actively sourced low cost equipment and parts and redeployed surplus mining fleet to new African projects during the period.
- External revenues remain stable.
- Margins continue to improve driven by ongoing cost-out and productivity improvement activities.
- 2 year extension to existing contract with Peabody Australia, valued at \$70 million, to rent mining and ancillary equipment to Peabody's coal mines in key Australian coal precincts in the Hunter Valley and Bowen Basin.

All Other Segments

External Sales
Revenue (\$m)



EBIT (\$m)



EBIT Margin



- Comprises Diamond Communications, MinAnalytical, Energy Drilling Australia (EDA), Well Control Solutions (WCS) and Ausdrill Properties.
- Losses from EDA have been curtailed as the business has been downsized and the assets warehoused until market conditions improve.
- All other businesses delivered minor profits in the half.
- Increased exploration spend in gold is having a positive flow on effect for MinAnalytical, although the mineral assaying market remains highly competitive.
- WCS has seen an increase in activity in the coal seam gas sector.

Safety and People

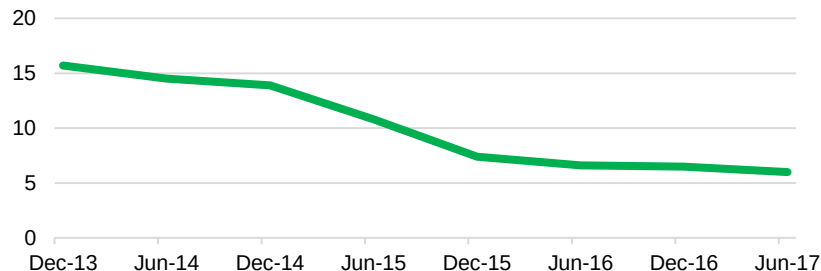
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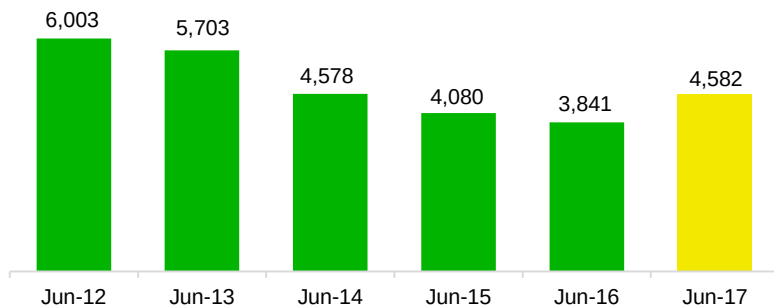


Safety and People

TRIFR: Total Recordable Injury Frequency Rate



Employees



Safety

- Ausdrill's commitment to safety remains a core business value.
- Engagement of our people is a critical component of our improved safety performance and includes the production of in-house safety awareness videos which have been well received.
- The number of incidents and the total recordable injury frequency rate (TRIFR) continue to fall, despite mobilising several new projects.

People

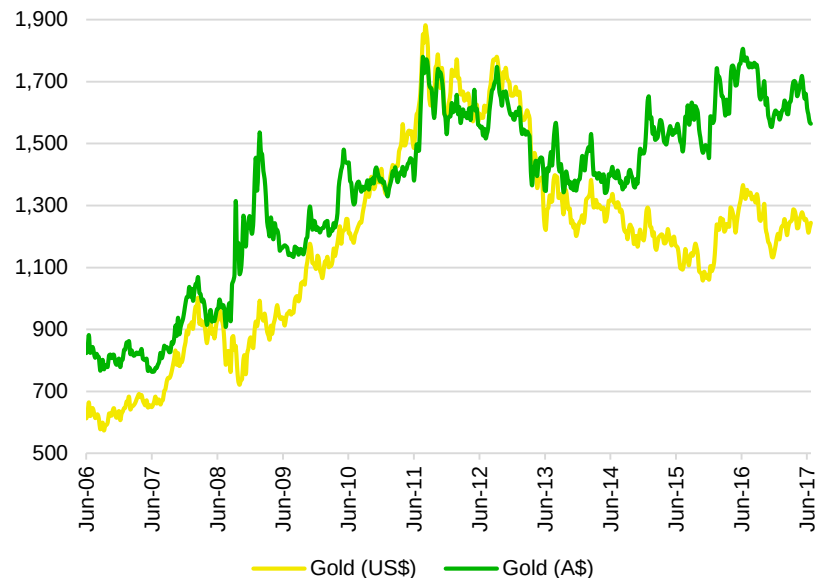
- The number of employees within the Group, including jointly owned entities, increased to 4,582 – an increase of 19% compared with the corresponding period, driven by mobilisation of new projects in Africa.
- The number of Australian employees reduced from 1,148 to 1,079, a decline of 6%, following business rationalisation.

Outlook and Strategy



Current Environment and Outlook

- Contract Mining Services Africa and African Underground Mining Services revenues and earnings are expected to grow in FY18 on the back of secured projects.
- The tender pipeline for Africa in both surface and underground mining remains exceptionally strong and is expected to deliver further revenue growth in FY19 and beyond.
- Drilling Services Australia revenues are expected to remain stable over the short term in Australia. Pressure on exploration margins is expected to continue until surplus fleet across the sector reduces. Rationalisation within the sector is expected to provide some margin relief in FY18.
- Commodity prices rising, gold remains robust.
- Equipment Services & Supplies expected to benefit from higher demand for equipment, parts and services.
- AUD providing a hedge against lower commodity prices for domestic miners – gold exploration expenditure turning the corner.
- Ausdrill is targeting 30-40% profit growth in FY18.



Strategic Initiatives

- Rationalise business activities:
 - Exit/turnaround non-core businesses.
 - Cost-out initiatives now focussed on operational overhead and productivity improvements.
 - Participate in industry rationalisation for mutual benefit.
- Pursue opportunistic relationships:
 - Expand business development activities to tap into global opportunities.
 - Cash and “in kind” equity support for growth opportunities.
 - Strategic sourcing and distribution networks.
 - Technology partnering.
- Maintain balance sheet flexibility to facilitate profitable growth:
 - Diversify funding sources and optimise debt maturity profiles.
 - Pursue opportunistic investments/acquisitions.
 - Strategic deployment of mining fleet and inventories.

Core business



Drilling Services Australia



Contact Mining Africa and AUMS



Equipment Services & Supplies

Non-core business



Diamond Communications



Energy Drilling Australia



Well Control Solutions

Appendices

An aerial photograph of a winding dirt road in a mining operation. A large yellow dump truck is driving on the road, carrying a load of dark material. The road is flanked by steep, rocky hillsides. The entire image has a green tint on the left side and a yellow tint on the right side, with a grid of horizontal lines on the right.

AUSDRILL

BRINGING MORE
TO MINING

What we do



Where we operate

Africa

Mali

- **Resolute Mining – Syama**
Gold – Open pit mining services
- **Hummingbird – Yanfolila**
Gold – Open pit mining services
- **B2Gold – Fekola**
Gold – Exploration drilling

Senegal

- **Toro Gold - Mako**
Gold – Open pit mining services

Guinea

- **AngloGold Ashanti - Siguiri**
Gold – Open pit mining services

Ghana

- **Endeavour Mining – Nzema**
Gold – Open pit mining services
- **Perseus Mining – Edikan**
Gold – Open pit mining services
- **Cardinal Resources – Bolgatanga**
Gold – Exploration drilling
- **Resolute Mining – Mensin**
Gold – Exploration drilling
- **AngloGold Ashanti - Iduapriem**
Gold – Open pit mining services
- **Newmont Ghana Gold – Subika**
Gold – Underground mining services

LEGEND

- African Mining Services
- African Underground Mining Services (AUMS 50% JV)
- Equipment Services & Supplies

Burkina Faso

- **SEMAFO – Boungou** (formerly Natougou)
Gold – Open pit mining services
- **B2 Gold – Kiaka**
Gold – Exploration drilling
- **West African Resources – Tanlouka**
Gold – Exploration drilling
- **Vital Metals – Zeko**
Gold – Exploration drilling
- **Nordgold – Bissa**
Gold – Equipment hire
- **Endeavour – Karma**
Gold – Equipment hire
- **Roxgold – Yaramoko**
Gold – Underground mining services

Tanzania

- **AngloGold Ashanti – Geita Star & Comet**
Gold – Underground mining services
- **AngloGold Ashanti – Geita Nyankanga**
Gold – Underground mining services

Zambia

- **Barrick**
BTP parts supply and maintenance

South Africa

- **Supply Direct**
Johannesburg, South Africa

Where we operate

Australia

Western Australia – Pilbara region

BHPBIO

Exploration drilling services
Equipment hire
Production drilling services

Western Australia – Midwest region

Exploration drilling services

Western Australia – Goldfields region

KCGM – Super Pit Production drilling and grade control.
Associated since 1989

Gold Fields – St Ives and Granny Smith Exploration drilling and grade control. *Associated since 1996*

Macmahon – Tropicana

Production drilling services

Thiess – Rocky's Reward

Drill and blast services

Evolution – Mungari Exploration drilling services Drill and blast and grade control services

Northern Star – Kundana and Kanowna Belle Exploration drilling services

Western Australia – Peel region

Piacentini & Son – Huntly & Willowdale and Ravensthorpe
Drill and blast services

Queensland

Ensham Resources

Production drilling services
Associated since 2004

Link Mining Services

Drill and blast services

Queensland/ New South Wales

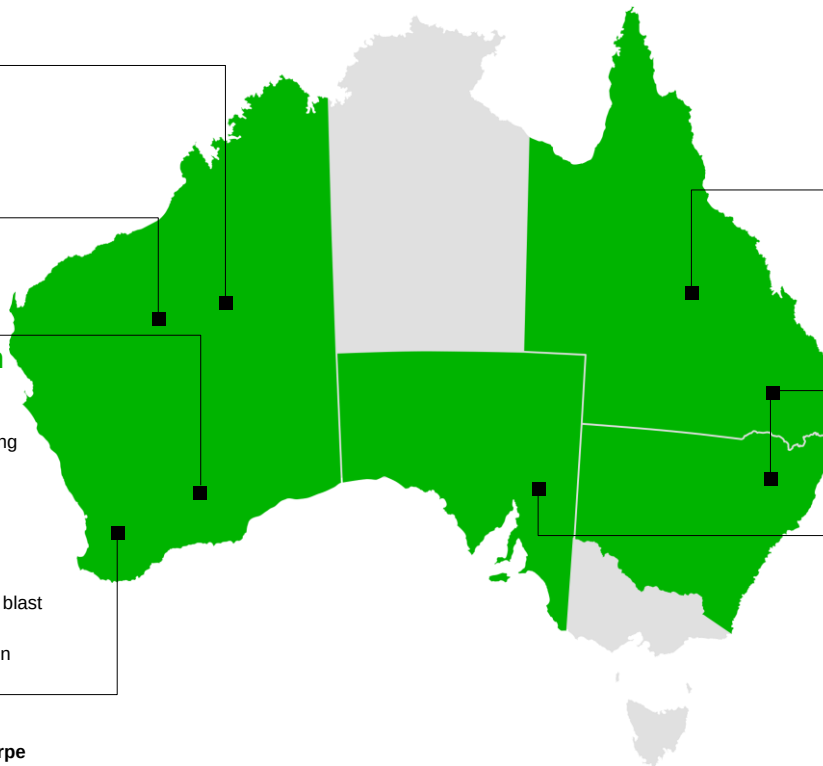
Peabody Australia

Equipment hire

South Australia

OZ Minerals – Prominent Hill

Production drilling and grade control
Associated since 2007



Our Equipment

Surface mining



553

Underground mining



80

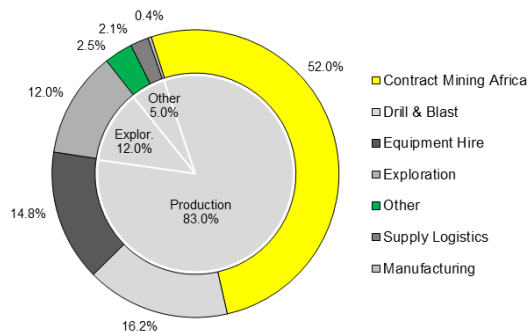
Drill rigs



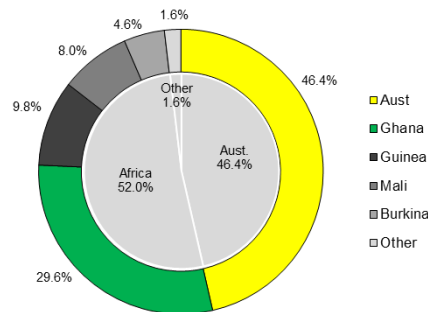
275

Revenue Diversification

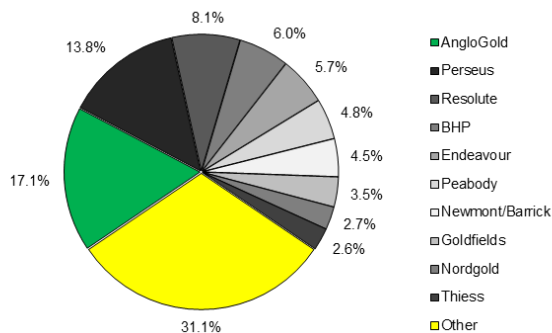
Sales revenue by business activity ¹



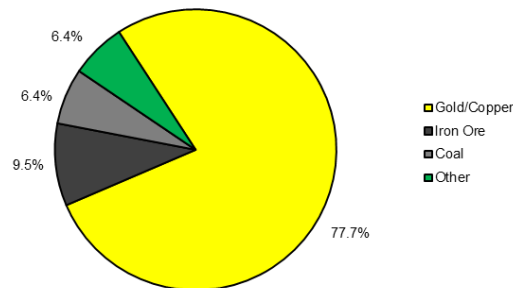
Revenue by geography ¹



Sales revenue by top 10 customers ¹



Sales revenue by commodity ²



Notes:

¹ Based on FY17 sales. Figures may not add due to rounding.

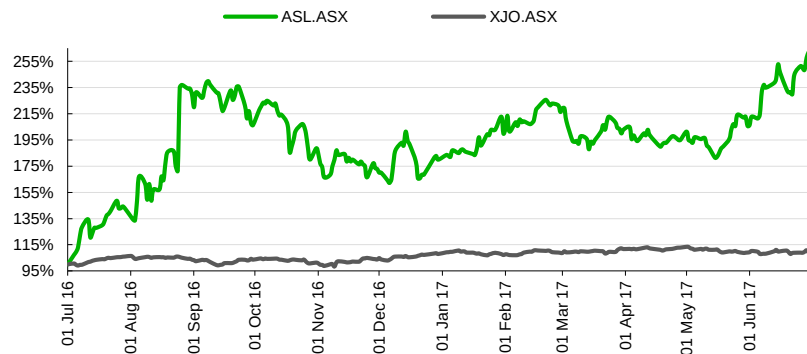
² Based on FY17 sales revenue for Contract Mining Services Africa, Drilling Services Australia and Equipment Services & Supplies.

Corporate Snapshot (before Equity Raising)

Capital Structure

Share price (close as at 28 Aug 2017)	\$2.35
Fully paid ordinary shares	312.3 million
Market capitalisation (undiluted)	\$733.9 million
Net Tangible Assets (30 Jun 2017)	\$630.1 million
Cash (as at 30 Jun 2017)	\$166.7 million
Debt (as at 30 Jun 2017)	\$388.6 million
Enterprise value	\$955.8 million
Net Debt/Net Debt & Equity (as at 30 Jun 2017)	26.0%

Share Price Performance (rebased)



Directors and Senior Management

Name	Title
Terence O'Connor	Chairman, Non-executive Director
Ronald Sayers	Managing Director
Ian Cochrane	Deputy Chairman, Non-executive Director
Terrence Strapp	Non-executive Director
Donald Argent	Non-executive Director
Mark Connelly	Non-executive Director
Mark Hine	Non-executive Director
Andrew Broad	COO Australian Operations
John Kavanagh	COO African Operations
Theresa Mlikota	Chief Financial Officer
Strati Gregoriadis	General Counsel/Company Secretary

Substantial Shareholders

Name	Shareholding
Ronald Sayers / Cherry Garden Nominees	11.94%
FMR LLC	8.37%
PM & JL Bartlett / Bremerton Group	6.58%

Profit & Loss

A\$million	FY16	FY17	% Change
Continuing Operations			
Sales revenue	743.0	776.3	4.5% ▲
Interest income	1.6	2.4	46.5%
Materials	(299.0)	(329.4)	(10.2%)
Labour	(239.9)	(251.2)	(4.7%)
Rental and hire	(14.0)	(14.3)	(2.3%)
Depreciation & amortisation expense	(67.9)	(62.4)	8.1%
Finance costs	(33.7)	(31.5)	6.5%
Share of associates profits	9.1	13.1	44.3%
Other items	(74.2)	(57.7)	22.2%
EBITDA ⁽¹⁾	125.1	136.8	9.4% ▲
<i>EBITDA margin ⁽²⁾</i>	<i>15.6%</i>	<i>15.9%</i>	<i>33bps</i>
EBIT	57.2	74.4	30.3% ▲
<i>EBIT margin ⁽²⁾</i>	<i>6.5%</i>	<i>7.9%</i>	<i>143bps</i>
Operating Profit/(loss) before tax	25.1	45.3	80.6% ▲
<i>Operating Profit before tax margin ⁽³⁾</i>	<i>3.4%</i>	<i>5.8%</i>	<i>246bps</i>
Profit/(loss) after tax	20.5	31.4	53.3% ▲
Return on average capital ⁽⁴⁾	6.5%	8.6%	215bps
Discontinued Operations – Profit/(loss)	37.6	(0.2)	
Profit/(loss) after tax from continuing and discontinued operations	58.2	31.2	46.3% ▼

(1) Includes impairment of available-for-sale assets of \$1.5 million in FY16.

(2) Excludes equity accounted profits.

(3) Operating profit margin = Profit before tax from continuing operations as a % of sales revenue.

(4) Return on average capital employed = EBIT excluding significant items/sum of average receivables, inventories, PP&E, intangibles, associates less trade payables.

Note: Columns may not add due to rounding.

Balance Sheet

A\$million	FY16	FY17
Cash and cash equivalents	181.9	166.7
Current receivables	169.8	167.7
Inventories	191.4	188.8
Property, plant and equipment	489.8	560.5
Other assets	117.5	103.5
Total assets	1,150.4	1,187.1
Payables	82.8	100.4
Borrowings	398.5	388.6
Employee obligations	34.9	41.8
Other liabilities	27.5	26.3
Total liabilities	543.8	557.0
Shareholders' equity	606.6	630.1
Net Debt	216.7	221.9

Note: Columns may not add due to rounding.

Cash Flow

A\$million	FY16	FY17
Receipts from customers (inclusive of GST)	791.5	802.2
Payments to suppliers and employees (inclusive of GST)	(668.3)	(670.1)
	123.2	132.1
Interest received	1.7	2.4
Interest and other costs of finance paid	(30.9)	(29.1)
Income taxes received / (paid)	(6.4)	(11.8)
Other	3.4	1.0
Net cash inflow/(outflow) from operating activities	91.0	94.6
Payments for property, plant and equipment	(12.4)	(147.4)
Proceeds from sale of property, plant and equipment	11.4	1.8
Proceeds from sale of available-for-sale financial assets	7.5	3.2
Payments for available-for-sale financial assets	(3.8)	(3.9)
Proceeds from sale of business	49.4	22.2
Distributions from associates and loan repayments	8.9	22.9
Other	-	-
Net cash inflow/(outflow) from investing activities	60.9	(101.1)
Proceeds from secured borrowings	-	-
Proceeds from unsecured borrowings	4.3	3.7
Repayment of borrowings	(44.1)	(4.0)
Repayment of hire purchase and lease liabilities	(8.0)	(0.5)
Dividends paid to company's shareholders	-	(6.2)
Other	-	-
Net cash inflow/(outflow) from financing activities	(47.8)	(7.0)
Net increase/(decrease) in cash and cash equivalents	104.1	(13.5)
Cash and cash equivalents at the beginning of the period	77.9	181.9
Effects of exchange rate changes on cash and cash equivalents	(0.1)	(1.7)
Cash and cash equivalents at end of period	181.9	166.7

Note: Columns may not add due to rounding.

AUMS Profit and Loss – 50% share

A\$million	FY16	FY17	% change
Sales revenue	76.6	89.9	17.3% ▲
EBITDA	26.3	30.8	16.9% ▲
<i>EBITDA margin</i>	34.3%	34.2%	11bps
EBIT	18.2	19.8	8.6% ▲
<i>EBIT margin</i>	23.8%	22.0%	176bps
Profit/(loss) before tax	18.2	19.0	4.4% ▲
<i>Profit before tax margin</i>	23.8%	21.2%	262bps
Profit/(loss) after tax	9.1	13.1	44.3% ▲

Note: Columns may not add due to rounding.

AUMS Balance Sheet – 50% share

A\$million	FY16	FY17
Cash and cash equivalents	5.8	12.5
Receivables	24.0	13.3
Inventories	21.6	22.1
Property, plant and equipment	23.7	28.6
Other assets	8.8	1.2
Total assets	84.0	77.7
Payables	11.7	11.4
Borrowings – external	0.1	5.3
Provisions	0.3	0.4
Other liabilities	2.2	1.7
Total liabilities	14.2	18.8
Shareholders' equity	69.8	58.9

Note: Columns may not add due to rounding.

Risks & Selling Restrictions

An aerial photograph of a mining site. A large yellow dump truck is driving on a wide, curved dirt road. The road is surrounded by steep, rocky hillsides. The image has a green and yellow color overlay, with horizontal yellow lines on the right side.

AUSDRILL

BRINGING MORE
TO MINING

Risks

SPECIFIC RISKS

Ausdrill's operations are impacted by both global and local factors that have the potential to have a material adverse impact on Ausdrill's financial condition and results of operations. These factors may arise individually, simultaneously or in combination.

The factors identified below are not necessarily listed in order of importance and are not intended as an exhaustive list of all the risks and uncertainties associated with Ausdrill's business. Additional risks and uncertainties not presently known to management, or that management currently considers to be immaterial or manageable, may adversely affect Ausdrill's business.

Level of new mining services contracts and contract renewals: Mining services provided under contracts represent a large portion of revenues for services provided for contract mining, drill and blast, grade control, equipment hire, water well drilling and exploration services. Under most of Ausdrill's mining services contracts the mine operator contracts us to undertake work in accordance with a work schedule. Ausdrill's mining services contracts, other than equipment hire contracts and exploration, are typically for terms between three and five years. Some contracts, typically exploration contracts, have a shorter term, generally of one year while equipment rental contracts have varying terms from three months to two years.

Generally, in the mining industry, most contracts can be terminated for convenience by the client at short notice and without penalty with the client paying for all work completed to date, unused material and in most cases demobilisation from the sites and redundancies. As a result, there can be no assurance that work in hand will be realised as revenue in any future period. Ausdrill is selective in the contracts that it enters into, to allow for options to extend where possible, to maximise the contract period and the return on capital.

Consequently, results from operations are affected by the number of new contracts Ausdrill commences during a period, the number of existing contracts that are renewed during a period and the number of contracts that expire without renewal or extension or which are otherwise terminated during a period.

Contracts are at risk of termination or non-renewal due to the client having no further need for the service such as when the mine has reached the end of its planned life or the operator ceases production because changes in the underlying commodity price or mining costs have rendered continued production from the mine uneconomic. Contracts are also at risk of termination or non-renewal as a result of competition if the client seeks to use an alternative mining services provider to provide the service or if the client decides to bring the contracted services in-house. Ausdrill has historically had a strong record of securing contract extensions, but there is no certainty that this will continue in the future.

Production levels and clients' mines: Mining services provided in relation to the production phase (including development and rehabilitation work) of a mine represent a large part of sales revenue. Revenues are associated with and influenced by long-term decisions of mine owners to continue producing at their current levels. Ausdrill derives most revenues from mines which are already in production and the majority of other services, such as logistics and assaying, complement production-related services. Under most of Ausdrill's mining services contracts, a portion of the revenue is earned through a variable component, primarily based on a unit of production agreed in the contract. Consequently, mining services revenues are linked to the volume of materials moved or drilled and not necessarily to the short-term price of the underlying commodity or short-term fluctuations in the profitability of the underlying mines. Mines in the production phase of their life cycle typically generate stable revenues because production volumes have historically been relatively stable, even during commodity downturns. A downturn in expenditure in the mining sector typically impacts existing production projects last, with areas such as exploration and infrastructure construction services typically cut first.

Consequently, Ausdrill has limited exposure to the exploration activities market which has been volatile as the level of activity is generally linked to market sentiment surrounding the outlook for commodity prices and also the ability of smaller junior mining companies to fund such activities from capital which is often raised in the equity markets.

Demand for Ausdrill's services depends in significant part upon the level of production activities conducted by Ausdrill's clients, which are predominantly in the mining sector. The price of gold in U.S. dollar terms has fallen since the peak in 2012 which has put production at risk at higher cost mines.

In the year ended 30 June 2017, approximately 80% of mining services revenues were generated from the provision of mining services to gold mining companies and approximately 7% to iron ore mining companies, in each case, for work on producing mines. Consequently, Ausdrill's activity levels and results of operations are dependent on production levels at clients' mines and mining remaining economic to continue production at current gold and iron ore mines. Growth is dependent on mine operators seeking to expand production at existing mines or bring new mines into production. Mining companies have focused on cost reductions. This has resulted in an even more competitive environment which impacts pricing and revenue.

Scale of operations and mix of activities: The scale of operations and the mix of activities that Ausdrill undertakes during a period also impacts results of operations, due to the differing margins on business segments. The activity mix depends in part on client demand for Ausdrill's existing services as well as the ability to offer new services that Ausdrill develops or acquires.

Contract termination / reduction in scope: Ausdrill's revenues are subject to underlying contracts with varying terms. If Ausdrill does not perform its obligations under a contract in accordance with the terms of the contract, Ausdrill is at risk that the contract will be terminated. Any such performance issue may result in contract guarantees being relied upon by its clients and could also adversely affect Ausdrill's reputation in the marketplace which could adversely impact its ability to secure new contracts.

There is a risk that Ausdrill's contracts may be cancelled or may not be renewed if Ausdrill's clients decide to reduce their levels of spending, potentially reducing Ausdrill's revenue.

In the event of a contract termination, Ausdrill may not be able to redeploy the assets and resources used on that project to other projects on the same terms or at all and Ausdrill may experience downtime between demobilisation and redeployment. Any of these factors could materially adversely affect Ausdrill's margins and results of operations.

Contract operations are vulnerable to the risk of interruption as a result of a variety of factors, which may be beyond Ausdrill's control, including the following:

- accidents or unsafe conditions;
- equipment breakdowns;
- industrial relations issues;
- geological instability, including strong seismic activity, landslides, mudslides, rock falls, cave-ins, or conditions that threaten to result in such an event;
- prolonged heavy rainfall or cyclone;
- scarcity of materials and equipment; and
- variations to reduce scope of works.

Interruptions to existing operations or delays in commencing operations experienced by Ausdrill's clients may result in lost revenue and, in some circumstances, result in Ausdrill incurring additional costs, which may have a material adverse effect on Ausdrill's business, results of operations and financial condition.

Ausdrill has a strong track record of performance which has enabled it to achieve a very high success rate in contract retention and renewals. These contract retentions and renewals typically occur in the last year of the contract life.

Ausdrill's diversified service offering and contractual counterparties provides it with a mitigant to the loss of any particular contract, although Ausdrill's performance could suffer if it were to lose one or more of its key long-term business relationships or if one of its key customers reduces production, scales back operations, defaults on its contract or fails to renew a contract.

Risks

Currency fluctuations: Ausdrill denominates its consolidated financial statements in Australian dollars. Broadly speaking, the Australian operations are Australian dollar denominated and the African operations are U.S. dollar and Euro denominated. Revenue, profit, expenses, debt servicing requirements, assets and liabilities of Ausdrill may be adversely exposed to fluctuations in the value of the Australian dollar versus other currencies because Ausdrill's consolidated financial results are reported in Australian dollars. If Ausdrill generates sales or earnings or has assets and liabilities in other currencies, the translation into Australian dollars for financial reporting purposes can result in a significant increase or decrease in the amount of those sales or earnings and net assets. Ausdrill does not generally hedge translated foreign currency exchange rate exposure. Fluctuations in foreign currency exchange rates may also make period to period comparisons of results of operations difficult. As the operations in Africa grow, foreign exchange translation risk will change.

The African operations often bid on contracts in U.S. dollars but a portion may be paid in local currency and is therefore exposed to transaction risk. If the U.S. dollar strengthens against the local currency during the term of the contract, the revenue Ausdrill earns may be affected where rise and fall mechanisms in the contracts are not perfectly correlated. Where Ausdrill earns revenue in a local currency it is exposed to exchange rate risk from time of invoice to the time of converting the local currency back to U.S. dollars. In addition, Ausdrill purchases capital equipment in various currencies.

Ausdrill does not generally hedge its normal operating foreign exchange exposures. However, Ausdrill does sometimes hedge trade receivables that are generated where products are exported from Australia and those receivables are denominated in a currency that is foreign to functional currency. Ausdrill may also hedge large capital expenditure items acquired in a foreign currency. In respect of other monetary assets and liabilities held in currencies other than Australian dollars, Ausdrill ensures that the net exposure is kept to an acceptable level by matching foreign denominated financial assets with financial liabilities and vice versa. Ausdrill does not engage in any speculative trading activities.

Labour costs and availability: Ausdrill's ability to remain productive, profitable and competitive and to effect its planned growth initiatives, depends on its ability to attract and retain skilled labour. Tightening of the labour market in key regions due to a shortage of skilled labour, combined with a high industry turnover rate and growing number of competing employers for skilled labour, may inhibit Ausdrill's ability to hire and retain employees. Ausdrill is exposed to increased labour costs in markets where the demand for labour is strong. A shortage of skilled labour could limit Ausdrill's ability to grow its business or lead to a decline in productivity and an increase in training costs and adversely affect its safety record. Each of these factors could materially adversely impact its revenue and, if costs increase or productivity declines, its operating margins.

Industrial relations risks: Ausdrill may face industrial relations issues in connection with its employees and the employees of suppliers, including strikes, work stoppages, work slowdowns, grievances, complaints and claims of unfair practices or other industrial activity. Any such activity could cause production delays, increased labour costs and adversely impact its ability to fulfil its existing contracts or win new contracts. As a result, operating results may be materially adversely affected. Ausdrill's workforce is regulated by common law contract arrangements, awards, Enterprise Bargaining Agreements, and local national workforce legislation.

Dependence upon key personnel: Ausdrill depends substantially on its directors, senior management and key personnel to oversee the day-to-day operations and the strategic management of Ausdrill. There can be no assurance given that there will be no detrimental impact on Ausdrill if directors or employees cease their employment.

Political stability and security in Africa: Ausdrill's African operations are subject to business risks, including health risks such as the Ebola outbreak (2014), political instability, war or civil disturbance, terrorism, abduction, expropriation, import and export restrictions, exchange controls, inflationary economies, currency risks, legal and taxation risks, risks related to the restrictions on repatriation of earnings or proceeds from liquidated assets of foreign subsidiaries, workforce instability, harsh environmental conditions and remote locations. New mining projects by Ausdrill's clients are increasingly occurring in countries where these risks are significant, which means an increasing portion of Ausdrill's business may be subject to these risks. Ultimately, these risks may cause Ausdrill to cease doing business in certain high growth markets.

Competition & New Technology: The industries in which Ausdrill's businesses are involved are highly competitive and are subject to increasing competition which is fast-paced and fast-changing. Ausdrill has a competitive advantage through experience and expertise gained through long-standing and successful relationships with clients in its business sectors.

However, due to the intense competition faced, there is a risk Ausdrill may not compete as successfully in the future as it has in the past. While Ausdrill will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of Ausdrill's projects and business.

Insurance and Uninsured Risks: Ausdrill's operations are subject to many hazards inherent in the mining services industry, including blowouts, cratering, explosions, fires, loss of hole, damages or lost equipment and damage or loss from inclement weather or natural disasters. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage and damage to the property of others. Additionally, warranty and indemnity provisions in Ausdrill's mining services contracts could leave Ausdrill exposed to the risk and liability associated with the services performed under such contracts. Ausdrill seeks protection for certain of these risks through insurance. Ausdrill maintains insurance coverage for its employees, as well as professional indemnity, product liability, third party liability, and insurance against claims for certain property damage. Ausdrill reviews its insurance requirements periodically. However, it cannot ensure that such insurance or any indemnification it may receive from third parties will adequately protect Ausdrill against liability from all of the consequences of the hazards described above. The occurrence of an event not fully insured or indemnified against, or the failure of a third party or an insurer to meet its indemnification or insurance obligations, could result in substantial losses. If Ausdrill incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, Ausdrill's financial position and financial performance may be adversely affected. In addition, insurance may not be available to cover any or all of these risks, or, even if available, may not be adequate. Insurance premiums or other costs may rise significantly in the future, so as to make such insurance prohibitively expensive or uneconomic. In future insurance renewals, Ausdrill may choose to increase its self-insurance retentions (and thus assume a greater degree of risk) in order to reduce costs associated with increased insurance premiums.

Operational risk: Ausdrill's operations may be subject to delays in obtaining equipment and supplies and the availability of transportation for the purpose of mobilising rigs and other equipment, particularly where rigs or mines are located in remote areas with limited infrastructure support. In addition, Ausdrill's operations are subject to adverse weather conditions, natural disasters and mine accidents or unscheduled stoppages or closings. If Ausdrill's operations are interrupted or suspended for a prolonged period as a result of any such events, its revenues could be adversely affected.

Environment: Environmental management and compliance is an important part of a number of the businesses of Ausdrill's clients. These clients' operations are subject to numerous laws, regulations and guidelines relating to the protection of the environment, including those governing the management, transportation and disposal of hazardous substances and other waste materials. These include laws relating to spills, releases, emissions and discharges of hazardous substances or other waste materials into the environment, requiring removal or remediation of pollutants or contaminants and imposing civil and criminal penalties for violations. Additionally, operations may be conducted in or near ecologically sensitive areas, such as wetlands, which are subject to special protective measures and which may expose Ausdrill to additional operating costs and liabilities for non-compliance with applicable laws. Onsite, Ausdrill works together with its clients to ensure that their equipment and maintenance services operate in alignment with their onsite policies, management systems and procedures. Ausdrill's actions or failure to act may result in the client, for which Ausdrill performs services, incurring environmental liability, regulatory penalties, or having licenses suspended, cancelled or subjected to additional conditions.

Risks

Interruption in supply: Whenever Ausdrill enters new contracts, Ausdrill may need to acquire new capital equipment, typically related to mining, if it does not have existing equipment available. Ausdrill relies on preferred suppliers to source new equipment and related parts to perform under Ausdrill's existing and new contracts. Any change in Ausdrill's preferred supplier relationships may result in a shortage of equipment and parts which would constrict its ability to enter new contracts or fulfil existing contracts and adversely impact its earnings and financial performance.

Litigation: Ausdrill is exposed to the risk of actual or threatened litigation or legal disputes in the form of client claims, personal injury claims, employee claims, subcontractor claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position or cash flow of Ausdrill. Ausdrill is often required to provide contract guarantees which can be called as part of a legal dispute or given the normal unconditional nature of most guarantees for any other reason (although usually for breach or non-performance). The risk of a guarantee being called remains low and Ausdrill has not had a contract guarantee called by a counterparty on any of its contracts within the last 5 years.

Joint ventures: Joint venture arrangements ("Joint Venture Arrangements") form part of Ausdrill's growth strategies. There can be no assurance that these Joint Venture Arrangements will be successful.

Subject to the relevant Joint Venture Arrangements, Ausdrill may be unable to control the actions of its joint venture partners and therefore cannot guarantee that the Joint Venture Arrangements will be operated or managed in accordance with Ausdrill's preferred direction or strategy. The Joint Venture Arrangements may contain deadlock provisions which result in the joint venture counterparty being able to acquire Ausdrill's interest in the joint venture at a pre-determined value or based upon a formula which may or may not be equal to market value and/or entirely subject to deferred consideration.

Regulatory compliance: Ausdrill must meet regulatory requirements which are subject to continual review including inspection by regulatory authorities. Failure by Ausdrill to continuously comply with regulatory requirements or failure to take satisfactory corrective action in response to adverse inspection, could result in enforcement actions and have adverse financial consequences.

Reputational risk: The reputation of Ausdrill and its services is important in attracting and retaining existing business and obtaining new business and key employees. Reputational damage could arise due to a number of circumstances, including errors or defects, inadequate services or unsatisfactory client outcomes. Negative publicity could adversely impact the reputation of Ausdrill which may potentially result in a fall in the number of clients seeking the products and services of Ausdrill.

Safety management: Ausdrill's ability to retain existing clients and attract new business is dependent on many factors, including Ausdrill's ability to demonstrate that Ausdrill can reliably and safely deliver the services. Existing and potential clients consider the safety record of their service providers to be of high importance in their decision to award service contracts. Some of Ausdrill's activities are by their nature among the higher risk activities undertaken. If one or more accidents were to occur at an operating site, the affected client may terminate or cancel Ausdrill's contract and may be less likely to continue to use Ausdrill's services. Since Ausdrill's clients require Ausdrill to report its safety metrics to them as part of the bidding process and because the majority of Ausdrill's clients are companies with high safety standards, a general deterioration in Ausdrill's safety record could have a material adverse impact on Ausdrill's business including its ability to bid for new contracts and renew existing contracts. Ausdrill could also be subject to liability for damages as a result of such accidents and could incur penalties or fines for violations of applicable safety laws and regulations. In addition, any safety incidents or a deterioration in Ausdrill's safety record could adversely impact its ability to attract and retain qualified employees.

Margins and operating costs: Cost overruns, unfavourable contract outcomes, serious or continued operational failures, disruption at key facilities, disruptions to communication systems or safety incidents have the potential to have an adverse financial impact on margins. Ausdrill is also exposed to input costs through its operations, such as the cost of fuel and energy sources, equipment and personnel. To the extent that these costs cannot be passed on to customers in a timely manner, at full cost, or at all, Ausdrill's financial performance could be adversely affected.

Tender processes: Ausdrill's revenue is dependent on winning new contracts with acceptable terms and conditions. Ausdrill operates in increasingly competitive markets and it is difficult to predict whether and when Ausdrill will be awarded new contracts due to multiple factors influencing how clients evaluate potential service providers, such as maintenance and safety standards, experience, reputation, client relationships and financial strength. Consequently, Ausdrill is subject to the risk of losing new awards to competitors which will adversely impact its business, results of operations and financial condition. Ausdrill's results of operations and cash flows may fluctuate from quarter to quarter depending on the timing and size of new contract awards. Ausdrill is also at risk from materially underestimating the cost of providing services, equipment or plant.

Earnings guidance: Ausdrill has provided earnings guidance on the basis of assumptions and forecasts which may subsequently prove to be incorrect, resulting in different actual results. Earnings guidance is not a guarantee of future performance, and involves known and unknown risks, many of which are beyond the control of Ausdrill. Key identified risks that may result in Ausdrill not meeting its earnings guidance include the other risk factors summarised in this section, termination of key contracts, variability in cost and productivity assumptions, and inability to recover claims and variations from clients.

Future financing requirements: Ausdrill may require further financing support in the future to support additional capital expenditure or to meet future objectives. Despite Ausdrill's capital raising track record, there is no certainty that Ausdrill will be successful in obtaining the financing required as and when needed, on favourable terms or at all. Failure to obtain future financing on a timely basis may compromise Ausdrill's ability to commence new contracts, perform existing contracts or may prevent Ausdrill from achieving other objectives.

GENERAL RISKS

Accounting standards: Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside Ausdrill's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Ausdrill's financial statements.

Economic risk: General economic conditions may negatively affect Ausdrill's performance and the performance of Ausdrill's shares. Any protracted slow-down in economic conditions or factors such as movements in inflation or interest rates and industrial disruption may have a negative impact on Ausdrill's costs and revenue.

Interest rate risk: Changes in interest rates will affect borrowings which bear interest at floating rates to the extent Ausdrill has not hedged against this interest rate risk. An increase in interest rates will affect Ausdrill's cost of servicing these borrowings, which may adversely impact its business, financial condition and financial performance.

Market risks: The price at which Ausdrill Shares trade on the ASX may be determined by a range of factors including movements in local and international equity and bond markets, general investor sentiment in those markets, inflation, interest rates, general economic conditions and outlook and changes in the supply of, and demand for, mining service securities.

The market for Ausdrill Shares may also be affected by a wide variety of events and factors, including variations in Ausdrill's operating results, movements in commodity prices (particularly gold and iron ore), recommendations by securities analysts, and the operating and trading price performance of other listed mining service entities that investors consider to be comparable to Ausdrill. Some of these factors could affect Ausdrill's share price regardless of Ausdrill's underlying operating performance.

Taxation risks: Changes to the rate of taxes imposed on Ausdrill (including in overseas jurisdictions in which Ausdrill operates now or in the future) or tax legislation generally may affect Ausdrill and its Shareholders. In addition, an interpretation of Australian tax laws by the Australian Taxation Office that differs to Ausdrill's interpretation may lead to an increase in Ausdrill's tax liabilities and a reduction in Shareholder returns. Personal tax liabilities are the responsibility of each individual investor. Ausdrill is not responsible either for tax or tax penalties incurred by investors.

Selling Restrictions

This document does not constitute an offer of new ordinary shares (**New Shares**) of Ausdrill in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country except to the extent permitted below.

Australia

The information in this document has been prepared on the basis that all offers of New Shares will be made to Australian resident investors to whom an offer of shares for issue may lawfully be made without disclosure under Part 6D.2 of the Corporations Act 2001 (Cth). This document is not a prospectus, product disclosure statement or any other form of disclosure document regulated by the Corporations Act 2001 (Cth) and has not been and will not be lodged with ASIC. Neither ASIC nor ASX take any responsibility for the contents of this document. Accordingly, this document may not contain all information which a prospective investor may require to make a decision whether to subscribe for New Shares and it does not contain all of the information which would otherwise be required by Australian law to be disclosed in a prospectus, product disclosure statement or any other form of disclosure document regulated by the Corporations Act 2001 (Cth). This document does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to the offer of New Shares or any other transaction in relation to Ausdrill shares, you should assess whether that transaction is appropriate in light of your own financial circumstances or seek professional advice.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

Ausdrill as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon Ausdrill or its directors or officers. All or a substantial portion of the assets of Ausdrill and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against Ausdrill or such persons in Canada or to enforce a judgment obtained in Canadian courts against Ausdrill or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against Ausdrill if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Ausdrill. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Ausdrill, provided that (a) Ausdrill will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, Ausdrill is not liable for all or any portion of the damages that Ausdrill proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Selling Restrictions

European Economic Area - Germany and Luxembourg

This document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual consolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Ausdrill's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Selling Restrictions

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Ausdrill.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Thank you

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